



London Borough
of Hounslow

SUMMARY OF ACCOUNTS 2006-2007



INTRODUCTION

The Council's formal accounts are set out in a prescribed format by statute and in accordance with UK Generally Accepted Accounting Practice. These accounts have been audited by KPMG, the Council's external auditor and given an unqualified report (i.e. a clean bill of health).

This document provides a simpler summary of the Council's financial performance during 2006/07 based on the statutory accounts.

If you have any questions on these accounts, or have any comments on whether you have found these accounts useful please let us know.

A full copy of the statement of accounts is available from www.hounslow.gov.uk

or alternatively contact the Corporate Accounting Team on **020 8583 2435**

or email us at finance.accounting@hounslow.gov.uk

Financial Position 2006/07

The Council set its budget in March 2006 at £172m after using £3m of balances.

The spending of each department against its cash limit budget is set out in the cost of council services. Overall the Council underspent its budget by £1.2m.

This enabled us to use fewer reserves than we had planned and provide more money for future years.

The reasons for the difference from the budget were:

- We saved **£700k** from the new contract with our revenues (Council Tax and NNDR) and benefits contractor
- Government gave us more grant in administering and paying out housing benefits by **£1.7m**
- The cost of placements for children were **£1.3m** higher than anticipated
- The legal costs for children in care increased by **£800k**
- Interest costs on our outstanding debts were **£0.4m** lower than budgeted.

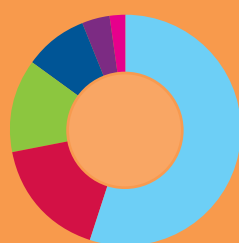


COSTS

COST OF COUNCIL SERVICES 2006/07

	Revised Budget £M	Actual £M	Variance £M
Chief Executive's Directorate	11.8	11.7	-0.1
Childrens Services and Lifelong Learning	50.4	52.8	2.4
Leisure Services	13.8	14.4	0.6
Street Management and Public Protection	33.3	33.8	0.5
Housing and Community Services	64.1	62.6	-1.5
Other services	0.7	-2.4	-3.1
Net Expenditure	174.1	172.9	-1.2
Transfers from reserves	-2.1	-0.9	1.2
Balanced Budget	172.0	172.0	0.0

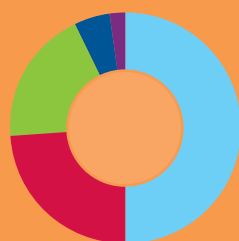
Analysis of Income



Specific Grants	298
Council Tax	89
Business Rates	68
Housing Rents	51
Fees, Charges Etc	22
Grants Funded from Central Taxation	13

541

Analysis of Expenditure



Employee Costs	267
Running Expenses	132
Housing Benefits	105
Capital Financing Costs	32
Contributions to Balances	5

541

BALANCE SHEET AS AT 31 MARCH 2007

	£M
Capital Assets and stocks	1,686
Investments and Cash in the bank	13
Money owed to LB Hounslow	74
Money owed by LB Hounslow	(100)
Bank overdraft and borrowing	(261)
Pensions and other liabilities	(349)
	<u>1,063</u>
General Balances	8
Reserves for specific purposes	43
Capital reserves	1,228
Pension Fund reserve	(216)
	<u>1,063</u>

Notes to the Balance Sheet

Capital Assets include the civic buildings, council houses and vehicles as well as properties held for investment.

Long Term Borrowing represents £241m of the total amount borrowed.

The pension Liability shows the current commitment to pay retirement benefits to existing and future pensioners. The liability is being paid over a fifteen year period.

General Fund Balance represents the unused reserves which can be used to fund future service demands and unforeseen circumstances.

Reserves for specific purposes includes amounts held on behalf of schools of £13m and for repairs of council housing of £8.5m.

Capital Reserves show the technical accounts which include changes in the value of property. This is not money available to the council to spend.



SUMMARY HRA

	£M
Rent from Council houses and other property	51
Charges and contributions for services	9
Government Subsidy	6
Transfers from reserves	0
	<u>66</u>
Repairs and Maintenance to housing	16
General Management	13
Services including district heating & wardens	13
Rent, rates and other charges	1
Financing costs	27
	<u>70</u>
Deficit for the year	<u>4</u>

Notes to the HRA

The Housing Revenue Account covers the accounts relating to the management and maintenance of the Council's housing properties.

Income is received from rents and charges for services. The costs can only be spent on managing the council's housing stock and cannot subsidise or be supplemented by council tax.

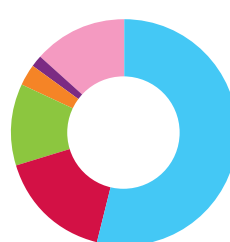
The management of Hounslow's properties is carried out by Hounslow Homes, an arms length management company owned by the Council.

At the 31 March the Council owned 4,213 houses and bungalows and 9,366 flats and maisonettes.

SPENDING ON CAPITAL PROJECTS

Capital expenditure represents money spent building a sustainable future for Hounslow, either buying new assets or improving our existing assets, in particular Council Housing.

Capital Expenditure by Service



	£M
Housing	33
Education	10
Transport	7
Social Services	2
Sport, Recreation and Libraries	1
Other services	7
	<u>60</u>

How capital spending was paid for



	£M
Loans and borrowing	14
Receipts from sales of assets	2
Government Grants & other contributions	19
Funding from revenue budgets	2
Financing from Reserves	23
	<u>60</u>

CASHFLOW

2006-2007

	£M
Cash In	
Grants funded from Central Taxation	407
Council Tax and Non Domestic Rates	207
Income from sales of goods and services	118
Rents	27
Income from sales of assets	11
	770
Cash Out	
Payments to/on behalf of employees	271
Payments for goods and services	223
Payments to Central Government	113
Housing benefit payments	86
Purchase of fixed assets	60
Cash Investments and financing costs	15
	768
Increase in cash	2

The Council holds sufficient funds to meet short term commitments. Surplus funds are invested both in the long and short term to generate additional income in interest.

