

Cheshire West & Chester Council

Summary  
Statement of Accounts  
2014-15

**Visit:** [cheshirewestandchester.gov.uk](http://cheshirewestandchester.gov.uk)



Cheshire West  
and Chester

## Introduction

The Summary Statement of Accounts has been designed to give the reader a user friendly brief uncomplicated view of the Council's financial results for the year ending 31 March 2015.

The figures in this summary have been taken from the full audited Statement of Accounts document and these are available on the Council's website. This full document also includes the Council's position as a group.

## 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; including prior year information where this is felt to be informative.

	Page
<b>1. The Comprehensive Income and Expenditure Statement</b>	<b>1</b>
<b>2. The Movement in Reserves Statement</b>	<b>4</b>
<b>3. The Balance Sheet</b>	<b>5</b>
<b>4. The Cash Flow Statement</b>	<b>6</b>
<b>5. The Housing Revenue Account</b>	<b>6</b>
<b>6. The Collection Fund</b>	<b>7</b>

### 1. The Comprehensive Income and Expenditure Statement

This statement shows the Council's income and expenditure over the financial year; including non-cash transactions such as depreciation and pension liabilities.

#### Where the Council's funding (income) came from in 2014-15

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 Service

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

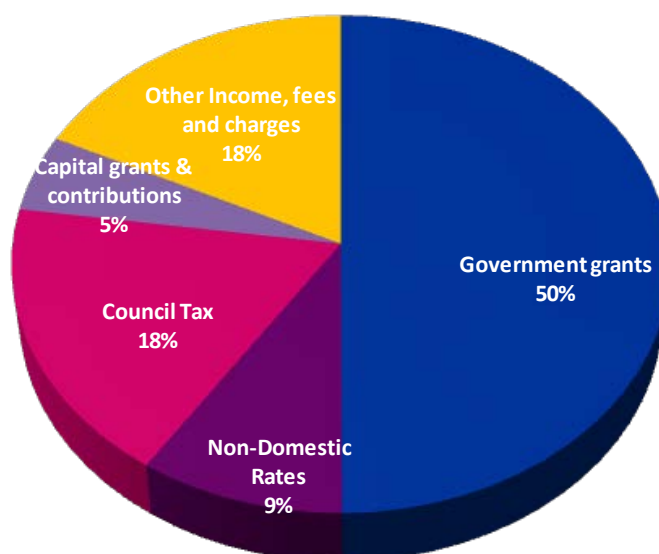
In addition, the Council receives funding to pay for capital expenditure in the form of capital grants and developer contributions.

The following table illustrates the Council's funding (income) in 2014-15:

	2014-15		2013-14	
	£000	%	£000	%
Council Tax	146,202	18%	144,439	18%
Non-Domestic Rates	76,083	9%	68,633	9%
Capital grants & contributions	40,680	5%	33,115	4%
Government Grants	406,518	50%	412,067	52%
<b>Grants, Contributions and Donations</b>	<b>669,483</b>		<b>658,254</b>	
Other Income, fees and charges	144,436	18%	137,256	17%
<b>Total Comprehensive Income</b>	<b>813,919</b>	<b>100%</b>	<b>795,510</b>	<b>100%</b>

The year on year changes to the Council's income is as a result of less government grants, offset by an increase in capital grants and contributions, increase trading with partner organisations and an increase in the number of houses in the borough generating Council Tax.

### Proportion of funding by source (2014-15)



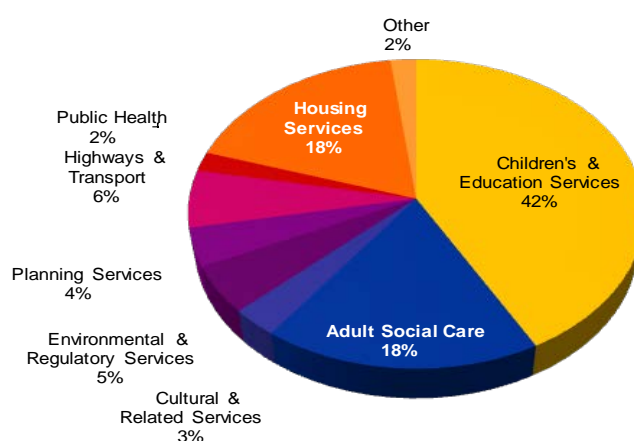
### What the Council's funding was spent on in 2014-15

The Council spent £694.481m (million) in 2014-15 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 £791.83m. 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 2014-15:

Gross cost of Council services	2014-15		2013-14 Restated	
	£000	%	£000	%
<i>Service costs:</i>				
Central Services to the Public	7,514	1%	5,892	1%
Children's & Education Services	294,061	42%	293,018	41%
Adult Social Care	118,958	18%	113,012	16%
Cultural & Related Services	22,868	3%	22,589	3%
Environmental & Regulatory Services	37,475	5%	39,415	6%
Planning Services	23,716	4%	39,225	6%
Highways & Transport	39,909	6%	40,464	6%
Public Health	14,308	2%	11,853	2%
Housing Services	127,535	18%	129,321	18%
Corporate & Democratic Core	6,004	1%	6,462	1%
Non-distributed costs	2,133	0%	2,876	0%
<b>Cost of services before exceptional items</b>	<b>694,481</b>	<b>100%</b>	<b>704,127</b>	<b>100%</b>
Other operating expenditure	14,665		17,523	
Financing & investment expenditure	55,687		72,710	
Non-Domestic Rates - tariff and levy	26,999		25,256	
<b>Total cost of the provision of services</b>	<b>791,832</b>		<b>819,616</b>	

2014-15 Proportion of costs before exceptional items by service



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 increase of the tariff and levy costs relating to the revised Non-Domestic (Business Rate) scheme, property revaluations and the disposal of assets for schools when they transfer to academy status.

## 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 2014-15 this was a net surplus of £22.087m (Income £813.919m less Expenditure £791.832m) 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 2014-15 property assets increased in value by £63.656m and a increased liability of £61.253million on the value of future pension liabilities or assets made by actuaries. As a result a total unrealised gain of £2.403m has been reflected in the accounts. The total net surplus for 2014-15 was, therefore, £24.490m (£22.087m surplus for services and £2.403m for unrealised gains).

As a result of accounting adjustments and transfers between reserves the £24.490m surplus translates to a £0.5m surplus being attributable to Tax payer funds (General Fund). There was a net decrease in usable reserves (those that can be used to support Council day to day expenditure) of £8.0m, largely due to the temporary funding to support the pension deficit.

The following table illustrates the Council's use of reserves in 2014-15.

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
Surplus/Deficit(-) on provision of services	14,605	7,482	0	22,087	0	22,087
Unrealised gain	0	0	0	0	2,403	2,403
<b>Surplus/deficit(-) for year</b>	<b>14,605</b>	<b>7,482</b>	<b>0</b>	<b>22,087</b>	<b>2,403</b>	<b>24,490</b>
Accounting adjustments	-25,836	-7,413	3,132	-30,117	30,117	0
Transfers between reserves	11,723	-69	-11,654	0	0	0
<b>Impact on Reserves surplus (+)/deficit (-)</b>	<b>492</b>	<b>0</b>	<b>-8,522</b>	<b>-8,030</b>	<b>32,520</b>	<b>24,490</b>
<b>Closing balance on reserves</b>	<b>21,757</b>	<b>725</b>	<b>77,896</b>	<b>100,378</b>	<b>407,928</b>	<b>508,306</b>

### 3. The Balance Sheet - What we are 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 2015 was £508.306m (million), an increase of £24.490m from 31 March 2014 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 Buildings, land and equipment (£97.534m)– Mainly due to revaluations, major development projects such as Barons Quay, Northwich and leisure centres, which have been partly offset by disposing of assets like schools to Academies
- Increases in Money Owed by the Council (liabilities) (£46.346m) – Mainly due to an increase in short-term creditors balances at year-end, owing central government and Fire service monies for business rates, increase in pension liability off-set by a reduction in long term borrowings
- Increases in Unusable reserves (£32.52m) – These reserves are ones set aside to be used in the future, for specific types of changes in the accounts such as revaluations of assets. The change is mainly due to revaluation of our assets

	31-Mar-15	31-Mar-14	Change
	£000	£000	£000
<b>Assets &amp; Liabilities</b>			
Buildings, land & equipment	1,211,653	1,114,119	97,534
Long term investments & debtors	5,313	653	4,660
Work in progress / stock in hand	348	483	-135
Cash & cash equivalents	62,670	87,548	-24,878
Money owed to the Council	81,000	87,345	-6,345
Money owed by the Council	-852,678	-806,332	-46,346
<b>Total</b>	<b>508,306</b>	<b>483,816</b>	<b>24,490</b>
<b>Financed by...</b>			
Usable reserves	100,378	108,408	-8,030
Unusable reserves	407,928	375,408	32,520
<b>Total Net Worth</b>	<b>508,306</b>	<b>483,816</b>	<b>24,490</b>

#### 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 2014-15 are summarised in the table below:

	2014-15	2013-14 Restated
	£000	£000
<b>Cash at the start of the year</b>	<b>87,548</b>	<b>18,545</b>
Net cash in/(outflows) from operating activities	25,370	39,680
Net cash in/(outflows) from investing activities	-43,923	-57,778
Net cash in/(outflows) from financing activities	-6,325	87,101
<b>Cash left at the end of the year</b>	<b>62,670</b>	<b>87,548</b>

#### 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 2014-15 the HRA operated to a surplus of £7.482m which, following accounting adjustments and transfers between reserves has maintained a reserve balance of £0.725m.

#### Some Facts and figures about our housing stock

The Council owns 5,546 dwellings of which 3,063 are houses, 1,752 are flats, 639 are bungalows and 92 are maisonettes. In addition there are 1,549 garages. The total value of these assets is £147.5m.

The following table illustrates the HRA Income and Expenditure for 2014-15:

<b>HRA Income &amp; Expenditure</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
<b>Expenditure</b>		
Repairs & maintenance	5,465	5,338
Supervision & management	3,288	3,280
Fixed asset depreciation	7,038	5,481
Other Costs	1,135	1,777
<b>Total Expenditure</b>	<b>16,926</b>	<b>15,876</b>
<b>Income</b>		
Rents	-22,290	-21,446
Service & facility charges	-164	-158
Supplementary contributions	-199	-287
<b>Total Income</b>	<b>-22,653</b>	<b>-21,891</b>
<b>Other</b>		
Gain on sale of HRA non-current asset	-390	-714
Capital grants & contributions receivable	-4,215	-3,000
Interest payments	2,805	2,780
Other	45	70
<b>Surplus on HRA services</b>	<b>-7,482</b>	<b>-6,879</b>
Accounting & financing adjustments	7,413	6,640
Transfer to reserves	69	69
<b>Net increase/decrease(-) in HRA balance</b>	<b>0</b>	<b>-170</b>

## 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 Service.



## Collection Fund Income and Costs for 2014-15:

Collection Fund income and expenditure	2014-15 £000	2013-14 £000
Council Tax payers	172,990	170,426
Council Tax benefits	0	0
Business Rates payers	162,096	154,224
Transitional relief	-2,780	-2,366
<b>Total net income generated</b>	<b>332,306</b>	<b>322,284</b>
Cheshire West and Chester	214,686	213,424
Cheshire Police Authority	16,996	16,815
Cheshire Fire and Rescue	9,158	8,935
Town/Parish Councils	2,483	2,431
NDR payment to Central Government	74,713	74,964
NDR cost of collection	502	504
Provision for bad debt/appeals	5,264	12,663
Contribution towards previous years deficit	-1,693	0
<b>Total costs incurred</b>	<b>322,109</b>	<b>329,736</b>
<b>Surplus/-Deficit for the year</b>	<b>10,197</b>	<b>-7,452</b>

The fund showed an in-year surplus of £10.197m which when combined with the opening deficit results in a net surplus of £4.379m to be carried forward to 2015-16.

#### 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 the full Statement of Accounts 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 Councils Annual Report summarises all areas of the Council's performance and includes financial information.

View the Annual Report on our website at...

[cheshirewestandchester.gov.uk](http://cheshirewestandchester.gov.uk) and select Your Council > Policies and 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...[financialmanagement@cheshirewestandchester.gov.uk](mailto:financialmanagement@cheshirewestandchester.gov.uk)