

A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2013/14)

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 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	16,973	16,951	22	Museums, theatres, sport centres, libraries, parks, tourism
Environmental and regulation services	19,184	19,186	-2	Waste, environmental health, recycling, cemeteries and crematorium
Planning services	5,377	5,340	37	Building and development control, planning, conservation, and economic development
Children's and education services	45,452	46,685	-1,233	Schools, youth and adult learning, family support, fostering, children's homes, youth offending
Highways, roads and transport services	23,701	21,071	2,630	Road maintenance, lighting and parking
Housing Services	5,083	4,309	774	Housing advice, homelessness, housing benefits, private sector renewal
Adult social care	49,932	49,838	94	Adult and older people's care services
Other service costs	8,769	6,654	2,115	
Net cost of services	174,471	170,034	4,437	
Other income and expenditure	55,293	8,330	46,963	Interest paid and received, and value of buildings transferred to academy schools
Council tax and general grants	-184,227	-176,406	-7,821	
Deficit on providing services	45,537	1,958	43,579	
Accounting Adjustments - not charged to council tax	-52,392	-8,813	-43,579	Accounting entries for pension costs and fixed assets
Movement on reserves	4,935	4,935	0	
Charge against council balances	-1,920	-1,920	0	

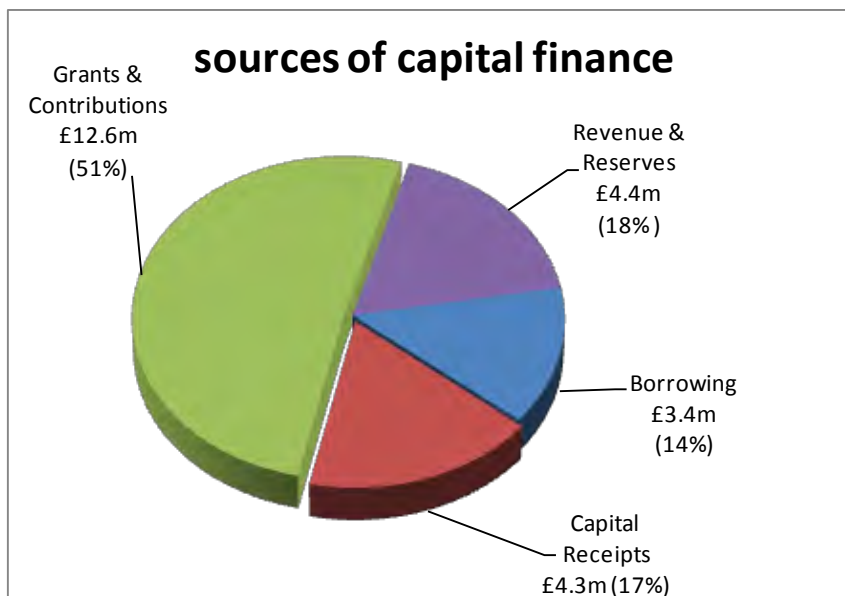
The £1,920k contribution to balances was more than budgeted due to the Government making an unexpected late return of funding which it had previously top sliced from the Council. Balances are available to meet unexpected costs and fluctuations; provide upfront funding to deliver longer term savings or 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 £45,537k 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 £1,920k 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

Capital Expenditure	£m	Type of scheme	£m
Children and Education Services	8.1	Schools	7.6
		Energy efficient boilers	0.2
		Early Years settings	0.3
Highways, Roads and Transport	6.1	Roadworks	5.9
		Car Parking	0.2
Housing Services	2.9	Grants & loans (eg re disabled; thermal efficiency)	2.7
		Housing regeneration schemes	0.2
Other services	7.6	Libraries and Museums	0.5
		New offices and property improvements	4.2
		Waste and environmental	0.5
		Cemeteries and crematorium	0.4
		Parks and play areas	0.6
		Piece Hall development	0.7
		Urban / economic regeneration schemes	0.2
		Health and social care	0.4
		Other	0.1
Gross Capital Expenditure	24.7		24.7

This type of 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 £24.7m 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 from 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 (31st March 2014). 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 £27.1m of capital receipts and grants which are earmarked to be used to fund future planned capital schemes, and £68.1m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves

Summary balance sheet at 31/3/14	£m
Assets	
Fixed and Long Term Assets	515.1
Money owed to the Council	31.1
Stocks and items held for sale	1.5
Cash, investments and stocks	67.5
	<u>615.2</u>
Liabilities	
Items owed by the Council	-44.8
Borrowing	-145.9
Pension scheme	-197.7
	<u>-388.4</u>
Net Assets	226.8
Financed By: -	
Spendable reserves & balances	95.2
Non spendable reserves	131.6
Net Worth	226.8

is £11.4m held for spending by schools; £10.0m is retained for insurance claims against the Council and to provide some response to other contingencies such as severe weather; £10.7m is for one off funding for major projects, £16.1m is for improved service delivery, and £2.9m is for regeneration and local economic initiatives. £6m has been put into reserves which, along with general balances of £11m, 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 £11.8m to £11.0m. This includes the Council's bank balances and monies held in individual school bank accounts.

Cashflow summary	£'000
Net Inflow from operating activities	7,974
Repaid Borrowing	-8,129
Net spend on capital activities	-10,113
Decrease in investments & holdings	9,503
Decreased cash balance	-765

The decrease in cash of £0.8m is due to cashing in short term investments during the year and using some of the cash raised to repay longer term borrowings. The remainder has been held in the Council's bank accounts. Operating cash inflows were used to cover net cash outflows on the capital programme.

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 2013/14 (including a deduction for its share of previously accumulated fund deficits) was £70.9m, and £27.8m of business rate income.

COLLECTION FUND 2013/14	£m	£m	
Council tax/ Business rates income due		143.7	
Payments made to: -			
Calderdale Council	-99.3		
Police	-7.7		
Fire	-3.8		
Central Government	<u>-28.4</u>	-139.2	
Other costs		-5.2	
Net surplus for the year		-0.7	
Deficit brought forward April 2013		0.7	
Surplus carried forward March 2014		0	

banding in which a property is deemed to fall. Most 2 adult households will, on average, have paid less than £1,130. 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 1st April 2009 and 1st April 2014, the Council's share of council tax rose by less than one percent.

The Council delivered this modest increase over the same period in which inflation rose by over 13%, and in the face of stringent funding cuts 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.