

A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2020/21)



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>	52,814	3,150	55,964
Chief executive's office			
<i>Public health; Elections and registration costs; committee administration; finance, legal, HR, administration and mayoral support.</i>	8,653	2,137	10,790
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>	22,035	13,979	36,014
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>	34,193	10,467	44,660
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>	16,091	13,466	29,557
Centrally managed items			
<i>Housing benefit payments and grant; contribution to the West Yorkshire Combined Authority re transport.</i>	24,676	-14,570	10,106
Net Cost of Services	158,462	28,629	187,091
Other operating costs			
<i>Interest paid and received; value of buildings transferred to academy schools; pension fund related costs.</i>	0	25,939	25,939
Funding			
<i>Council tax; retained business rates; general government grants.</i>	-191,434	-8,040	-199,474
Surplus/deficit on the provision of services	-32,972	46,528	13,556
Put into reserves	32,701		
Put into council balances	271		

Reserves increased by £32.7m. Much of this was Covid related grant funding and will be required in 2021/22 as Council services begin to emerge from lockdown. Service budget pressures were contained in year by management action as a result of decisions taken by Cabinet.

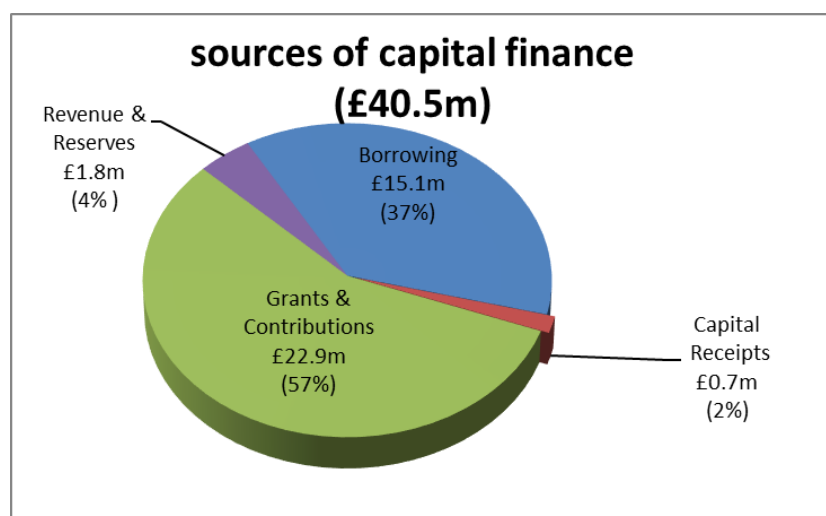
Balances are held to meet cost fluctuations; provide upfront funding to deliver longer term savings, or to manage council tax levels. Balances increased by £271k after meeting all the costs which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £13,556k 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 accounting loss and the £32,972k put into reserves and balances (£46,528k) 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	2.2	Disabled facilities adaptations grants	2.2
Children and Young People's Services	3.4	Schools/early years	3.4
Public Services	0.9	ICT upgrades	0.7
		Loan to local organisation	0.1
		Parks and play areas	0.1
Regeneration and Strategy	34.0	Roadworks	16.1
		Street lighting (energy efficiency)	5.5
		Purchase of new transport fleet	1.2
		Flood works	0.5
		Building improvements	2.2
		Private sector housing - green energy and redevelopment	1.1
		Northgate site development (6th form and commercial)	7.2
		Other schemes	0.2
Gross Capital Expenditure	40.5		40.5

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 £40.5m 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).

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 2021). 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 £23.9m of capital grants which are earmarked to be used to fund future planned capital schemes (particularly schools, highways, redevelopment, housing and green home schemes), and £79.4m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves is: -

- £28.2m grant funding relating to the pandemic
- £14.8m held for spending by schools;
- £3.8m for capital/regeneration projects;
- £2.4m for public health schemes
- £8.3m for service delivery improvements, and
- £16.1m budget support/contingencies. This includes £9.0m which, along with available general balances of £5.8m, will help manage future budget pressures and achieve delivery of future savings targets. It also provides some cover against potential future contingencies including, for example, insurance claims against the Council.

2020 Summary balance sheet at 31st March		2021
£m	Assets	£m
526.9	Fixed and Long Term Assets	525.7
33.5	Money owed to the Council	50.3
2.1	Stocks and items held for sale	1.6
35.8	Cash and investments	49.1
598.3		626.7
	<u>Liabilities</u>	
-68.0	Items owed by the Council	-87.9
-161.4	Borrowing	-160.9
-360.8	Pension scheme deficit	-428.9
-590.2		-677.7
8.1	Net Assets	-51.0

	<u>Financed By: -</u>	
40.9	Earmarked reserves	73.6
5.5	General Fund balance	5.8
23.2	Capital grants reserve	23.9
69.6	Spendable reserves & balances	103.3
-61.5	Non spendable reserves	-154.3
8.1	Net Worth	-51.0

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 into 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 £12.6m to £15.3m. This includes the Council's bank balances and monies held in individual school bank accounts.

Cashflow summary	£'000
Net Inflow from operating activities	43,818
Net reduction in borrowing	-427
Net spend on capital activities	-20,369
Increase in investments & holdings	-20,334
Increased cash balance	2,688

The increase in cash balances is due to Covid grant funding received but not yet spent. These monies will be spent for their intended purpose in 2021/22. Meanwhile, this cash inflow has been invested and has helped cover payments on capital activities rather than borrowing externally.

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 2020/21 (including any share of previously accumulated fund surpluses/deficits) was £98.9m, and £26.2m of business rate income.

COLLECTION FUND 2020/21	£m	£m
Council tax / Business rates income due		148.9
Payments made to: -		
Calderdale Council	-125.1	
Police	-12.4	
Fire	-4.7	
Central Government	-26.6	-168.8
Other costs		-2.4
Net surplus for the year		-22.3
Surplus brought forward April 2020		4.6
Deficit carried forward March 2021		-17.7

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 £1,418. 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 2021, the Council's

share of council tax rose by 25% (a weekly increase of less than £5 for most council taxpayers). This is lower than general price rises whilst at the same time covering a period of unprecedented growth in social care costs and significant funding cuts during the period of austerity 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. Due to the significant rate reliefs granted to businesses during the pandemic, the collection fund has run into a significant deficit which will have to be made good by the precepting bodies in later years.

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.