



Cheshire West and Chester
Council

Summary Statement of Accounts 2012-13

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Cheshire West
and Chester

Introduction

The Summary Statement of 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 more user-friendly style for non-technical users.

Contents

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 2012-13

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

Government Grants – grants paid to Councils from Government, funded by national taxation

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

National Non-Domestic Rates (NNDR) known as Business Rates – this is the money paid by local 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 2012-13 relates to capital grants and contributions.

The following table illustrates the Council's funding (income) in 2012-13:

	2012-13		2011-12	
	£000	%	£000	%
Government grants	377,089	50%	399,860	51%
National Non-Domestic Rates	89,371	12%	73,789	9%
Council Tax	155,710	20%	155,524	20%
Other Income, fees and charges	134,681	18%	155,305	20%
Total revenue funding	756,851	100%	784,478	100%
Capital grants and contributions	50,778		35,281	
Total	807,629		819,759	

What the Council's funding was spent on in 2012-13

The Council spent £733.664 million in 2012-13 on the day to day costs of providing local services (schools, social care, highways etc).

Non operational costs increase the gross expenditure on service provision to £829.287 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 2012-13:

Gross cost of Council services	2012-13		2011-12	
	£000	%	£000	%
Service costs:				
Central Services to the Public	30,302	4.1%	30,799	3.9%
Children's and Education Services	297,787	40.6%	334,419	42.5%
Adult Social Care	110,551	15.1%	117,978	15.0%
Cultural and Related Services	20,230	2.8%	25,156	3.2%
Environmental and Regulatory Services	45,375	6.2%	61,713	7.8%
Planning Services	30,918	4.2%	28,040	3.6%
Highways and Transport	55,788	7.6%	52,868	6.7%
Housing Revenue Account	15,278	2.1%	17,567	2.2%
Housing Services	117,896	16.1%	111,708	14.2%
Corporate and Democratic Core	5,381	0.7%	6,266	0.8%
Non-distributed costs	4,158	0.6%	942	0.1%
Cost of services before exceptional items	733,664	100.0%	787,456	100.0%
Exceptional Item - (one-off for 2011-12)	0		90,591	
Total cost of services	733,664		878,047	
Other operating expenditure	65,268		12,409	
Financing and investment expenditure	30,355		26,062	
Total cost of the provision of services	829,287		916,518	

The year on year changes in the Council's expenditure reflect savings made on the costs of delivering services but are also affected by factors such as the transfer of schools to academy status. As schools become academies they transfer out of Council control and their expenditure is no longer reflected, hence the reduction in spend on Children above. The Council also has to write off the value of school buildings (£50m in 2012-13) as they must be given to academies for free, this is shown as "other operating expenditure".

2. The Movement in Reserves Statement

This statement shows you the impact of the Council's activities on its available resources. This is necessary because the Council has to maintain a range of different reserves to differentiate between money held to support day to day services, those held for capital works and those reflecting future costs.

The gap between the income and expenditure figures shown above is referred to as the surplus or deficit on provision of services. In 2012-13 this was a net deficit of £21.658 million (Income £829.287m less expenditure £807,629m) 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 perceived value of the Council's assets or liabilities which are expected to be realised in the future. For example, if the property market improves and the value of Council buildings increase this is shown as an unrealised gain. This is because the increased value only becomes real and usable if and when that property is sold in the future.

In 2012-13 property assets reduced in value by £5.360 million and, due to a combination of low interest rates and high inflation, pension losses were £67.515 million. As a result a total unrealised loss of £72.875 million has been reflected in the accounts. Again this cost does not fall to the tax payer. The total net deficit for 2012-13 was, therefore, £94.533 million (£21.658 million for services plus £72.875 million for unrealised losses).

Despite the total £94.533 million deficit for 2012-13 the amount attributable to Tax Payers Funds (General Fund) was a £1.661 million surplus with the deficit being met from other specific reserves. In total in 2012-13 there was an increase in usable reserves (those that can be used to support Council day to day expenditure) of £7.674 million.

The following table illustrates the Council's use of reserves in 2012-13.

Movements in Council reserves	Usable reserves				Unusable reserves	Total reserves
	General Fund	Housing Revenue Account	Other earmarked balances	Total		
	£000	£000	£000	£000		
Surplus/Deficit(-) on provision of services	-24,341	2,683	0	-21,658	0	-21,658
Unrealised losses	0	0	0	0	-72,875	-72,875
Surplus/deficit(-) for year	-24,341	2,683	0	-21,658	-72,875	-94,533
Accounting adjustments	31,902	-2,871	301	29,332	-29,332	0
Transfers between reserves	-5,900	-50	5,950	0	0	0
Impact on Reserves surplus (+)/deficit (-)	1,661	-238	6,251	7,674	-102,207	-94,533
Closing balance on reserves	22,775	555	63,380	86,710	310,149	396,859

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 (the amount by which its assets exceed its liabilities) at 31 March 2013 was £396.859 million, a reduction of £94.533 million from 2011-12 which is in line with the loss outlined in the section above.

The major factors that explain most of this movement are:

Reduction in Buildings, Land and Equipment (-£9.070m) – Mainly due to the removal of £50m of school assets that have been transferred to Academies.

Reduction in Cash and cash equivalents (-£24.148m) – Planned use of cash balances in preference to undertaking new external borrowing in the current financial climate

Increases in Money Owed by the Council (-£59.828m) – Mainly due to an increase in future pension costs, reflecting the impact of low interest rates and high inflation on future costs

	2012-13	2011-12	Change
	£000	£000	£000
Assets and			
Liabilities			
Buildings, land and equipment	1,067,809	1,076,879	-9,070
Long term investments and debtors	1,548	3,150	-1,602
Work in progress / stock in hand	375	802	-427
Cash and cash equivalents	18,545	42,693	-24,148
Money owed to the Council	62,408	61,866	542
Money owed by the Council	-753,826	-693,998	-59,828
Total	396,859	491,392	-94,533
Financed by...			
Usable reserves	86,710	79,036	7,674
Unusable reserves	310,149	412,356	-102,207
Total Net Worth	396,859	491,392	-94,533

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 (expenditure/returns on property and other assets) and financing (borrowing and its repayment). The cash flows for 2012-13 are summarised in the table below:

	2012-13	2011-12
	£000	£000
Cash at the start of the year	42,693	55,206
Net cash in/(outflows) from operating activities	6,869	-909
Net cash in/(outflows) from investing activities	-9,846	-28,851
Net cash in/(outflows) from financing activities	-21,171	17,247
Cash left at the end of the year	18,545	42,693

5. The Housing Revenue Account (HRA)

To ensure that housing rents are not used to subsidise other services 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 2012-13 the HRA operated to a surplus of £2.683 which, following accounting adjustments reduced the overall reserve from £0.793 million to £0.555 million.

Some facts and figures about our housing stock

The Council owns 5,621 dwellings of which 3,129 are houses, 1,758 are flats, 641 are bungalows and 93 are maisonettes. In addition there are 1,559 garages. The total value of these assets is £141.7 million.

The following table illustrates the HRA Income and Expenditure for 2012-13:

HRA Income and Expenditure	2012-13 £000	2011-12 £000
Expenditure		
Repairs and maintenance	5,062	3,927
Supervision and management	3,387	3,400
Fixed asset depreciation	5,345	3,588
Interest payments	2,770	281
Transfer of HRA surplus subsidy to CLG	0	5,032
Other Ccsts	1,313	2,728
Exceptional item	0	90,591
Total Expenditure	17,877	109,547
Income		
Rents	19,988	18,376
Service and facility charges	313	302
Supplementary contributions	300	315
Other income	-41	14
Total Income	20,560	19,007
Surplus/deficit (-) on HRA services	2,683	-90,540
Accounting and financing adjustments	-2,871	91,102
Net increase/decrease(-) in HRA balances	-188	562

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.

The fund showed an in-year surplus of £1.137 million which when combined with the opening balance resulted in a net surplus of £1.634 million to be carried forward to 2013-14. The Council's share of this surplus is £1.394 million.

Collection Fund income	2012-13 £000	2011-12 £000
Council Tax payers	160,420	159,551
Council Tax benefits	22,105	22,106
Business Rates payers	145,405	139,930
Contribution towards the previous year deficit	187	350
Total income generated	328,117	321,937
Cheshire West and Chester	152,278	152,470
Cheshire Police Authority	18,278	17,565
Cheshire Fire and Rescue	8,083	8,073
Town/Parish Councils	2,624	2,473
NNDR payment to national pool	144,899	139,426
NNDR cost of collection	506	504
Provision for bad debt/appeals	312	392
Total costs incurred	326,980	320,903
Surplus for the year	1,137	1,034

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 Council's 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 financial information. Both of these documents are available electronically as follows:

Statement of Accounts - view the full Statement of Accounts on our website

...www.cheshirewestandchester.gov.uk and select Your Council > How we work > Budgets and finance > Statement of accounts

Annual Report – view the Annual Report on our website...cheshirewestandchester.gov.uk and select Your Council > Policies and performance > Performance

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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