

Annual report and summary of accounts 2006/2007

How well have we performed financially in the last year?

What have we spent money on?

What were our main financial achievements during 2006/2007?

Our supplement details the key financial issues for the council as we continuously aim to strengthen our financial management and controls in order to provide value for money.

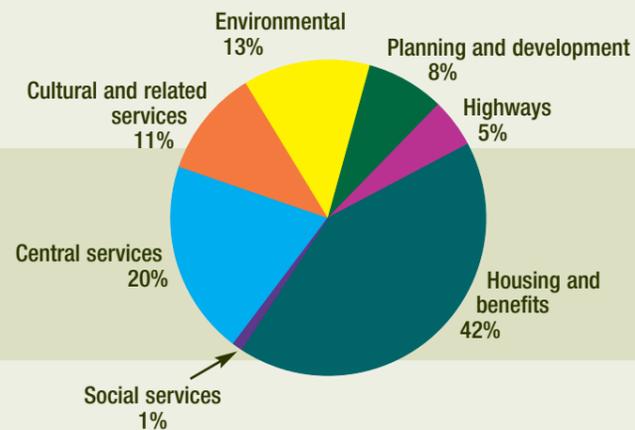


You can download the full statement of accounts, which includes detailed reports from the leader and director of resources, from our website at www.hertsmere.gov.uk, or if you have questions, or would like a copy sent to you, please write to:

The Director of Resources
Hertsmere Borough Council
Civic Offices
Elstree Way
Borehamwood
Hertfordshire
WD6 1WA

What we have spent on services...

Service cost	£m	%
Central services: eg council tax benefits and corporate costs	10.5	20%
Cultural and related services: eg sports and recreation	5.6	11%
Environmental: eg waste collections and environmental health	7.0	13%
Planning, development and building control	4.4	8%
Highways, roads and transport including parking service	2.5	5%
Housing services, including housing benefit payments	22.2	42%
Social: eg services for people aged 65 and over	0.3	1%
Cost of services	52.5	100%
Precepts and other non service payments	1.3	
Non cash and other items added back	(2.0)	
Gross cost of services	51.8	



Our key achievements this year

- Increase in community safety and the reduction of fear of crime through the introduction of a Police Community Support Officer and investment in other initiatives.
- Increased recycling rates by introducing additional bin collections.
- The award of Green Flag status at two of our parks, the second highest number for any council in Hertfordshire.
- Reduction in nuisance youth behaviour through continued development of the council's Youth Development Programme "Be There Do It."
- The award of exemplary status by Hertfordshire County Council for the borough's Play Schemes.
- Maintaining residents quality of life through the continued financial support of key local voluntary and community organisations.
- Progress on meeting local housing needs targets following the finalisation of our Private Sector Housing Strategy and sale of land specifically designated for affordable housing.



Financial position

The following table summarises our balance sheet as at 31 March 2007 and sets out the financial position, including the balance of reserves, available to the council and the assets employed in its operations.

What we own	£m	What we owe	£m
Land, building and other tangible assets	103.3	Money owed by the council	8.9
Investments	24.0	Capital reserves	92.2
Cash and stock	0.4	Earmarked and restricted reserves	26.0
Money owed to the council	6.1	Council fund	6.7
Total	133.8	Total	133.8

Cash flow statement	£m
Cash received	208.3
Cash paid out	(207.9)
Net increase during the year	0.4

Earmarked reserves are funds generated through the revenue account that has been specifically set aside for future revenue and capital projects. Funds held in usable capital receipts represent proceeds from the sale of council assets and are restricted in order to fund future capital expenditure.

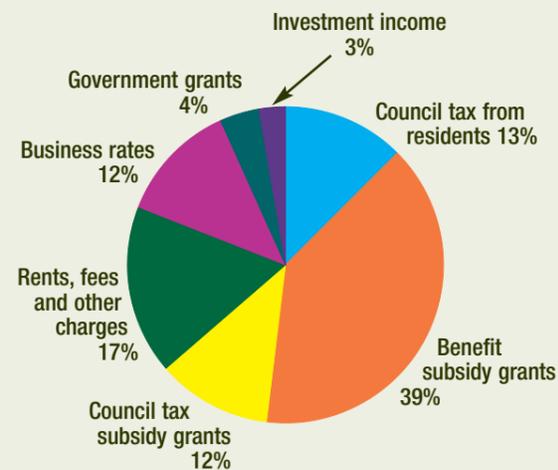
Money spent on capital projects in 2006/07

Capital projects	£m
Refuse vehicles and recycling facilities	0.4
Development of parks	0.2
Refurbishment of leisure centres	0.2
Potters Bar town centre improvements	0.1
Disability access grants	0.2
Hertswood Community Theatre	0.1
Other	0.2
Total capital projects	1.4

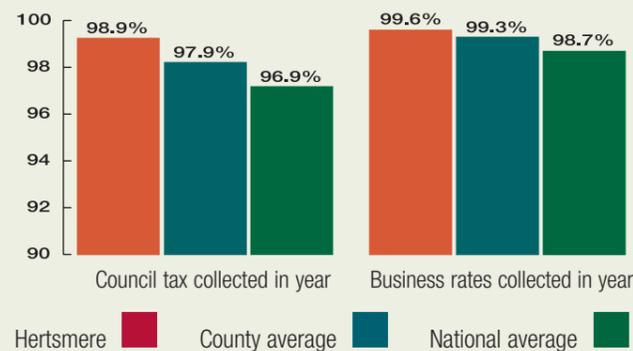
Where the money came from...

Source	£m	%
Council tax from residents	6.5	13%
Housing benefit subsidy grants	20.5	39%
Council tax subsidy grants	6.1	12%
Rent, fees and other charges	9.0	17%
Business rates re-distribution	6.4	12%
Government grants	2.1	4%
Investment income	1.4	3%
Total income	52.0	100%

Surplus generated for the year: 0.2



Key performance



Financial management	2004/05	2005/06	2006/07
Surplus reported for the year	£150K	£155K	£218K
Annual accounts submitted on time	Yes	Yes	Yes
Number of audit qualifications on accounts	Nil	Nil	Nil

Comprehensive Performance Assessment (CPA)

CPAs were introduced to help councils improve service delivery to their communities. Part of the assessment process is carried out by external auditors who issue scores in the form of use of resources judgements. During the last review in 2005/06 the council improved its overall CPA score from 2 to 3, indicating it is performing well.

Area	Score	1 = Inadequate	2 = Adequate	3 = Performing well	4 = Performing strongly
Financial reporting	3				
Financial management	2				
Financial standing	3				
Internal control	2				
Value for money	2				
Overall score	3				

The review of the 2006/07 use of resources has recently been completed with the results due to be published mid-December. Please check the website at that time for updated scores.

Value for Money

We use the term Value for Money (VFM) to measure the benefit we receive from goods or services against the resources we use in obtaining them. Providing VFM is very important to the council, and when assessing our own arrangements we look at the cost of goods and services and also take into account quality, whole life costing and best value.

In order to maintain good VFM the council needs to ensure it has in place arrangements for securing economy, efficiency and effectiveness in its overall use of resources.

These arrangements have recently been subject to external audit, following which we have received an unqualified VFM conclusion, which means we met the required standard.

Annual Efficiency Statement (AES)

The Department for Communities and Local Government has set the legal requirement for us to achieve at least 2.5% annual efficiency savings over a three year period starting from 2005/06, using the 2004/05 expenditure of £12.4m as a baseline.

This means that we continually need to improve the way we deliver our services and raise productivity within the council to enhance VFM. This table illustrates how the council has met its efficiency targets over the last two years and its targets for the future.

	Cashable £'000	Non-cashable £'000	Total £'000	Cumulative £'000
2005/06 (A)	278	88	366	366
2006/07 (A)	228	83	311	677
2007/08 (E)	187	63	250	927

A = Actual E = Estimate

Moving forward the council will face many challenges in delivering its corporate goals whilst maintaining value for money for its residents.

Our challenges include:

- Effective and efficient use of limited resources
- Delivery of additional statutory requirements / demands
- Reduction in income and government grants
- Changing needs / trends in demand for services
- New performance and inspection regime
- Achieving further efficiency savings

Our focus for the future:

We will continue to work towards our corporate goals:

- Create a safer community for all;
- Sustain improvements in the quality of Hertsmere's environment;
- Continue to promote healthy living, leisure and cultural opportunities;
- Encourage economic prosperity;
- Work towards meeting local housing needs through our strategic housing role; and
- Sustain organisational improvements to meet community needs.

Examples of how we will do this include:

- Working towards a cleaner and better environment;
- Expanding our successful alcohol free zones;
- Developing the Herkomer Rose Gardens at Bushey;
- Securing the long term future of Elstree Film Studios and maintaining economic prosperity for the local area;
- Managing economic growth and housing development through Hertsmere Local Development Framework;
- Increasing affordable housing through sale of land in the first place to registered social landlords;
- Continue to enhance value for money in services.

The council is working towards Green Flag status for Aberford Park in Borehamwood

