

A SUMMARY OF THE MAIN ACCOUNTING STATEMENTS (2017/18)

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
Adults, health and social care			
<i>Day care, home care and residential care services and support for older people, and funding for clients' own care service packages.</i>	43,967	2,100	46,067
Chief executive's office			
<i>Elections and registration costs; public health; mayoral services; finance, legal and committee support.</i>	5,746	615	6,361
Communities and service support			
<i>Museums; theatres; sport; libraries; parks; tourism; crematorium and cemeteries; licensing (alcohol, taxis and entertainment); council tax, business rates and housing benefit admin; ICT and HR support.</i>	20,012	9,718	29,730
Children and young people's services			
<i>Early years; schools, youth & adult learning; looked after children social care (including fostering and children's homes); family support; youth justice.</i>	34,567	6,319	40,886
Economy and environment			
<i>Building & development control; planning & conservation; economic development; flood defence; waste collection & disposal; recycling; food standards & safety; pest control; public conveniences; housing advice; homelessness; private sector renewal; road maintenance; winter services; road safety; street lighting; car parking.</i>	35,649	18,711	54,360
Centrally controlled items			
<i>Housing benefit payments and grant; flood compensation payments; contribution to West Yorkshire Combined Authority re transport.</i>	25,956	-11,932	14,024
Net Cost of Services	165,897	25,531	191,428
Other operating costs			
<i>Interest paid and received; value of buildings transferred to academy schools; pension fund related costs.</i>	0	19,308	19,308
Funding			
<i>Council tax; retained business rates; general government grants.</i>	-154,675	-25,295	-179,970
Surplus/deficit on the provision of services	11,222	19,544	30,766
Movement on reserves	-8,252		
Charge against council balances	2,970		

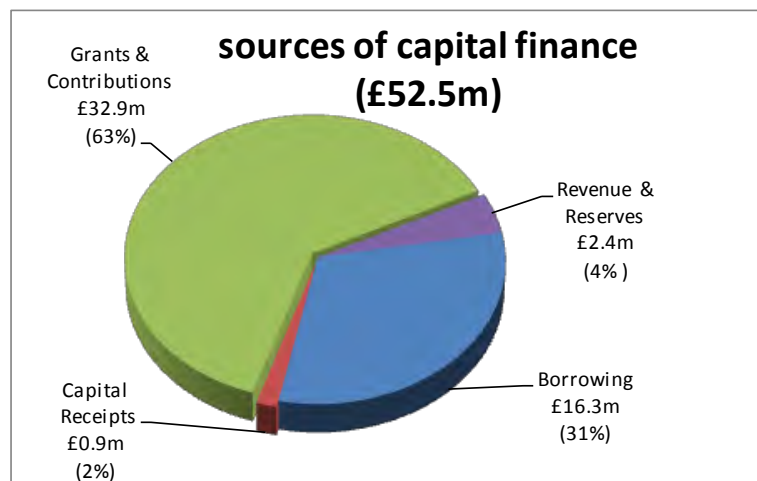
The £2,970k draw down from balances was less than budgeted due mainly to late notification of central government grant funding. Balances are held to meet cost fluctuations; provide upfront funding to deliver longer term savings, or to manage council tax levels. The net cost of £2,970k is the charge which the law requires to be met by *current* council taxpayers.

The financial accounting deficit of £30,766k 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 (£8,252k), and the remaining difference (£19,544k) 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
Children and Young People's Services	12.7	Schools/early years	12.7
Economy and Environment	34.1	Roadworks	12.9
		Building improvements	1.2
		Flood works	6.0
		New library	3.2
		Town centre offices	2.7
		Investment in regional urban regeneration schemes	0.5
		Grants & loans (eg re disabled; thermal efficiency)	2.3
		Green energy	1.3
		Replacement of transport fleet	2.6
		Markets	0.8
		Other schemes	0.6
Communities and Service Support	5.7	Piece Hall development	5.3
		Parks and play areas	0.2
		Theatre/other	0.2
Gross Capital Expenditure	52.5		52.5

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 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 £52.5m 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 2018). 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 £27.4m of capital grants which are earmarked to be used to fund future planned capital schemes (particularly schools and flood related schemes), and £49.6m held in reserves earmarked for specific items of expected future expenditure, and general balances. Included in the reserves is: -

- £10.0m held for spending by schools;
- £7.6m for capital/regeneration projects;
- £11.9m for service delivery improvements, and
- £13.1m budget support/contingencies retained for insurance claims against the Council and to provide some response to other contingencies. This includes £5.7m which, along with available general balances of £7.0m, will help manage future budget pressures and achieve delivery of future savings targets.

Summary balance sheet at 31/3/18 **£m**

Assets

Fixed and Long Term Assets	533.4
Money owed to the Council	32.5
Stocks and items held for sale	0.6
Cash and investments	28.9
	<hr/> 595.4

Liabilities

Items owed by the Council	-60.2
Borrowing	-125.7
Pension scheme deficit	-275.7
	<hr/> -461.6

Net Assets **133.8**

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.

Financed By: -

Spendable reserves & balances	77.0
Non spendable reserves	56.8

Net Worth **133.8**

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 £8.3m to £10.6m. This includes the Council's bank balances and monies held in individual school bank accounts.

Cashflow summary **£'000**

Net Outflow from operating activities	-7,037
Net increased borrowing	3,410
Net spend on capital activities	-20,157
Reduction in investments & holdings	26,089
<u>Increased cash balance</u>	<u>2,305</u>

Increased borrowing and a cashing in of short term investments have been used to pay for capital activities, and cover the cash outflow on revenue activities (which have been considerably supported in the year by the use of internal reserves).

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 2017/18 (including any share of previously accumulated fund surpluses/deficits) was £84.4m, and £22.3m of business rate income.

COLLECTION FUND 2017/18	£m	£m
Council tax / Business rates income due		153.8
Payments made to: -		
Calderdale Council	-106.7	
Police	-9.3	
Fire	-4.2	
Central Government	-22.7	-142.9
Other costs		-4.4
Net surplus for the year		6.5
Deficit brought forward April 2017		-2.0
Surplus carried forward March 2018		4.5

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 £1,232. 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 2018, the Council's share of council tax rose by ten percent (a weekly increase of less than £2.50 for most council taxpayers). This was at a time when general prices rose by 19%, 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 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.