

## A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2012/13)

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	17,437	17,267	170	Museums, theatres, sport centres, libraries, parks, tourism
Environmental and regulation services	17,956	19,598	-1,642	Waste, environmental health, recycling, cemeteries and crematorium
Planning services	5,516	5,742	-226	Building and development control, planning, conservation, and economic development
Children's and education services	53,240	52,205	1,035	Schools, youth and adult learning, family support, fostering, children's homes, youth offending
Highways, roads and transport services	23,322	23,156	166	Road maintenance, lighting and parking
Housing Services	5,112	4,507	605	Housing advice, homelessness, housing benefits, private sector renewal
Adult social care	51,966	51,978	-12	Adult and older people's care services
Other service costs	9,237	8,689	548	
<b>Net cost of services</b>	<b>183,786</b>	<b>183,142</b>	<b>644</b>	
Other income and expenditure	48,506	8,198	40,308	Interest paid and received, and value of buildings transferred to academy schools
Council tax and general grants	-193,807	-180,052	-13,755	
<b>Deficit on providing services</b>	<b>38,485</b>	<b>11,288</b>	<b>27,197</b>	
Accounting Adjustments - not charged to council tax	-36,000	-8,803	-27,197	Accounting entries for pension costs and fixed assets
Movement on reserves	-2,196	-2,196	0	
<b>Charge against council balances</b>	<b>289</b>	<b>289</b>	<b>0</b>	

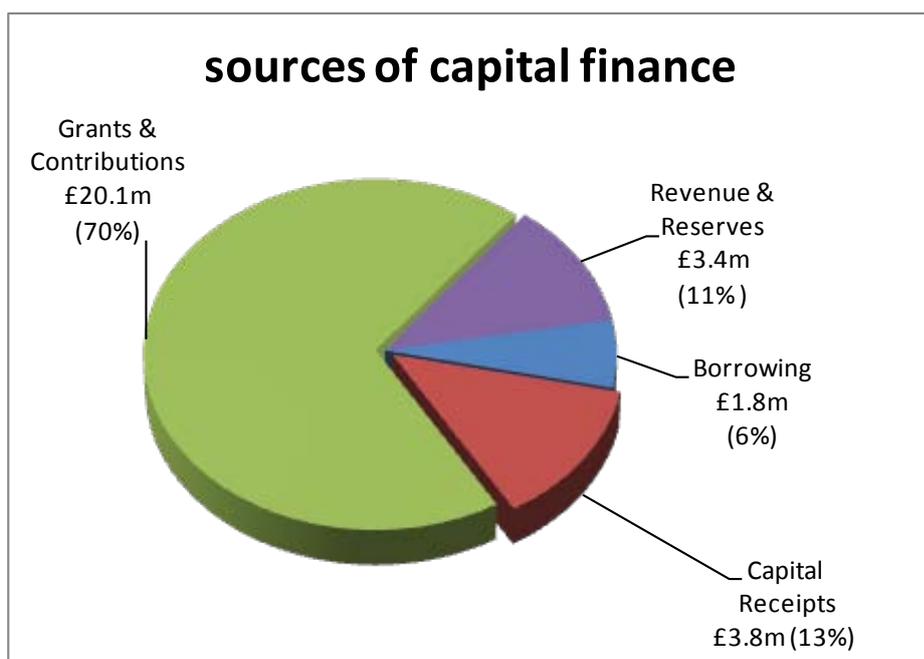
The £289k charge to balances was slightly more than budgeted due in part to extra costs following extensive flooding in the summer of 2012. Balances are available to meet unexpected costs and fluctuations; provide upfront funding to deliver longer term savings or to manage council tax levels. This is the charge which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £38,485k 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 £289k charge against 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</b>	<b>Type of scheme</b>	<b>£m</b>
<b>Children and Education Services</b>	<b>17.8</b>	Schools	17.0
		Energy efficient boilers	0.7
		Children's centres / disabled children facilities	0.1
<b>Highways, Roads and Transport</b>	<b>4.7</b>	Roadworks	4.6
		Traffic management	0.1
<b>Housing Services</b>	<b>3.0</b>	Grants & loans (eg re disabled; thermal efficiency)	2.9
		Housing regeneration schemes	0.1
<b>Other services</b>	<b>3.6</b>	Libraries and Museums	0.1
		Property rationalisation and improvements	1.0
		Waste and environmental	0.7
		Cemeteries and crematorium	0.2
		Parks and play areas	0.3
		Sports and entertainment facilities	0.4
		Urban / economic regeneration schemes	0.3
		Health and social care	0.3
		Other	0.3
<b>Gross Capital Expenditure</b>	<b>29.1</b>		<b>29.1</b>

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 £29.1m 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 (31<sup>st</sup> March 2013). 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.

<b>Summary balance sheet at 31/3/13</b>	<b>£m</b>
<b>Assets</b>	
Fixed and Long Term Assets	550.2
Money owed to the Council	24.7
Stocks and items held for sale	0.6
Cash, investments and stocks	76.8
	<u>652.3</u>
<b>Liabilities</b>	
Items owed by the Council	-48.3
Borrowing	-154.0
Pension scheme	-279.2
	<u>-481.5</u>
<b>Net Assets</b>	<b>170.8</b>
<b>Financed By: -</b>	
Spendable reserves & balances	93.0
Non spendable reserves	77.8
<b>Net Worth</b>	<b>170.8</b>

assets.

Spendable reserves include £31.6m of capital receipts and grants which are earmarked to be used to fund future planned capital schemes, and £61.4m held in balances and reserves earmarked for specific items of expected future expenditure of which £11.2m is held for spending by schools; £10.1m is retained for insurance and other potential claims against the Council, £11.2m is for one off funding for major projects, £16.4m is for improved service delivery, and £3.3m is for regeneration and local economic initiatives.

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

## **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 increased from £7.7m to £11.8m. This includes the Council's bank balances and monies held in individual school bank accounts.

<b>Cashflow summary</b>	<b>£'000</b>
Net Inflow from operating activities	8,423
Repaid Borrowing	-6,796
Net spend on capital activities	-8,751
Decrease in investments & holdings	11,233
<b>Increased cash balance</b>	<b>4,109</b>

The increase in cash of £4.1m 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 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 drawn by the Council in 2012/13 (including a deduction for its share of previously accumulated fund deficits) was £81.2m.

<b>COLLECTION FUND 2012/13</b>	<b>£m</b>	<b>£m</b>
Council tax/ Business rates income due		152.1
Drawings by		
Calderdale Council	-81.2	
Police	-8.6	
Fire	-3.4	-93.2
Business rates monies paid to Government		-55.0
Other costs		-2.5
Net surplus for the year		1.4
Deficit brought forward April 2012		-0.7
<b>Surplus carried forward March 2013</b>		<b>0.7</b>

The amount of council tax payable by property owners depends on occupancy, and the banding in which a property is deemed to fall. 2 adults in a band D property would, on average, have paid £1,417.42. 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 2008 and 1<sup>st</sup> April 2012, 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 14%, and the government began reducing funding for local government to help address the "structural deficit" in national Government spending.

The Council collects council tax monies on behalf of all preceptors, and pays over their share to them. Dependent on collection rates etc there may be a small surplus or deficit on the fund. The surplus on the fund at March 2013 was £0.675m, and this will be shared between all precepting bodies. The share of this due to the Council is £0.583m.

## **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.