

Cheshire West & Chester Council

Summary
Statement of Accounts
2013-14

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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.

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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 and expenditure 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 2013-14

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

Non-Domestic Rates (NDR) known as Business Rates – this is the money paid by local businesses. The Council receives the money locally and then pays a portion of it to Central Government and Cheshire Fire

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 to pay for capital expenditure in the form of capital grants and developer contributions.

The following table illustrates the Council's funding (income) in 2013-14:

	2013-14		2012-13	
	£000	%	£000	%
Government grants	412,067	54%	377,089	50%
Non-Domestic Rates	68,633	9%	89,371	12%
Council Tax	144,439	19%	155,710	21%
Other Income, fees and charges	137,256	18%	129,031	17%
Total revenue funding	762,395	100%	751,201	100%
Capital grants & contributions	33,115		50,778	
Total	795,510		801,979	

The year on year changes to the Council's income primarily reflects legislative changes which have diverted income from Council Tax and Non-Domestic Rates to be shown instead as Government grants. Government grants have also increased due to the transfer of Public Health services to the Council from the National Health Service.

What the Council's funding was spent on in 2013-14

The Council spent £704.262 million in 2013-14 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 £819.751 million. These 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 2013-14:

Gross cost of Council services	2013-14		2012-13	
	£000	%	£000	%
<i>Service costs:</i>				
Public Health	11,853	1.6%		
Central Services to the Public	5,892	4.1%	30,302	4.1%
Children's & Education Services	293,153	40.0%	297,787	40.6%
Adult Social Care	113,012	14.8%	110,551	15.1%
Cultural & Related Services	22,589	2.7%	20,230	2.8%
Environmental & Regulatory Services	39,415	6.1%	45,375	6.2%
Planning Services	39,225	4.1%	30,918	4.2%
Highways & Transport	40,464	7.5%	55,788	7.6%
Housing Revenue Account	15,876	2.0%	15,278	2.1%
Housing Services	113,445	15.8%	117,896	16.0%
Corporate & Democratic Core	6,462	0.7%	5,381	0.7%
Non-distributed costs	2,876	0.6%	4,158	0.6%
Cost of services before exceptional items	704,262	100.0%	733,664	100.0%
Other operating expenditure	47,927		65,268	
Financing & investment expenditure	42,306		30,355	
Non-Domestic Rates - tariff and levy	25,256			
Total cost of the provision of services	819,751		829,287	

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 abolition of the Council Tax Benefit system which is reflected in the reduction in spend on Central Services to the Public and the addition of the tariff and levy costs relating to the revised Non-Domestic (Business Rates) scheme.

2. The Movement in Reserves Statement

This statement shows 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 2013-14 this was a net deficit of £24.241 million (Income £795.510m less Expenditure £819.751m) 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 2013-14 property assets increased in value by £9.509 million and a gain of £57.047 million was generated due to increases in the value of pension fund assets. As a result a total unrealised gain of £66.556 million has been reflected in the accounts. The total net surplus for 2013-14 was, therefore, £42.315 million (£24.241 million deficit for services less £66.556 million for unrealised gains).

Although there was an overall surplus of £42.315 for 2013-14, the amount attributable to the tax payer was a deficit of £1.510 million. In practical terms this means the Council used £1.51m of its General Fund to pay for its 2013-14 activities; it had budgeted to use £3m so this actually reflects an underspend against planned spend. In total in 2013-14 there was an increase in usable reserves (those that can be used to support Council day to day expenditure) of £21.698 million.

The following table illustrates the Council's use of reserves in 2013-14.

Movements in Council reserves	Usable reserves				Unusable reserves £000	Total reserves £000
	General Fund £000	Housing Revenue Account £000	Other earmarked balances £000	Total £000		
Surplus/Deficit(-) on provision of services	-31,120	6,879	0	-24,241	0	-24,241
Unrealised losses	0	0	0	0	66,556	66,556
Surplus/deficit(-) for year	-31,120	6,879	0	-24,241	66,556	42,315
Accounting adjustments	50,286	-6,640	2,293	45,939	-45,939	0
Transfers between reserves	-20,676	-69	20,745	0	0	0
Impact on Reserves surplus (+)/deficit (-)	-1,510	170	23,038	21,698	20,617	42,315
Closing balance on reserves	21,265	725	86,418	108,408	330,766	439,174

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 2014 was £439.174 million, an increase of £42.315 million from 31 March 2013 which is in line with the gain outlined in section 2 (Movement in reserves).

The major factors that explain most of this movement are:

- Increase in cash and cash equivalents (£69.003m) and money owed to the Council (£24.937) – Mainly due to the investments in deposit accounts and short term funds which have been set aside to meet the costs of major development projects such as Barons Quay, Northwich and Northgate, Chester expected to be incurred in 2014-15 and 2015-16.
- Increases in Money Owed by the Council (-£52.506m) – Mainly due to an increase in long term borrowing to generate the funds to take forward the major redevelopment projects outlined above.

	31-Mar-14 £000	31-Mar-13 £000	Change £000
Assets & Liabilities			
Buildings, land & equipment	1,069,477	1,067,809	1,668
Long term investments & debtors	653	1,548	-895
Work in progress / stock in hand	483	375	108
Cash & cash equivalents	87,548	18,545	69,003
Money owed to the Council	87,345	62,408	24,937
Money owed by the Council	-806,332	-753,826	-52,506
Total	439,174	396,859	42,315
Financed by...			
Usable reserves	108,408	86,710	21,698
Unusable reserves	330,766	310,149	20,617
Total Net Worth	439,174	396,859	42,315

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 2013-14 are summarised in the table below:

	2013-14 £000	2012-13 £000
Cash at the start of the year	18,545	42,693
Net cash in/(outflows) from operating activities	39,842	6,869
Net cash in/(outflows) from investing activities	-57,940	-9,846
Net cash in/(outflows) from financing activities	87,101	-21,171
Cash left at the end of the year	87,548	18,545

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 2013-14 the HRA operated to a surplus of £6.879m which, following accounting adjustments increased the HRA reserve balance from £0.555m to £0.725m.

Some Facts and figures about our housing stock

The Council owns 5,577 dwellings of which 3,088 are houses, 1,756 are flats, 640 are bungalows and 93 are maisonettes. In addition there are 1,549 garages. The total value of these assets is £143.8 million.

The following table illustrates the HRA Income and Expenditure for 2013-14:

HRA Income & Expenditure	2013-14 £000	2012-13 £000
Expenditure		
Repairs & maintenance	5,338	5,062
Supervision & management	3,280	3,387
Fixed asset depreciation	5,481	5,345
Interest payments	2,780	2,770
Other Costs	1,125	1,313
Total Expenditure	18,004	17,877
Income		
Rents	21,446	19,988
Service & facility charges	158	313
Supplementary contributions	287	300
Capital grants & contributions receivable	3,000	0
Other income	-8	-83
Total Income	24,883	20,518
Surplus/deficit (-) on HRA services	6,879	2,641
Accounting & financing adjustments	-6,640	-2,829
Transfer to reserves	-69	-50
Net increase/decrease(-) in HRA balance	170	-238

6. The Collection Fund

The Collection Fund records the income received from 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 (NDR) income from local businesses a proportion of which is then passed on to Central Government and Cheshire Fire Authority.

Legislative changes to Council Tax and Business Rates have resulted in significant year on year changes in both income and expenditure relating to the Collection Fund and this is illustrated in the table on page 6.

Collection Fund Income and Costs for 2013-14:

Collection Fund income and expenditure	2013-14 £000	2012-13 £000
Council Tax payers	170,426	160,420
Council Tax benefits	0	22,110
Business Rates payers	154,224	145,405
Transitional relief	-2,366	-5
Contribution towards previous years deficit	0	187
Total net income generated	322,284	328,117
Cheshire West and Chester	213,424	152,278
Cheshire Police Authority	16,815	18,278
Cheshire Fire and Rescue	8,935	8,083
Town/Parish Councils	2,431	2,624
NDR payment to Central Government	74,964	144,899
NDR cost of collection	504	506
Provision for bad debt/appeals	12,663	312
Total costs incurred	329,736	326,980
Surplus/-Deficit for the year	-7,452	1,137

The fund showed an in-year deficit of £7.452 million which when combined with the opening surplus results in a net deficit of £5.818 million to be carried forward to 2014-15. The revised business rate scheme requires the collection fund to contribute towards the cost of successful appeals which were previously funded by Central Government. The deficit for 2013-14 includes the creation of a provision against which such appeals will be settled. The Council's share of this deficit is £1.390 million.

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. View the Annual Report on our website at...

cheshirewestandchester.gov.uk and select Your Council > Policies and performance

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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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.