

## **A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2018/19)**

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 new Halifax 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.

	CMBC net costs £'000	Financial Accounting Adjustments £'000	Net costs reported in the Statement of Accounts £'000
<b>Adult services and wellbeing</b>			
<i>Day care, home care and residential care and advice, information, assessment and early intervention services to adults.</i>	54,928	2,285	57,213
<b>Chief executive's office</b>			
<i>Public health; Elections and registration costs; committee administration; finance, legal, HR, administration and mayoral support.</i>	14,513	1,582	16,095
<b>Children and young people's services</b>			
<i>Early years; schools, youth &amp; adult learning; looked after children social care (including fostering and children's homes); early intervention; family support; youth justice.</i>	23,746	4,548	28,294
<b>Public services</b>			
<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>	25,437	7,022	32,459
<b>Regeneration and strategy</b>			
<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>	19,075	10,654	29,729
<b>Centrally managed items</b>			
<i>Housing benefit payments and grant; contribution to the West Yorkshire Combined Authority re transport.</i>	22,883	-2,472	20,411
<b>Net Cost of Services</b>	<b>160,582</b>	<b>23,619</b>	<b>184,201</b>
<b>Other operating costs</b>			
<i>Interest paid and received; value of buildings transferred to academy schools; pension fund related costs.</i>	0	52,668	52,668
<b>Funding</b>			
<i>Council tax; retained business rates; general government grants.</i>	-158,453	-25,204	-183,657
<b>Surplus/deficit on the provision of services</b>	<b>2,129</b>	<b>51,083</b>	<b>53,212</b>
Movement on reserves	-970		
<b>Charge against council balances</b>	<b>1,159</b>		

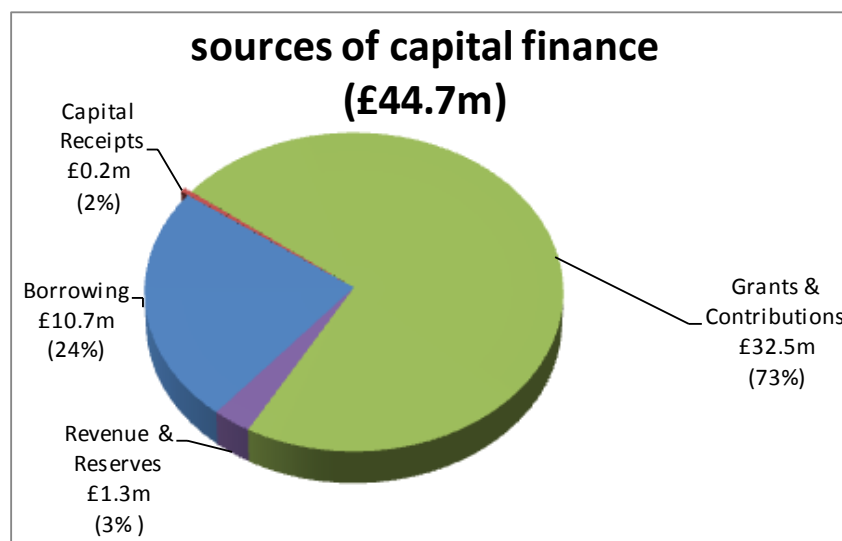
The £1,159k draw down from balances was budgeted for at the start of the year. Service pressures were managed by management action and agreed financial strategies. Balances are held to meet cost fluctuations; provide upfront funding to deliver longer term savings, or to manage council tax levels. The net cost of £1,159k is the charge which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £53,212k 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 reserves previously set aside (£970k), and the remaining difference (£51,083k) 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**

<b>Capital Expenditure</b>	<b>£m</b>	<b>Type of scheme</b>	<b>£m</b>
<b>Adult Services and Wellbeing</b>	<b>2.7</b>	Disabled facilities adaptations grants	2.5
		Dementia care services	0.2
<b>Children and Young People's Services</b>	<b>11.8</b>	Schools/early years	11.8
<b>Public Services</b>	<b>2.5</b>	Piece Hall development and other	1.8
		Parks and play areas	0.4
		Bereavement services	0.3
<b>Regeneration and Strategy</b>	<b>27.7</b>	Roadw orks	11.6
		Building improvements	1.4
		Flood w orks	1.7
		Street lighting	4.5
		Replacement of transport fleet	0.8
		Investment in regional urban regeneration schemes	1.4
		Grants & loans (eg re disabled; thermal efficiency)	0.7
		Green energy	1.3
		Northgate site development (6th form and commercial)	3.1
		Halifax tow n centre strategy	0.8
		Other schemes	0.4
<b>Gross Capital Expenditure</b>	<b>44.7</b>		<b>44.7</b>

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 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 £44.7m 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 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 (31<sup>st</sup> March 2019). 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 £24.5m of capital grants which are earmarked to be used to fund future planned capital schemes (particularly schools, highways and flood related schemes), and £47.5m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves is: -

- £11.1m held for spending by schools;
- £5.1m for capital/regeneration projects;
- £10.1m for service delivery improvements, and
- £15.4m budget support/contingencies retained for insurance claims against the Council and to provide some response to other contingencies. This includes £7.7m which, along with available general balances of £5.8m, will help manage future budget pressures and achieve delivery of future savings targets.

<b>2018 Summary balance sheet at 31 st March 2019</b>	
£m	Assets
533.4	Fixed and Long Term Assets
32.5	Money owed to the Council
0.6	Stocks and items held for sale
28.9	Cash and investments
595.4	
	Liabilities
-60.2	Items owed by the Council
-125.7	Borrowing
-275.7	Pension scheme deficit
-461.6	
<b>133.8</b>	<b>Net Assets</b>

Financed By: -	
42.7	Earmarked reserves
7.0	General Fund balance
27.3	Capital grants reserve
77.0	Spendable reserves & balances
56.8	Non spendable reserves
<b>133.8</b>	<b>Net Worth</b>

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 fallen from £10.6m to £7.0m. 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	11,985
Net increased borrowing	19,899
Net spend on capital activities	-14,283
Increase in investments & holdings	-21,163
<b>Decreased cash balance</b>	<b>-3,562</b>

Increased borrowing has been used to pay for capital activities. Some borrowing has, with cash inflows from operating activities, been used to increase short term investments which earn interest in the future.

## **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 2018/19 (including any share of previously accumulated fund surpluses/deficits) was £90.1m, and £52.9m of business rate income.

<b>COLLECTION FUND 2018/19</b>	<b>£m</b>	<b>£m</b>
Council tax/ Business rates income due		162.7
Payments made to: -		
Calderdale Council	-143.0	
Police	-10.1	
Fire	-4.4	
Central Government	0.6	-156.9
Other costs		-4.9
Net surplus for the year		0.9
Surplus brought forward April 2018		4.4
<b>Surplus carried forward March 2019</b>		<b>5.3</b>

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 £1,308. 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 31<sup>st</sup> March 2019, the

Council's share of council tax rose by 16% (a weekly increase of just over £3 for most council taxpayers). This was at a time when general prices rose by 25%, 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.