

Annex 4a – Illustrative Simplified Financial Statement: District Council

1. Financial Performance Statement

We have a responsibility to feed back to you, as a local resident or tax payer, on how we spend and manage Golden Sands District Council's resources.

This financial performance statement compares the budget (what we planned to spend) at the start of the year with what we actually spent and explains the changes. If we have

ANNEX 4A – ILLUSTRATIVE SIMPLIFIED FINANCIAL STATEMENT: DISTRICT COUNCIL

Financial Performance Statement

over or under spent, we have explained why.

This financial performance statement provides an analysis of the council's financial performance and position over the last 12 months.

As well as our annual expenditure, this statement also includes information about our longer-term financial sustainability. This is important so that you know the resources we have available to provide services into the future. The summary shows you what we own

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and what we owe and what we have put aside to make sure we can deliver services beyond this year.

You can have confidence in the figures in this report because we have to follow regulations and standards in compiling them, and the information from our accounts is independently audited.

This information is consistent with that reported in the council's audited accounts. A full set of the Golden Sands District Council's [Statement of Accounts](#) for 2019/20 is available from the Council's website.

About the Council

Golden Sands is a medium-sized coastal district council and this means we have responsibility for delivering services such as housing, planning, car parking, council tax and business rates collection, leisure, environmental health and refuse collection.

To deliver these and other services, working with other organisations is important as it helps us to achieve more with our resources. We work closely with our neighbouring authorities in areas such as coastal defences and economic regeneration.

Where the council gets its money from

A local council gets money from three main sources: council tax, business rates and grants from the government. We also receive locally generated income from activities such as leisure services, planning and car parking.

We have to make sure that when we set the budget for the year, we can afford to pay for the services we offer. This includes any plans we make where we need to include longer-term commitments. A council must balance its budget each year, and setting council tax is an important part of this process.

Our total funding is £63.9m, and this must support the services for a population of over 120,000.

2. Analysis of Financial Performance

Table 1 below shows what Golden Sands District Council planned to spend (its budget) against what we actually spent in the year.

Where a service generates income such as fees and charges, that income will be included as well. The difference between expenditure and income is known as net spend.

The net spend (expenditure less income) can be compared to the budget, and the difference between the two is shown in the final column. The positive figures are those where we have spent less than planned and the negative figures are where we have spent more than planned.

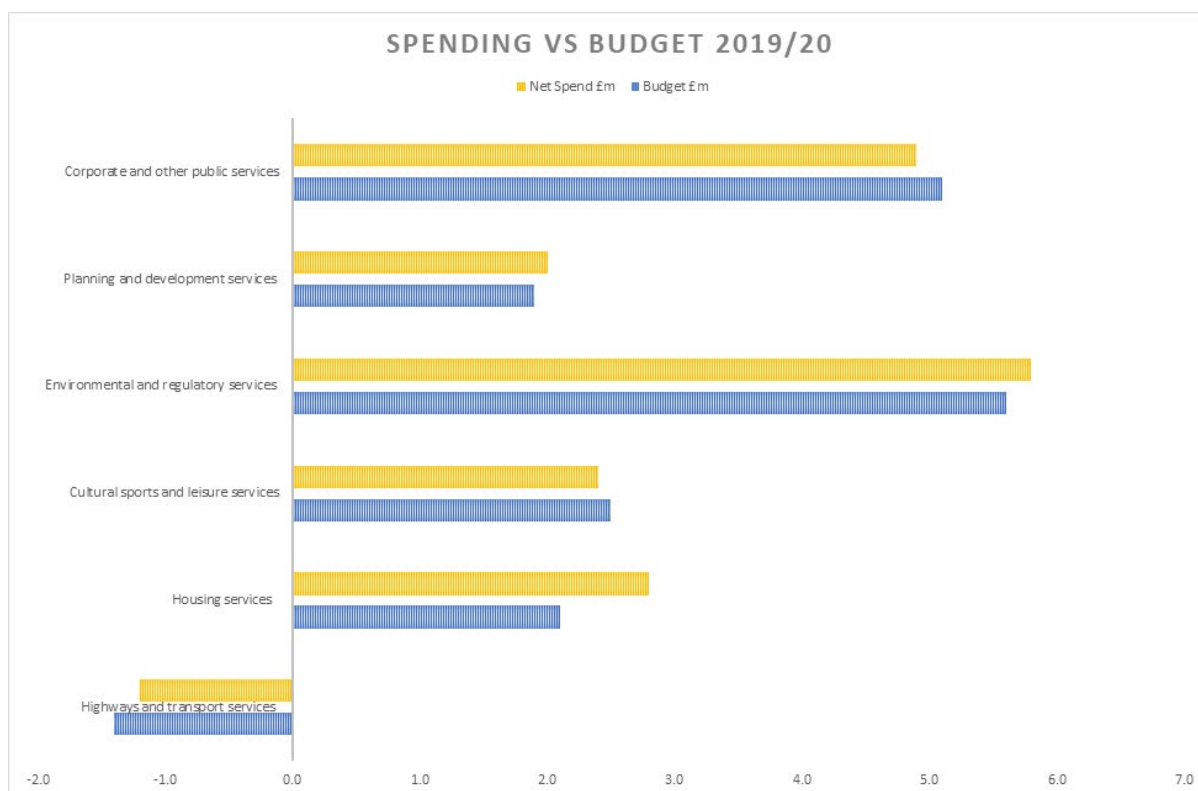
The differences from the budget are explained in Table 2 below.

Table 1 - Golden Sands Council Budget - what we planned to spend against what we finally spent

Service	Budget (What we planned to spend)	Net Spending (What we actually spent)	Difference from Budget
	£m	£m	£m
Highways and transport services	-1.4	-1.2	-0.2
Housing services (excluding HRA – see section 3)	2.1	2.8	-0.7
Cultural, sports and leisure services	2.5	2.4	0.1
Environmental and regulatory services	5.6	5.8	-0.2
Planning and development services	1.9	2.0	-0.1
Corporate and other services to the public	5.1	4.9	0.2
Total service expenditure and income	15.8	16.7	-0.9
Housing Benefits	30.0	30.5	-0.5
Precepts and levies	2.1	2.1	0.0
Trading services	-0.7	-0.5	-0.2
Financing costs (costs relating to financing debt)	2.9	2.6	0.3
Net taxation and grant income (excluding council tax income)	-38.8	-42.0	3.2
Total expenditure and income	11.3	9.4	1.9
Transfers to / from (-) reserves	-1.5	0.4	-1.9
Council tax requirement (Our income without council tax is not enough to pay for the services we deliver - this is the amount we need to raise to cover that gap)	9.8	9.8	0.0

The differences between what we planned to spend against what we have actually spent are demonstrated by the graph below.

Graph1 Golden Sands District Council service analysis - budget against spend



What were the differences?

Table 2 – Explanations for the significant differences between what we budgeted for and what we spent

The net underspend of £1.9m is due to the following significant variations:		
	Explanation	Difference £m
Highways and transport services	Reduced car parking income across the district compared to what was expected	-0.2
Housing services	Increased costs of temporary accommodation due to rise in homelessness	-0.7
Housing Benefits	Increase in number of housing benefit cases	-0.5
Financing Costs	Savings in costs due to lower interest rates and reduced debt repayments	0.3
Net grant income	COVID grants received from Government at the year-end in advance of spending need	3.2
	Other spending differences (net)	-0.2
	Total differences between budget and spend	1.9

3. Housing Revenue Account

As the landlord account for the authority, the Housing Revenue Account (HRA) accounts for all services to tenants and leaseholders, and is the account that holds the rent we collect.

The HRA is a separate account to the general budget and the Council is not allowed to subsidise the HRA by making contributions from the General Fund. This means that the HRA must break even in its own right.

Table 3 shows the spending on HRA services to council tenants in the year and how that compared to the HRA budgeted figures. Significant differences to the budget are explained in table 5.

Table 3: Analysis of HRA budget against actual spending

Housing Revenue Account	Budget (What we planned to spend)	Net Spend (What we actually spent)	Difference from Budget
	£m	£m	£m
Rent income	16.3	15.9	0.4
Other income	1.4	1.5	-0.1
Total Income	17.7	17.4	0.3
Repairs and maintenance	5.1	4.4	0.7
Managing the stock	4.6	4.6	0.0
Rents, rates and taxes	0.2	0.2	0.0
Capital financing and interest charges	6.7	6.1	0.6
Set aside for stock improvements	1.7	1.7	0.0
Total Expenditure	18.3	17.0	1.3
Surplus (-) / Deficit	0.6	-0.4	1.0

Table 4 shows the level of reserves that the council holds to support the future provision of council housing and manage future risks.

Table 4 – HRA Reserves

Housing Revenue Account Reserves	Opening Balance	Closing balance
	£m	£m
HRA Reserves	10.7	11.1

Table 5 – Explanations for the significant differences between what we budgeted for and what we spent

The net underspend of £1.0m is due to the following significant variations:		
Service category	Explanation	Difference £m
Dwelling Rents	Reduced rent income due to higher than expected Right to Buy sales to tenants	-0.4
Repairs and Maintenance	Fewer responsive repairs than anticipated	0.7
Capital financing and interest charges	HRA share of savings in corporate interest costs	0.6
	Other spending differences (net)	0.1
	Total differences between budget and spend	1.0

4. The Council's Financial Position

Golden Sands District Council uses your money to provide necessary local services. The summary financial position below (also known as the balance sheet) represents a summary, or 'snapshot,' of the financial position at a single point in time, which for councils is 31 March. Each year the council sets out what it owns and how much is owed, and the resources it has left to support the provision of future services on the 31 March.

Below we show the council's financial position at the year-end, which is a summary of the balance sheet in the council's audited accounts. This information supports the assessment of whether or not the council has a sustainable financial position and is able to support and maintain services on an on-going basis. The net financial position helps inform future financial planning and sustain the services we deliver.

Summary Financial Position

	£m
What we own and are owed (<i>held as 'assets'</i>)	302.5
What we owe (<i>held as 'liabilities'</i>)	-112.5
Net Financial Position (<i>assets less liabilities</i>)	190.0
The net financial position is held in reserves as follows:	
General reserves available to the council	37.5
Other Reserves held for statutory and/or specific purposes	152.5
Total Reserves	190.0

Financial Sustainability - The ability to plan for the future

We have to plan for the long term to ensure that we can continue to deliver our services in future years and be able to deal with any unexpected events. As a result, it is important that our financial standing (or sustainability) is robust.

Golden Sands District Council has a fully developed five-year financial plan, which includes looking at risks and future demands on services. These risks will include things like the impact of changes to national welfare schemes on services such as homelessness support, and the ongoing uncertainties surrounding the future core funding of local authority services generally under the Government's comprehensive spending review.

The recent impact of the COVID-19 pandemic is also a key area where the risks to the council (through extra costs and reduced income) and the impact of government support schemes are being closely monitored as part of the council's financial planning processes.

More about our Reserves

Table 6 sets out a breakdown of the council's general reserves.

Table 6 – General Reserves

	Amount held at 31 March £m
Earmarked reserves (reserves intended to fund specific projects or other council commitments)	10.4
Unallocated reserves (reserves held to support future service provision and manage risk)	27.1
Total general reserves	37.5

Council Subsidiaries, Associates and Joint Ventures

The council does not own, or part own, any companies, but has produced group accounts in respect of its relationship with Sandy Shores Direct Services. This is due to the council's ability to participate in the operating decisions of the company through its representation on the board. The company relies on the provision of refuse and maintenance services on behalf of the council as its core business.

The inclusion of Sandy Shores Direct Services in the council's Statement of Accounts has the following impact on the financial position of the council:

Subsidiaries, Associates and Joint Ventures	£m
What we own and are owed (<i>held as 'assets'</i>)	0.4
What we owe (<i>held as 'liabilities'</i>)	-
Net Financial Position (<i>assets less liabilities</i>)	0.4
The net financial position is held in reserves as follows:	
General Reserves available for future spend	-
Other Reserves held for statutory and/or specific purposes	0.4
Total Reserves	0.4

Raising debt to finance council investment

Councils can borrow to invest in property and infrastructure that supports the delivery of services, but they must ensure that they can pay this amount back. The Council has an underlying need to borrow to finance these assets (this includes leases of assets) of £115.8m. The council must set aside a prudent amount of resources each year so it can

pay back its borrowing, and this must be affordable when compared to its annual income.

We compare what it is costing to cover our borrowing costs for these assets against the funding we receive from council tax, business rates and grants (our income streams) to show you what proportion of income is required to fund the council's investments.

Table 7 - Borrowing costs as a proportion of income

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Actual	Actual	Actual	Forecast	Forecast	Forecast
0.8%	0.8%	0.9%	1.0%	1.0%	1.0%

You can find more detail on these balance sheet items in the [Golden Sands District Council's Statement of Accounts](#).

Investments in Commercial Properties

Since 2017, the council has invested in three income-generating commercial properties within the district at a total cost of £4m to help balance its budget and compensate for reductions in general grants from the government. The investment was part financed from asset sale proceeds (£2.4m) with the £1.6million balance funded through borrowing.

Commercial rates of return on investments for these types of property locally are around 2.5%, however in 2019/20 the council only budgeted for assumed returns of 1.5%. The actual return on that investment was 1.8%, exceeding the target. Whilst COVID-19 has impacted on commercial income for local authorities since the end of the 2019/20 financial year, the council anticipates an overall return no lower than that budgeted for the current year.

5. Golden Sands Financial Performance Data 1 April 2019 to 31 March 2020

Table 8 - Golden Sands District Council performance information

The table below provides performance information for our key services, identifying the costs incurred by the authority (using the information in Table 1) and measuring that on a cost per head of population basis.

Cost Type	Cost per person £
Highways and transport services	-9.76
Housing Services	22.76
Cultural, sports and leisure services	19.51
Environmental and regulatory services	47.15
Planning and development services	16.26
Corporate and other services to the public	39.84

[Note the above extract is indicative only and the detail of what could/should be set out in an accountability statement will form a significant element of future consultation.]

AUDIT CERTIFICATE

Audit certificate to be developed. There is an expectation that this statement will be subject to external audit from 2021/22

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