

A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2019/20)

The Council produces a full set of accounts to comply with relevant international standards. 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.

	CMBC net costs £'000	Financial Accounting Adjustments £'000	Net costs reported in the Statement of Accounts £'000
Adult services and wellbeing			
<i>Day care, home care and residential care and advice, information, assessment and early intervention services to adults.</i>	53,689	3,059	56,748
Chief executive's office			
<i>Public health; Elections and registration costs; committee administration; finance, legal, HR, administration and mayoral support.</i>	13,357	2,315	15,672
Children and young people's services			
<i>Early years; schools, youth & adult learning; looked after children social care (including fostering and children's homes); early intervention; family support; youth justice.</i>	25,217	8,477	33,694
Public services			
<i>Sport; museums; theatre; libraries; parks; food standards; crematorium and cemeteries; licensing; community safety; benefits admin; contact centre; ICT support; waste and recycling; parking.</i>	26,864	9,923	36,787
Regeneration and strategy			
<i>Road maintenance, lighting, road safety; flooding; planning, economic development, building control; tourism; markets; housing advice and homelessness; maintaining the Council's property portfolio.</i>	18,056	10,628	28,684
Centrally managed items			
<i>Housing benefit payments and grant; contribution to the West Yorkshire Combined Authority re transport.</i>	24,387	-12,911	11,476
Net Cost of Services	161,570	21,491	183,061
Other operating costs			
<i>Interest paid and received; value of buildings transferred to academy schools; pension fund related costs.</i>	0	16,482	16,482
Funding			
<i>Council tax; retained business rates; general government grants.</i>	-160,495	-21,484	-181,979
Surplus/deficit on the provision of services	1,075	16,489	17,564
Movement on reserves	-758		
Charge against council balances	317		

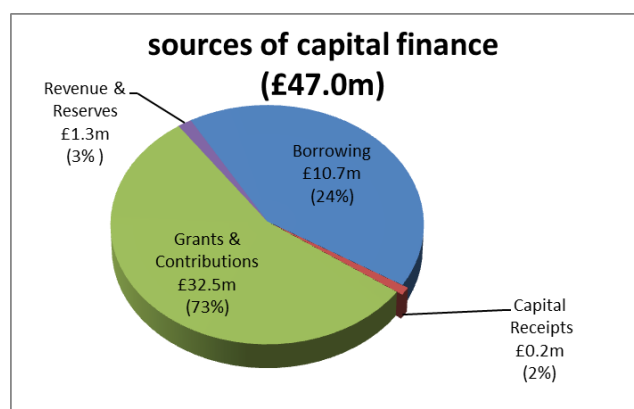
The £317k draw down from balances was budgeted for at the start of the year. Service pressures were managed by management action and agreed financial strategies. Balances are held to meet cost fluctuations; provide upfront funding to deliver longer term savings, or to manage council tax levels. The net cost of £317k is the charge which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £17,564k in the statement of accounts shows that income during the year wasn't sufficient to cover the accounting cost of providing Council services. Part of this deficit has been met from general balances (£317k) and reserves previously set aside (£758k). The remaining difference (£16,489k) reflects future funding requirements which will have to be met by *future* council taxpayers (although this will be spread over many years into the future).

Capital expenditure

Capital Expenditure	£m	Type of scheme	£m
Adult Services and Wellbeing	2.7	Disabled facilities adaptations grants	2.7
Children and Young People's Services	6.3	Schools/early years	6.3
Public Services	1.8	ICT upgrades	1.0
		Loan to community association	0.6
		Parks and play areas	0.1
		Bereavement services	0.1
Regeneration and Strategy	36.2	Roadworks	8.8
		Building improvements	1.2
		Flood works	0.5
		Street lighting (energy efficiency)	7.4
		Purchase of Investment Property	2.8
		Private sector housing investment	0.3
		Green energy	0.7
		Northgate site development (6th form and commercial)	13.7
		Other schemes	0.8
Gross Capital Expenditure	47.0		47.0

Capital expenditure is different from revenue expenditure. It is 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 monies not spent on Council assets but, for example, on private housing and church schools.



The Council spent £47.0m 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), and sums specifically built up in reserves, 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).

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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 2020). 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 £23.2m of capital grants which are earmarked to be used to fund future planned capital schemes (particularly schools, highways and flood related schemes), and £46.4m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves is: -

- £10.7m held for spending by schools;
- £3.5m for capital/regeneration projects;
- £7.5m for service delivery improvements, and
- £19.2m budget support/contingencies. This includes £12.2m which, along with available general balances of £5.5m, will help manage future budget pressures (including the response to the Covid-19 pandemic) and achieve delivery of future savings targets. It also provides some cover against potential future contingencies including, for example, insurance claims against the Council.

2019 Summary balance sheet at 31st March		2020
£m	<u>Assets</u>	£m
500.4	Fixed and Long Term Assets	526.9
28.6	Money owed to the Council	33.5
1.6	Stocks and items held for sale	2.1
44.6	Cash and investments	35.8
575.2		598.3
	<u>Liabilities</u>	
-62.7	Items owed by the Council	-68.0
-146.5	Borrowing	-161.4
-321.7	Pension scheme deficit	-360.8
-530.9		-590.2
44.3	Net Assets	8.1

<u>Financed By: -</u>		
41.7	Earmarked reserves	40.9
5.8	General Fund balance	5.5
24.5	Capital grants reserve	23.2
72.0	Spendable reserves & balances	69.6
-27.7	Non spendable reserves	-61.5
44.3	Net Worth	8.1

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 risen from £7.0m to £12.6m. This includes the Council's bank balances and monies held in individual school bank accounts.

Cashflow summary	£'000
Net Inflow from operating activities	8,855
Net increased borrowing	15,953
Net spend on capital activities	-33,515
Reduction in investments & holdings	14,336
Increased cash balance	5,629

The increase in cash balances has arisen largely from cash realised from the day to day activities of the Council. Whilst drawing on some of this, expenditure on capital activities has been largely covered by increased borrowing and by cashing in some investments.

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 2019/20 (including any share of previously accumulated fund surpluses/deficits) was £94.4m, and £39.9m of business rate income.

COLLECTION FUND 2019/20	£m	£m
Council tax / Business rates income due		168.2
Payments made to: -		
Calderdale Council	-134.3	
Police	-11.8	
Fire	-4.6	
Central Government	-14.9	-165.6
Other costs		-3.3
Net surplus for the year		-0.7
Surplus brought forward April 2019		5.3
Surplus carried forward March 2020		4.6

The amount of council tax payable by property owners depends on occupancy, and the banding in which a property is deemed to fall. Most 2 adult households will, on average, have paid less than £1,362. 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 31st March 2020, the Council's share of council tax rose by 20% (a weekly increase of less than £4 for most council taxpayers). This was at a time when general prices rose by 24%, social care costs soared, 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 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.

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 a narrative report 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.