



Cheshire West & Chester Council

Summary Statement of Accounts

2011-12

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**Cheshire West
and Chester**

Introduction

Welcome to Cheshire West and Chester's Summary Statement of Accounts. This set of summary accounts has been designed to give a simplified view of how the council presents its accounts – where the money comes from, what the money is spent on, what we own and what we owe.

The figures in this summary have been taken from the full audited Statement of Accounts document and presented in a user-friendly style for non-technical users.

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The full Statement of Accounts analyses the Council's financial status in a number of separate statements. This document contains the key elements and messages from these statements. Prior year information has been included where this is felt to be informative.

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1. The Comprehensive Income and Expenditure Statement

This statement shows the Council's income (funding) and expenditure (spend) over the financial year. These will include a mix of real cash based income and expenditure plus notional transactions such as changes in the values of the Council's assets or its pension liabilities.

Where the Council's funding (income) came from in 2011-12

The Council receives its day to day funding (revenue funding) from four main sources, namely:

Government Grants – these are the grants paid to Councils from Government raised through national taxation

Council Tax – this is money paid as a local tax by residents

National Non-Domestic Rates (NNDR) known as Business Rates – this is the money paid by businesses. The Council receives a proportion of the money collected nationally based on its population

Contributions and Charges – the Council receives external contributions where services are delivered in conjunction with other agencies. The Council also raises income through charging for some of its services

In addition, the Council receives funding from non-Revenue sources which for 2011-12 relates to Capital Grants and Contributions.

The following table illustrates the Council's funding (income) in 2011-12:

	2011-12		2010-11	
	£000	%	£000	%
Government Grants	399,860	51%	413,360	49%
National Non-Domestic Rates	73,789	9%	81,629	10%
Council Tax	155,524	20%	154,219	18%
Other Income, Fees and Charges	155,305	20%	195,210	23%
Total Revenue Funding	784,478	100%	844,418	100%
Capital Grants & Contributions	35,281		30,731	
Pensions Gain (one-off for 2010-11)	0		115,167	
Total	819,759		990,316	

What the Council's funding was spent on in 2011-12

The Council spent £878.047 million in 2011-12 on the day to day costs of providing local services (schools, social care, highways etc). This figure includes £90.591 million of exceptional one-off costs related to a Government decision to transfer ownership of the national Council Housing debt to those authorities who operate a Housing Revenue Account. The sum of £90.591 million is the Council's share of the payment to settle the national debt. In return for taking on this debt the Council will no longer need to make an annual £5m subsidy payment to central Government meaning it is left financially no worse off.

Non service costs increase the Gross Expenditure on service provision to £916.518 million. These additional costs reflect expenditure such as interest costs which are not incurred by any particular service area but by the Council as a whole. The following table illustrates the Council's expenditure in 2011-12:

Gross Cost of Council Services	2011-12		2010-11	
	£000	%	£000	%
<i>Service Costs:</i>				
Central Services to the Public	30,799	3.9%	31,050	3.5%
Children's & Education Services	334,419	42.5%	421,308	46.9%
Adult Social Care	117,978	15.0%	125,953	14.0%
Cultural & Related Services	25,156	3.2%	34,160	3.8%
Environmental & Regulatory Services	61,713	7.8%	58,979	6.6%
Planning Services	28,040	3.6%	34,110	3.8%
Highways & Transport	52,868	6.7%	59,734	6.6%
Housing Revenue Account	17,567	2.2%	17,807	2.0%
Housing Services	111,708	14.2%	108,611	12.1%
Corporate & Democratic Core	6,266	0.8%	4,151	0.5%
Non-distributed Costs	942	0.1%	2,528	0.3%
Cost of Services before Exceptional Items	787,456	100.0%	898,391	100.0%
Exceptional Items	90,591		55,475	
Total Cost of Services	878,047		953,866	
Other Operating Expenditure	12,409		21,487	
Financing & Investment Expenditure	26,062		35,669	
Total Cost of the Provision of Services	916,518		1,011,022	

2. The Movement in Reserves Statement

The gap between the income and expenditure figures shown above is referred to as the surplus or deficit on provision of services. In 2011-12 this was a net deficit of £96.759 million (Income £819.759m less Expenditure £916.518m) which reflects the true 'economic cost' of providing the Council's services. This is not the same as the cost to the taxpayer but still has to be financed from Council reserves.

The Council also recognises unrealised gains or losses incurred during the year. These reflect changes to the expected future value of the Council's assets or liabilities. Although these values won't be realised until either the asset is sold or the liability paid, any expected loss or gain is recognised as soon as it is identified. In 2011-12 the Council's property assets increased in value by £52.915 million but pension losses of £92.251 million resulted in an unrealised loss of £39.336 million. Again this cost does not fall to the tax payer.

The Council maintains a range of different reserves from which to fund elements of income and expenditure. Thus, of the total £136.095 million deficit for 2011-12 only £3.481 million was funded from Council Tax (General Fund) whilst the majority of the deficit was met from other specific reserves.

The following table illustrates the Council's use of reserves in 2011-12:

Movements in Council Reserves	Usable Reserves				Unusable Reserves	Total Reserves
	General Fund	Housing Revenue Account	Other Earmarked Balances	Total		
	£000	£000	£000	£000	£000	£000
Deficit on the Provision of Services	-6,219	-90,540	0	-96,759	0	-96,759
Unrealised Losses	0	0	0	0	-39,336	-39,336
Total Loss for Year	-6,219	-90,540	0	-96,759	-39,336	-136,095
Accounting Adjustments	7,356	91,102	-18,021	80,437	-80,437	0
Transfers between Reserves	-4,618	0	4,618	0	0	0
Total (Use of)/ Contribution to Reserves	-3,481	562	-13,403	-16,322	-119,773	-136,095
Closing Balance on Reserves	21,114	793	57,129	79,036	412,356	491,392

3. The Balance Sheet - What We're Worth

The Council's **Balance Sheet** lists what assets the Council owned, what money it was owed, and what it owed to others on the last day of the financial year. The net worth of the Council at 31 March 2012 was £491.392 million, a reduction in net assets of £136.095 million from 2010-11 which is in line with the loss outlined in the section above.

The major factors that explain most of this movement are:

- Buildings, Land and Equipment (+£57.8m) – Due to a combination of new investments and increases in the value of existing assets.
- Increases in Money Owed (-£174.8m) - Council borrowing increased by £91 million as a result of taking on its share of the national housing debt and the pension liability increased by £86 million due to deteriorating financial conditions

	2011-12 £000	2010-11 £000	Change £000
Assets & Liabilities			
Buildings, Land & Equipment	1,076,879	1,019,109	57,770
Long Term Investments & Debtors	3,150	3,521	-371
Work in Progress / Stock in Hand	802	765	37
Cash & Cash Equivalents	42,693	55,206	-12,513
Money owed to the Council	61,866	68,104	-6,238
Money owed by the Council	-693,998	-519,218	-174,780
Total	491,392	627,487	-136,095
Financed by...			
Usable Reserves	79,036	95,358	-16,322
Unusable Reserves	412,356	532,129	-119,773
Total Net Worth	491,392	627,487	-136,095

4. The Cash Flow Statement

The **Cash Flow Statement** shows the amount of cash held by the Council at the start and the end of the year, together with the net cash flows arising from its three areas of activity, namely operational (the provision of services), investing (the provision of resources that will contribute to future service delivery) and financing (the cost of borrowing for capital expenditure). The cash flows for 2011-12 are summarised in the table below:

	2011-12 £000	2010-11 £000
Cash at the start of the year	55,206	66,561
Net cash (out)/inflows from operating activities	-909	17,719
Net cash (outflows) from investing activities	-28,851	-15,630
Net cash in/(outflows) from financing activities	17,247	-13,444
Cash left at the end of the year	42,693	55,206

5. The Housing Revenue Account (HRA)

It is a legal requirement that all income and expenditure associated with the provision, management and maintenance of council houses is managed separately within the main Council income and expenditure account. In 2011-12 the HRA operated to a deficit of £90.540 million but after funding exceptional capital costs from the relevant reserves the impact on the HRA reserve was a £0.562 million underspend, increasing the reserve to £0.793 million.

Some Facts & Figures about our Housing stock

The Council owns 5,634 dwellings of which 3,142 are Houses, 1,758 are Flats, 641 are Bungalows and 93 are Maisonettes. In addition there are 1,602 Garages. The total value of these assets is £146.0 million.

The following table illustrates the HRA Income and Expenditure for 2011-12:

HRA Income & Expenditure	2011-12 £000	2010-11 £000
Expenditure		
Repairs & Maintenance	3,927	5,332
Supervision & Management	3,400	3,155
Fixed Asset Depreciation	3,588	3,525
Interest Payments	281	221
Transfer of HRA surplus subsidy to CLG	5,032	4,606
Other Costs	2,728	1,643
Exceptional item	90,591	52,955
Total Expenditure	109,547	71,437
Income		
Rents	18,376	16,975
Service & Facility charges	302	261
Supplementary contributions	315	322
Other income	14	97
Total Income	19,007	17,655
Surplus/-Deficit on HRA Services	-90,540	-53,782
Accounting & Financing Adjustments	91,102	52,695
Net Increase/(Decrease) in HRA Balances	562	-1,087

6. The Collection Fund

The Collection Fund records the income received from yourselves as Council Tax payers and shows how this funding is distributed across Cheshire West and Chester Council, Cheshire Police Authority, Cheshire Fire Authority and local Town and Parish Councils.

The fund also collects Business Rate (NNDR) income from local businesses and passes this income across to form part of the national pool. The Council receives a payment back from this pool as part of its mainstream funding but this happens outside the Collection Fund.

During the year the fund showed a surplus of £1.034 million resulting in a net surplus of £0.497 million to be carried forward to 2012-13. The Council's share of this surplus is £0.424 million.

Collection Fund Income	2011-12 £000	2010-11 £000
Council Tax Payers	159,551	158,232
Council Tax Benefits	22,106	22,270
Business Rates Payers	139,930	131,479
Contribution towards the previous year deficit	350	1,300
Total income generated	321,937	313,281
Cheshire West and Chester	152,470	151,926
Cheshire Police Authority	17,565	17,502
Cheshire Fire and rescue	8,073	8,044
Town/Parish Councils	2,473	2,454
NNDR Payment to National pool	139,426	130,974
NNDR Cost of collection	504	505
Provision for Bad Debt/Appeals	392	764
Adjustment for Community Charges	0	1
Total costs incurred	320,903	312,170
Surplus for the year	1,034	1,111

Access to More Information

The information included in the Summary Statement of Accounts covers a small proportion of the financial analysis contained in the full Statement of Accounts. In that document each of the statements summarised above is supported by additional notes to give a more in depth analysis of the Councils financial standing and performance. In addition, the Council has also produced an Annual Report which summarises all areas of the Council's performance and includes summarised financial information. Both of these documents are available electronically as follows:

- View the [2011-12 Statement of Accounts](#)
- View the [2011-12 Annual Report](#)

Your Views

We hope you found this document useful as we always strive to make our information as user-friendly as possible. We are keen to obtain feedback on the presentation, format and content of both the Statement of Accounts and the Summary Statement of Accounts.

Contacts

If you need any help interpreting this document, have specific questions or would like to leave feedback, please contact us at:

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