

## A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2014/15)

The Council produces a full set of accounts to comply with relevant international standards. These are available for you to look at on our website and a hard copy will be made available in the Central Library. In order to extend our financial reporting to a wider audience, we are summarising the main parts of the full set of accounts into this, more easily understandable format. The full set of accounts is made up of a number of key accounting statements, and the main ones are summarised here.

### The surplus/deficit on providing services

*What we spent, and how it was paid for.* This statement summarises the day to day costs (e.g. staffing, accommodation, supplies and services etc.) incurred in running all the services which the Council provides. To produce the figures in the statement of accounts, the table summarises the financial accounting adjustments needed to the actual Council costs which affect council taxpayers.

	Net costs reported in the Statement of Accounts £'000	CMBC net costs £'000	Financial Accounting Adjustments £'000	
Cultural and related services	14,478	14,477	1	Museums, theatres, sport centres, libraries, parks, tourism
Environmental and regulation services	19,488	19,488	0	Waste, environmental health, recycling, cemeteries and crematorium
Planning services	5,405	5,042	363	Building and development control, planning, conservation, and economic development
Children's and education services	44,327	44,551	-224	Schools, youth and adult learning, family support, fostering, children's homes, youth offending
Highways, roads and transport services	22,465	22,465	0	Road maintenance, lighting and parking
Housing Services	4,371	3,972	399	Housing advice, homelessness, housing benefits, private sector renewal
Adult social care	49,620	49,620	0	Adult and older people's care services
Other service costs	5,772	4,950	822	
Exceptional item	43,367	0	43,367	Reduction in land values
<b>Net cost of services</b>	<b>209,293</b>	<b>164,565</b>	<b>44,728</b>	
Other income and expenditure	34,439	7,381	27,058	Interest paid and received, and value of buildings transferred to academy schools
Council tax and general grants	-180,809	-170,297	-10,512	
<b>Deficit on providing services</b>	<b>62,923</b>	<b>1,649</b>	<b>61,274</b>	
Accounting Adjustments - not charged to council tax	-69,622	-8,348	-61,274	Accounting entries for pension costs and fixed assets
Movement on reserves	4,569	4,569	0	
<b>Charge against council balances</b>	<b>-2,130</b>	<b>-2,130</b>	<b>0</b>	

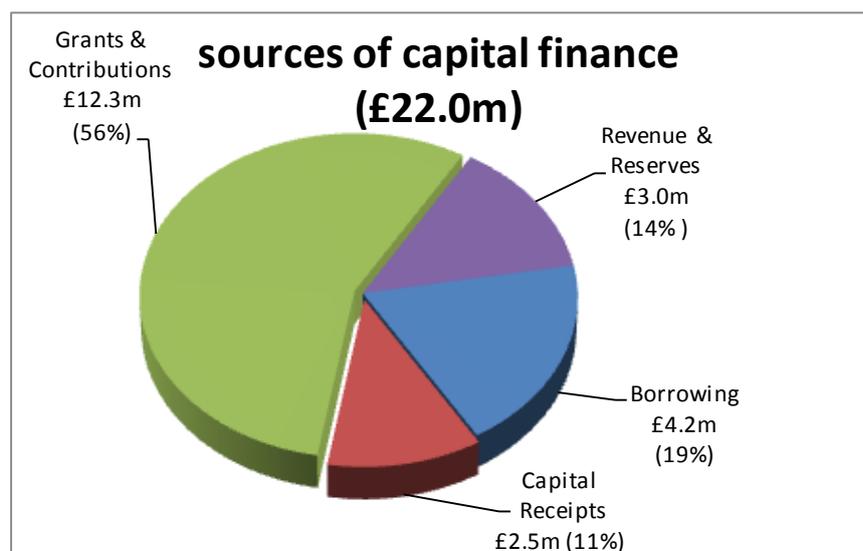
The £2,130k contribution to balances was more than budgeted due to receipt of unexpected late Government grant funding, and an improved position on benefit payments, associated grant claims and some small contingency budgets. Balances are held to meet cost fluctuations; provide upfront funding to deliver longer term savings, or to manage council tax levels. This is the charge which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £62,923k in the statement of accounts shows that income during the year wasn't sufficient to cover the accounting cost of providing Council services. The difference between this and the £2,130k contribution to council balances is a reflection of future funding requirements which will have to be met by *future* council taxpayers (even though this will be spread over many years into the future).

**Capital expenditure**

<b>Capital Expenditure</b>	<b>£m Type of scheme</b>	<b>£m</b>
<b>Children and Education Services</b>	<b>5.3</b> Schools	4.9
	Energy efficient boilers	0.1
	Early Years & children's services	0.1
	College	0.2
<b>Highways, Roads and Transport</b>	<b>7.1</b> Roadworks	6.2
	Street Lighting	0.7
	Depot	0.1
	Car parks	0.1
<b>Housing Services</b>	<b>2.0</b> Grants & loans (eg re disabled; thermal efficiency)	1.8
	Housing regeneration schemes	0.2
<b>Planning Services</b>	<b>3.1</b> Piece Hall development	1.6
	Urban / economic regeneration schemes	1.4
	Markets	0.1
<b>Other services</b>	<b>4.5</b> Waste and environmental	0.2
	Libraries & museums	0.9
	Parks and play areas	0.3
	Town centre offices and property improvements	2.0
	Health and social care	0.5
	Other	0.6
<b>Gross Capital Expenditure</b>	<b>22.0</b>	<b>22.0</b>

Capital expenditure is different from revenue expenditure. It represents money spent on creating or improving "fixed assets" (principally buildings and roads) which will benefit the Council and the services it provides for many years into the future. It also includes capital grants provided by the Council which are not spent on Council assets, but may be given for example to local businesses or residents with specific needs (e.g. economic regeneration and housing grants).



The Council spent £22.0m during the year on its fixed assets and capital grants and advances. Because the benefits of capital expenditure extend beyond one year, it would be unfair to expect council taxpayers to meet in full costs which are going to benefit future generations. Other than a relatively small amount of funding from revenue budgets (mainly provided by individual schools), the

Council doesn't finance its capital spending from council tax, but from a mixture of borrowing, grants, and capital receipts (the monies raised by selling capital assets such as buildings and parcels of land).

## **Balance sheet**

Another important financial statement is the balance sheet. This gives a snapshot of the Council's financial position at the year end (31<sup>st</sup> March 2015). It shows the Council's assets (what it owns) and liabilities (what it owes). The balance of these (the council's "net worth") is represented by the Council's reserves and balances.

Spendable reserves include £26.9m of capital receipts and grants which are earmarked to be used to fund future planned capital schemes, and £75.6m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves

<b>Summary balance sheet at 31/3/15</b>	<b>£m</b>
<b>Assets</b>	
Fixed and Long Term Assets	510.2
Money owed to the Council	28.1
Stocks and items held for sale	0.6
Cash and investments	82.0
	<hr/> 620.9
<b>Liabilities</b>	
Items owed by the Council	-49.4
Borrowing	-139.6
Pension scheme deficit	-251.1
	<hr/> -440.1
<b>Net Assets</b>	<b>180.8</b>
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<b>Financed By: -</b>	
Spendable reserves & balances	102.5
Non spendable reserves	78.3
<b>Net Worth</b>	<b>180.8</b>

is £11.8m held for spending by schools; £8.9m is retained for insurance claims against the Council and to provide some response to other contingencies; £12.8m is funding for capital projects; £1.7m is for regeneration and local economic initiatives; £19.6m is for service delivery improvements, and £7m has been put into reserves which, along with available general balances of £13.8m, will help manage future budget pressures and achieve delivery of future savings targets.

Non spendable reserves are accounting entries arising principally from the financing and revaluation of fixed assets and pensions. They are not available to the Council to invest in services or new assets.

## **Cash Flow Statement**

This statement analyses the movement on cash. Cash flows in to the Council when, for example, services are paid for or grants/council tax monies received, and flows out of the Council when expenditure is met or borrowing repaid etc. Cash balances have decreased from £11.1m to £8.9m. This includes the Council's bank balances and monies held in individual school bank accounts.

Net cash inflows from operating activities have been used to repay longer term borrowings

<b>Cashflow summary</b>	<b>£'000</b>
Net Inflow from operating activities	27,183
Repaid Borrowing	-6,173
Net spend on capital activities	-8,068
Increase in investments & holdings	-15,094
<b>Decreased cash balance</b>	<b>-2,152</b>

and cover net cash outflows on the capital programme. Due to the better returns available, cash has been moved into short term investments rather than leaving it in the Council's bank accounts. This has led to reduced cash holdings of £2.2m.

## **The Collection Fund**

The Council is a billing authority. It sends out council tax bills for itself as well as parish councils, and the police and fire services. It also sends out bills for business rates. It is required to keep a separate account of all such monies received and paid. This is called the collection fund. All council tax and business rates receipts are paid into the collection fund, and the Council draws from this to help pay for the services it provides. The net amount of council tax drawn by the Council in 2014/15 (including its share of previously accumulated fund surpluses) was £73.6m, and £28.0m of business rate income.

<b>COLLECTION FUND 2014/15</b>	<b>£m</b>	<b>£m</b>	
Council tax/ Business rates income due		147.3	banding in which a property is deemed to fall. Most 2 adult households will, on average, have paid less than £1130. This includes amounts for the other "precepting" authorities (fire, police and parish councils), which partly pay for the services they provide by levying a council tax. Between the 1 <sup>st</sup> April 2009 and 1 <sup>st</sup> April 2015, the Council's share of council tax rose by less than one percent.
Payments made to: -			
Calderdale Council	-101.6		
Police	-8.1		
Fire	-3.9		
Central Government	<u>-28.6</u>	-142.2	
Other costs		-4.3	
Net surplus for the year		0.8	
Surplus brought forward April 2014		0.0	
<b>Surplus carried forward March 2015</b>		<b>0.8</b>	

The Council delivered this modest increase over the same period in which inflation rose by over 14%, and in the face of stringent funding cuts (30%) imposed by the government to help address the "structural deficit" in national Government spending.

Business rates are calculated by multiplying the rateable value of business premises by a rate set by the Government. Rateable values are independently determined by the Valuation Office Agency.

The Council collects council tax and business rate monies on behalf of all preceptors and the Government, and pays over their share to them. Dependent on collection rates etc there may be a small surplus or deficit on the fund to be shared out between all precepting bodies and the Government.

## **Other Statements**

There are a number of other statements setting out responsibilities for the accounts, detailing the accounting policies applied, and providing lots of disclosures around the reported figures. Also included within an explanatory foreword by the Head of Finance is an overview of financial performance, achievements and key developments during the year.

## **Disclaimer**

All the figures behind this summary were compiled having regard to proper accounting practices. To provide simplified, meaningful, summary information some figures have been combined.