

Annual Financial Report and Summary of Accounts 2007/08

The annual financial report and summary of accounts gives details of the Council's financial position and its performance during 2007/08. It also shows what services the money was spent on and how it was spent.

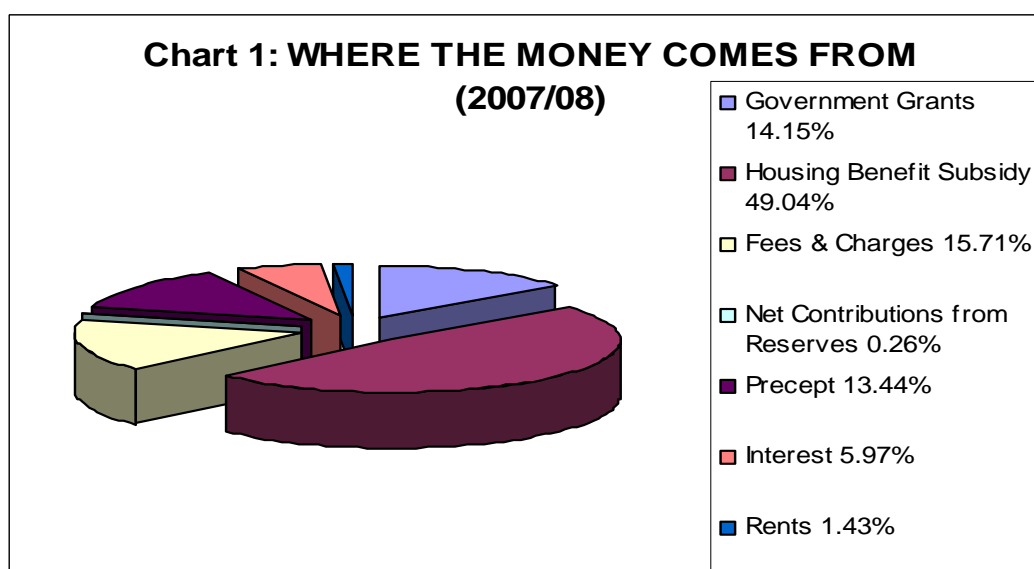
Overall Performance

For 2006/07, the Government's financial regulator, the Audit Commission, assessed how well the Council used its resources and concluded that the Council's financial reporting and management of its spending was performing well and performing consistently above minimum requirements.

2007/08 Income and Expenditure and Provision of Services

North Hertfordshire District Council provides a wide range of services, these include refuse and recycling, street cleansing and leisure services. In 2007/08 the Council's income was £64.3 million which it used to pay for services for residents and local businesses.

Chart1 below shows the Council's sources of income that it received in 2007/08.



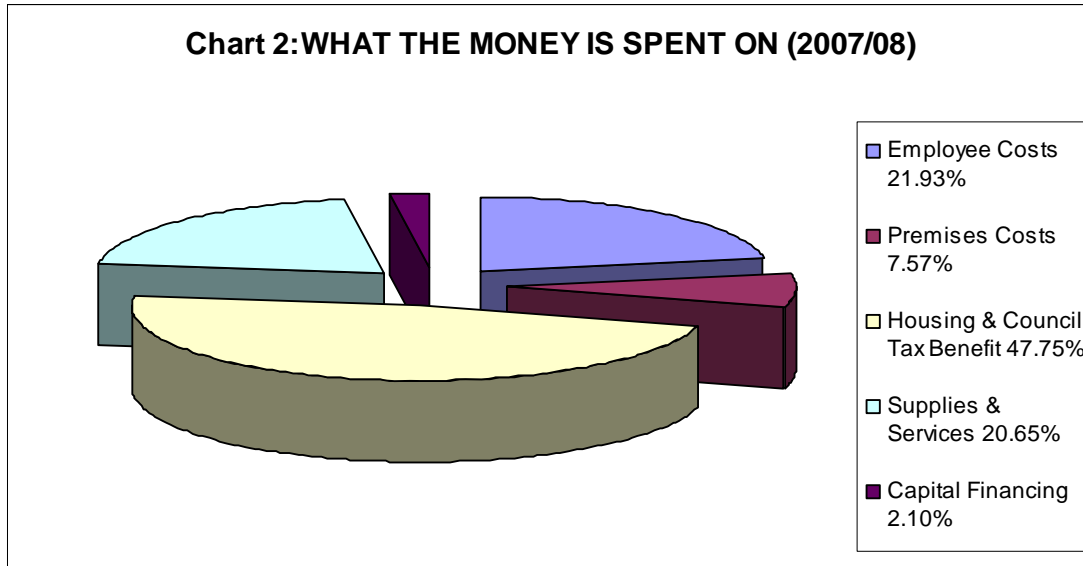
Almost half of its income, £31.5 million or 49.04%, was Housing Benefit Subsidy from the Department of Work and Pensions (DWP) which funds housing benefit payments made to eligible residents by the Council.

Fees and charges for Council services such as parking, planning and leisure brought in £10.1 million or 15.71% of the total income. Government grants accounted for £9.1 million or 14.15% and income from council tax raised £8.6million or 13.44%.

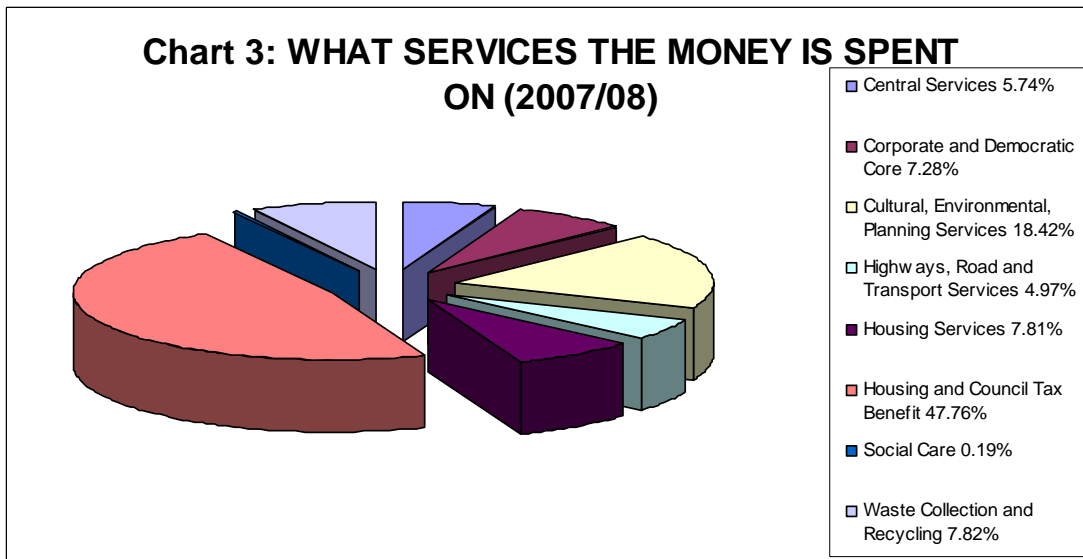
The Council's 2007/08 total expenditure was £64.73 million which is £430,000 more than its £64.3 million income. The difference was taken from its reserve balances (savings).

Charts 2 and 3 show how the money was spent. The Council's biggest cost was for housing and council tax benefit payments which accounted for £30.9 million or 47.75% of all expenditure. The cost of employing its 387-strong workforce (including

training and recruitment) accounted for £14.2 million or 21.93% and the cost for supplies and services on such activities as collecting refuse, leisure centres and grounds maintenance came to £13.4 million or 20.65%. Financing charges such as interest payments and contributions to capital projects accounted for £ 1.4 million or 2.10% of the total, and the cost of running the Council's premises made up the remaining 7.57% of costs.



Analysing spending by service, it can be seen from Chart 3 that the Council spent £11.92 million, (18.42%) on cultural, environmental and planning services, including providing leisure and community facilities, open spaces, street cleansing and other environmental services and planning controls. The chart below also shows that the Council spent £5.06 million, (7.82%) on refuse collection and recycling.



Balance Sheet

What the Council owns, owes and is owed

	31 March 2008 £'000
Land, buildings and other long-term assets	65,756
Stock	48
Cash and Investments	52,801
Money owed to the Council	10,740
Money owed by the Council	(25,463)
Money received in advance by the Council to spend on specific activities.	(2,937)
Money given by third parties and already used to fund capital expenditure over the life of the asset to be allocated over future years.	(3,770)
Total	97,175
Financed By:	
Non Distributable Reserves	82,506
Reserves and Balances available to finance expenditure	14,669
Total	97,175

Reserves and Balances Available to Finance Expenditure

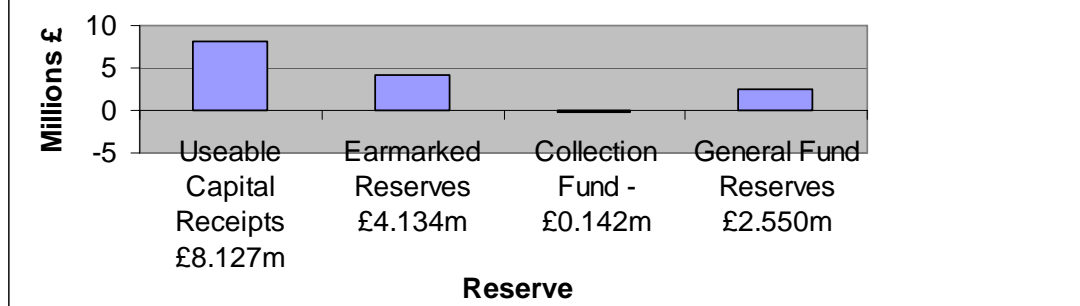
The Council has balances and reserves available to fund expenditure of £14.669 million. The **General Fund reserve** is held to provide a cushion against unforeseen future events and any risks the Council identified in its Medium-Term Financial Strategy.

Earmarked Reserves are set up for specific purposes and are used to fund expenditure on these specific purposes only.

Useable Capital Receipts Reserve is used to help pay for capital projects and comes from the sale of land and other Council assets plus some money from the sale of the Council's houses.

Collection Fund Balance belongs to the three authorities that provide services and charge Council Tax (Hertfordshire County Council, Hertfordshire Police Authority and North Hertfordshire District Council). There was a deficit of £142,000 on March 31, 2007, which must be made up by the three authorities. North Hertfordshire District Council's share is £26,000.

Reserves and Balances available to fund expenditure



Capital Investment

In 2007/08 the Council spent £7.900 million on capital schemes in the district as shown below:

	2007/08
	£'000
Capital Investment:	
Council - Owned buildings (Offices, Leisure facilities, community centres etc) and equipment	683
Assets under construction and refurbishments	998
IT - Software	287
Grants for home improvement , disabled facilities and tenant incentive grants	702
Grants to housing associations to provide social housing in the district.	2,566
Contribution to Social Enterprise for Meals on Wheels Service	70
Expenditure on Baldock Town Centre Enhancement Works	293
Expenditure on parking facilities	57
Expenditure on Cycle Routes	30
Expenditure on Play Facilities	50
Expenditure on Community Development	220
Capitalised Payments as Directed by the Secretary of State	1,944
Total Capital Investment	7,900
Sources of Finance:	
Capital Receipts from sale of assets and land	6,694

Government Grants and other contributions	922
Capital funded from council tax	284
Total Finance Sources	7,900

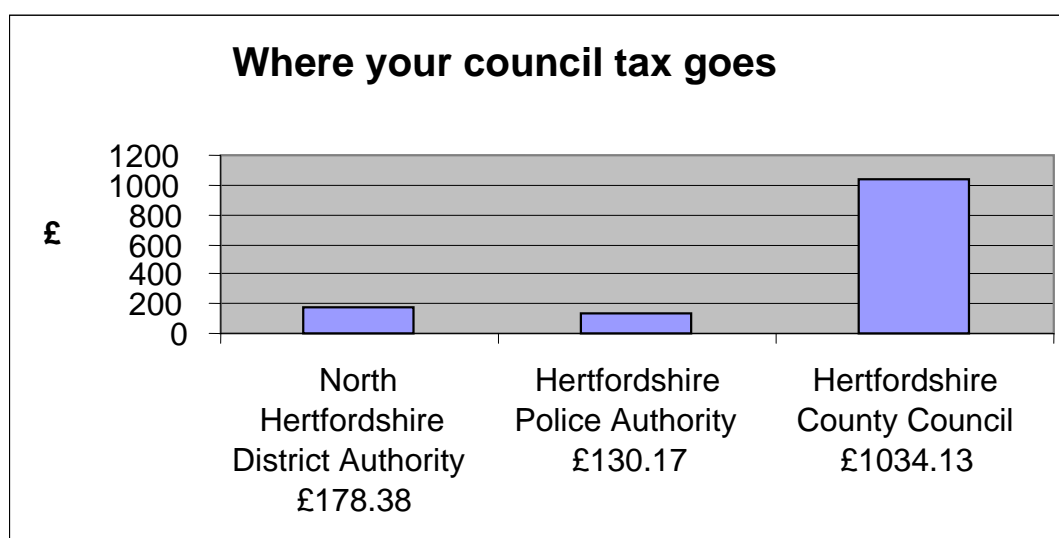
***Assets under construction and refurbishment** relates to schemes such as the extension of Letchworth cemetery, refurbishment of Mrs Howard Hall and Letchworth Leisure Centre.

Investments

On March 31 2008 the Council's investment portfolio totalled £52.6 million and it had earned £3.8 million interest during the year. This supports the Council's annual running costs. The Council has a treasury management strategy to actively manage the Council's exposure to risk. This includes a prudent attitude towards the organisations with whom funds may be deposited and methods for limiting the total amount of investment with a single organisation. At 31 March 2008 the Council had it's investments spread over 2 UK Banks and 17 UK Building Societies.

Council Tax

In 2007/08 the Council set a band D council tax of £178.38, or 49pence per day, as its part of the total council tax that residents pay which includes services provided by Hertfordshire County Council and Hertfordshire Police Authority. The chart below shows the charges from each authority on a band D council tax bill.



Residents who live in a parish also paid an additional charge which was levied for the parish they live in.

Further Information

The Council's accounts were audited by its external auditors, the Audit Commission, by the deadline of September 30. The Audit Commission gave an unqualified opinion, which means that the Council's accounts gives a true and fair view of the Council's financial performance. The audited accounts are available in more detail on the council's website www.north-herts.gov.uk.

Please let the council know if you found this report useful or if there is any other financial information that you would like us to provide. Telephone 01462 474470