

# **BARNSLEY MBC**

## **SUMMARY ACCOUNTS & EXPLANATORY NOTES 2018/19**



## 2018/19 SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Introduction

These summary accounts are intended to provide explanation and reconciliation of the Authority's actual spend charged to the Council Tax / Business Rates payers as prescribed by Law, to the Financial Accounts which are compiled as per accounting requirements. It also provides context and high level analysis of the Core Financial Statements included within the accounts.

## The Management Accounts - Revenue

### Net Revenue Expenditure 2018/19

The table below shows the total spend of the Council for 2018/19, displayed against the individual operational directorates, compared to the year-end budget, as per the Final Accounts Report.

| Management Accounts            | Year End Budget * | Actual Income / Expenditure | (Under) / Over Spend | Earmarkings   | Operational (Under) / Over Spend | Corporate Earmarkings | Final Position |
|--------------------------------|-------------------|-----------------------------|----------------------|---------------|----------------------------------|-----------------------|----------------|
|                                | £000s             | £000s                       | £000s                | £000s         | £000s                            | £000s                 | £000s          |
| People                         | 81,593            | 71,257                      | (10,336)             | 6,989         | (3,347)                          |                       |                |
| Place                          | 39,448            | 36,836                      | (2,612)              | 2,610         | (2)                              |                       |                |
| Communities                    | 22,214            | 17,089                      | (5,125)              | 4,807         | (318)                            |                       |                |
| Public Health                  | 4,260             | (369)                       | (4,629)              | 4,629         | -                                |                       |                |
| Core Services                  | (11,218)          | (14,594)                    | (3,376)              | 2,898         | (478)                            |                       |                |
| <b>Total Services</b>          | <b>136,297</b>    | <b>110,219</b>              | <b>(26,078)</b>      | <b>21,933</b> | <b>(4,145)</b>                   |                       |                |
| Corporate Services             | 32,691            | 11,492                      | (21,199)             | 17,806        | (3,393)                          |                       |                |
| <b>Total General Fund</b>      | <b>168,988</b>    | <b>121,711</b>              | <b>(47,272)</b>      | <b>39,739</b> | <b>(7,538)</b>                   |                       |                |
| Use of Reserves                | 52,955            | 52,955                      | -                    | -             | -                                |                       |                |
| <b>Total Year End Position</b> | <b>221,943</b>    | <b>174,666</b>              | <b>(47,272)</b>      | <b>39,739</b> | <b>(7,538)</b>                   |                       | <b>6,800</b>   |
| <b>Housing Revenue Account</b> | <b>8,847</b>      | <b>4,444</b>                | <b>(4,403)</b>       | <b>3,156</b>  | <b>(1,247)</b>                   | <b>-</b>              | <b>(1,247)</b> |
| <b>Net Council Expenditure</b> | <b>230,790</b>    | <b>179,110</b>              | <b>(51,680)</b>      | <b>42,895</b> | <b>(8,785)</b>                   | <b>6,800</b>          | <b>(1,985)</b> |
| <b>Corporate Funding</b>       | <b>-</b>          | <b>(168,988)</b>            | <b>-</b>             | <b>-</b>      | <b>-</b>                         | <b>-</b>              | <b>-</b>       |

Total Expenditure

Total In Year Funding

GF Underspend for 2018/19 - **£0.738M**

Movement in General Fund / HRA Balances

HRA Underspend for 2018/19 - **£1.247M**

\* Year End Budget consists of:

- GF Originally Approved Budget - **£168.9M**
- Use of GF Reserves - **£53.0M**
- Use of HRA Reserves - **£8.8M**

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Corporate Funding

The table below shows the level of corporate, non-specific funding received by the Authority in 2018/19:

|                                                                 | £000s          |
|-----------------------------------------------------------------|----------------|
| Revenue Support Grant                                           | 19,022         |
| Business Rates Retained Share including Collection Fund Surplus | 22,312         |
| Business Rates Top Up                                           | 31,641         |
| Council Tax including Collection Fund Surplus                   | 92,426         |
| Section 31 Grants                                               | 3,587          |
| <b>Total</b>                                                    | <b>168,988</b> |

### General Fund / HRA Reserves Analysis

The table below shows the movement on both the General Fund and HRA Reserves in the 2018/19 financial year:

| RESERVES POSITION                                               | In Year GF Position<br>£000s | General Fund              |                             | HRA          | Total<br>£000s | Movement in General Fund / HRA Balances |
|-----------------------------------------------------------------|------------------------------|---------------------------|-----------------------------|--------------|----------------|-----------------------------------------|
|                                                                 |                              | General Reserves<br>£000s | Earmarked Reserves<br>£000s | HRA Reserves |                |                                         |
| <b>Balance Brought Forward as at 1<sup>st</sup> April 2018</b>  | -                            | 15,000                    | 120,793                     | 41,517       | 177,310        |                                         |
| Actual Net Revenue Expenditure                                  | (121,711)                    | -                         | (52,955)                    | (4,444) *    | (179,110)      | 10,122                                  |
| Corporate Funding                                               | 168,988                      | -                         | -                           | -            | 168,988        |                                         |
| Earmarked Reserves into 2019/20                                 | (46,539)                     | -                         | 46,539                      | -            |                |                                         |
| Surplus / Deficit                                               | (738)                        | 738                       |                             | -            | -              |                                         |
| <b>Balance Carried Forward as at 31<sup>st</sup> March 2019</b> | -                            | 15,738                    | 114,377                     | 37,073       | 167,188        |                                         |

\* HRA Position for 18/19 is shown as a total amount to adhere to Statute

#### HRA Analysis (Shown Net):

- Use of Reserves - (£8.8M)
- Earmarked - £3.2M
- In Year Surplus - £1.2M

Total In Year Funding

### Year End Reserves Position:

The year-end reserves and the expected profile of their use are shown in the table below:

| General Fund Reserves                               | As at 31 <sup>st</sup> March 2019<br>£000s | HRA Reserves                                 | As at 31 <sup>st</sup> March 2019<br>£000s |
|-----------------------------------------------------|--------------------------------------------|----------------------------------------------|--------------------------------------------|
| Minimum Working Balance                             | 15,000                                     | Minimum Working Balance                      | 5,200                                      |
| In Year Surplus                                     | 738                                        | In Year Surplus                              | 1,247                                      |
| <b>Total General Reserves</b>                       | <b>15,738</b>                              | <b>Total General Reserves</b>                | <b>6,447</b>                               |
| Glassworks Scheme                                   | 19,124                                     | Capital Reserve                              | 3,585                                      |
| Future Council Priorities                           | 22,371                                     | Housing Growth                               | 18,663                                     |
| Future Demography / Social Care Pressures           | 10,000                                     | Welfare Reform                               | 3,000                                      |
| School Balances                                     | 2,335                                      | New Build Bungalows                          | 1,422                                      |
| Future Council - Downsizing Costs / KLOE Mitigation | 9,608                                      | Held Pending Review of 30 Year Business Plan | 3,000                                      |
| PFI / BSF Programme                                 | 5,647                                      | Other                                        | 956                                        |
| Public Health Grant                                 | 2,629                                      |                                              |                                            |
| Insurance Fund Reserve                              | 6,200                                      |                                              |                                            |
| Other                                               | 36,463                                     |                                              |                                            |
| <b>Total Earmarked Reserves</b>                     | <b>114,377</b>                             | <b>Total Earmarked Reserves</b>              | <b>30,626</b>                              |
| <b>Total General Fund Reserves</b>                  | <b>130,115</b>                             | <b>Total HRA Reserves</b>                    | <b>37,073</b>                              |

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

# The Management Accounts - Capital

### Capital Expenditure 2018/19

The table below shows the total capital spend of the Council for 2018/19, displayed against the types of expenditure.

| Asset Categories                       | 2018/19<br>£000s |
|----------------------------------------|------------------|
| Property, Plant & Equipment            | 26,612           |
| Council Dwellings                      | 22,387           |
| Vehicles, Plant, Furniture & Equipment | 1,660            |
| Assets Under Construction              | 25,467           |
| Infrastructure Assets                  | 13,337           |
| Intangible Assets                      | 293              |
| Heritage Assets                        | -                |
| Non BMBC Assets                        | 3,650            |
| <b>Total</b>                           | <b>93,406</b>    |

**£35.5M** on Glassworks – Including Metropolitan Centre, Public Realm, Market Gate Bridge, Library and Phase 2.

**£1.3M** on purchasing the Core Building, County Way

**£22.4M** on Maintaining the Council House Stock at Decency Standard

**£3.1M** on the Blenheim View Development, Longcar Lane

**£7.1M** on highways maintenance

**£3.3M** on purchase of dwelling stock

The table below shows how that capital expenditure was funded by the Council in 2018/19.

| Funding Source                        | 2018/19<br>£000s |
|---------------------------------------|------------------|
| Capital Grants                        | 22,831           |
| Third Party Contributions (Inc. S106) | 3,097            |
| Capital Receipts                      | 5,805            |
| Revenue Contributions                 | 8,432            |
| Reserves                              | 30,015           |
| Major Repairs Reserve                 | 14,718           |
| Prudential Borrowing                  | 8,508            |
| Leasing                               | -                |
| <b>Total</b>                          | <b>93,406</b>    |

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

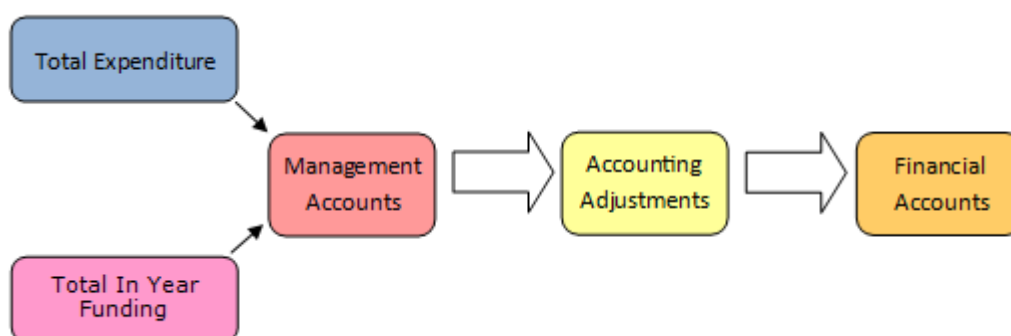
# The Management Accounts To The Financial Accounts

These explanatory notes explain how the financial position reported to the Authority (**management accounts**) is different to the financial position as reported in the statement of accounts (**financial accounts**).

The **management accounts** financial position is as per statute in respect of what can and what cannot be charged to the Council Tax payer, bringing together **total expenditure** and **total in year funding**.

The **financial accounts** financial position is as per the accounting regulations / standards.

Where the two positions differ, a number of **accounting adjustments** are actioned to ensure that the two positions are respectively adhered to.



A number of notes are included within the Statement of Accounts to assist the reader of the accounts in respect of explaining the relationship between the two.

The Expenditure and Funding Analysis (EFA) and Note 1 are key to this understanding, and are explained below.

### **Management Accounts:**

The table below (**The Expenditure & Funding Analysis in the Accounts**) then takes the management accounts (adjusted for the Code's presentation requirements – **Note 1 in the accounts**) and adds the **accounting adjustments**, resulting in the **financial accounts** position in the Comprehensive Income & Expenditure Statement.

|                                                     | 2018/19             |                        |                    |
|-----------------------------------------------------|---------------------|------------------------|--------------------|
|                                                     | Management Accounts | Accounting Adjustments | Financial Accounts |
|                                                     | £000s               | £000s                  | £000s              |
| People                                              | 71,265              | 20,738                 | 92,003             |
| Place                                               | 37,560              | 33,325                 | 70,885             |
| HRA                                                 | (22,830)            | 22,012                 | (818)              |
| Communities                                         | 17,231              | 5,328                  | 22,559             |
| Public Health                                       | (369)               | 739                    | 370                |
| Core Services                                       | (14,499)            | 4,085                  | (10,414)           |
| Corporate Services                                  | (12,187)            | (130)                  | (12,317)           |
| <b>Net Cost of Services</b>                         | <b>76,171</b>       | <b>86,097</b>          | <b>162,268</b>     |
| Other Operating Income & Expenditure                | 431                 | 32,848                 | 33,279             |
| Financing & Investment Income & Expenditure         | 41,669              | 9,455                  | 51,124             |
| Taxation & Non Specific Grant Income                | (170,666)           | (30,700)               | (201,366)          |
| <b>(Surplus) / Deficit on Provision of Services</b> | <b>(52,395)</b>     | <b>97,700</b>          | <b>45,305</b>      |
| Below the Line Items                                | 62,517              | (62,517)               | -                  |
| <b>TOTAL</b>                                        | <b>10,122</b>       | <b>35,183</b>          | <b>45,305</b>      |

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Accounting Adjustments:

The accounting adjustments applied are to take account of items that need to be included in the **Financial Accounts** that are not in the **Management Accounts**, and vice versa. The table below (**Note 2 in the Accounts**) shows the **Accounting Adjustments** between the Accounting Basis (**Financial Accounts**) and the Funding Basis (**Management Accounts**)

| <u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u>                                             | 2018/19                          |                                         |                   |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|-------------------|-------------------|
|                                                                                                                                                                | Adjustments for Capital Purposes | Net Change for the Pensions Adjustments | Other Differences | Total Adjustments |
|                                                                                                                                                                | £000s                            | £000s                                   | £000s             | £000s             |
| People                                                                                                                                                         | 7,374                            | 12,674                                  | 690               | <b>20,738</b>     |
| Place                                                                                                                                                          | 30,179                           | 3,262                                   | (116)             | <b>33,325</b>     |
| HRA                                                                                                                                                            | 22,012                           | -                                       | -                 | <b>22,012</b>     |
| Communities                                                                                                                                                    | 3,267                            | 2,151                                   | (90)              | <b>5,328</b>      |
| Public Health                                                                                                                                                  | -                                | 749                                     | (10)              | <b>739</b>        |
| Core Services                                                                                                                                                  | 2,101                            | 2,062                                   | (78)              | <b>4,085</b>      |
| Corporate Services                                                                                                                                             | -                                | 21                                      | (151)             | <b>(130)</b>      |
| <b>Net Cost of Services</b>                                                                                                                                    | <b>64,933</b>                    | <b>20,919</b>                           | <b>245</b>        | <b>86,097</b>     |
| Other Operating Income & Expenditure                                                                                                                           | 32,848                           | -                                       | -                 | <b>32,848</b>     |
| Financing & Investment Income & Expenditure                                                                                                                    | -                                | 9,455                                   | -                 | <b>9,455</b>      |
| Taxation & Non Specific Grant Income                                                                                                                           | (27,841)                         | -                                       | (2,859)           | <b>(30,700)</b>   |
| <b>Difference Between General Fund Surplus or Deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>69,940</b>                    | <b>30,374</b>                           | <b>(2,614)</b>    | <b>97,700</b>     |
| Below the Line Items                                                                                                                                           | (54,652)                         | (8,970)                                 | 1,105             | <b>(62,517)</b>   |
| <b>TOTAL NET EXPENDITURE</b>                                                                                                                                   | <b>15,288</b>                    | <b>21,404</b>                           | <b>(1,509)</b>    | <b>35,183</b>     |

The respective adjustments are explained below together with examples of the practice:

### Adjustments for Capital Purposes:

These adjustments relate to the consumption and financing of the Council's assets. For example:

- Under the accounting basis, the cost of the depreciation (the consumption in providing services) of the Council's fixed assets needs to be presented in the CI&ES. Therefore, the depreciation charge is included in the net cost of services line of the CI&ES (**Financial Accounts**);
- Under the funding basis, statute says that the cost of depreciation is not to be charged to the taxpayer;
- Therefore, the depreciation charge is adjusted so that it is not included against the general fund position and therefore the Council Tax payer (**Management Accounts**)

### Adjustments for Pensions:

These adjustments relate to the adjustments required to comply with the pensions accounting standard IAS 19. For example:

- Under the funding basis, statute determines that the annual cost of pensions to be recognised against the Council Tax / Rent payer. This amount is included in the **management accounts**;
- Under the accounting basis, the cost of the pension earned in year rather than what is paid, is required to be charged to the CI&ES;
- Therefore the actual cost of pensions is stripped out and replaced with the accrued pension cost, which is included in the CI&ES (**Financial Accounts**).

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

# The Core Financial Statements

The core financial statements are made up of 4 key statements, which will be described and explained below, and represent the **financial accounts** of the Authority.

The layout and format of these statements are prescribed by the Accounting Code of Practice.

### The Movement in Reserves Statement

This statement shows the movement on reserves that can be used to fund spend / reduce council tax (useable reserves) and the movement on reserves that represent accounting / timing differences (unusable reserves). Ordinarily, the **accounting adjustments** adjust the useable reserves with the unusable reserves.

This statement also provides reconciliation between the **financial accounts** and **management accounts**.

Movement on Balance Sheet

| <b>Movement in Reserves During 2018/19</b>                                        |                      |                         |                          |                       |                                  |                       |                         |                          |
|-----------------------------------------------------------------------------------|----------------------|-------------------------|--------------------------|-----------------------|----------------------------------|-----------------------|-------------------------|--------------------------|
|                                                                                   | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|                                                                                   | £000s                | £000s                   | £000s                    |                       | £000s                            | £000s                 | £000s                   | £000s                    |
| <b>Balance of Reserves at 1st April 2018</b>                                      | 135,793              | 41,517                  | 12,186                   | 4,198                 | 4,262                            | 197,956               | (177,467)               | 20,489                   |
| <b>Total Comprehensive Expenditure &amp; Income</b>                               | (35,258)             | (10,047)                | -                        | -                     | -                                | (45,305)              | 4,677                   | (40,628)                 |
| <b>Adjustments Between Accounting Basis &amp; Funding Basis Under Regulations</b> | 29,579               | 5,604                   | 2,885                    | 6,609                 | 1,534                            | 46,211                | (46,211)                | -                        |
| <b>Net Increase / (Decrease) in 2018/19</b>                                       | (5,679)              | (4,443)                 | 2,885                    | 6,609                 | 1,534                            | 906                   | (41,534)                | (40,628)                 |
| <b>Balance of Reserves at 31st March 2019</b>                                     | 130,114              | 37,074                  | 15,071                   | 10,807                | 5,796                            | 198,862               | (219,001)               | (20,139)                 |

Financial Accounts

Accounting Adjustments

Management Accounts

#### Capital Receipts Reserve:

- This reserve represents unspent capital receipts, received by the Council from sale of fixed assets

#### Major Repairs Reserve:

- This reserve represents unspent ringfenced HRA funding set aside for capital purposes.

#### Capital Grants Unapplied Reserve:

- This reserve represents unspent capital grants received by the Council

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Comprehensive Income & Expenditure Statement (CI&ES)

This statement shows the net **accounting cost** of providing services to the public for the year. In the private sector, the equivalent statement would be a profit and loss account. This statement represents the **management accounts** position as per statute plus **accounting adjustments**.

The **CI&ES** also explains the movement between the Authority's balance sheet at the start of the period, and the end of the period.

|                                                     | 2018/19                    |                       |                          |
|-----------------------------------------------------|----------------------------|-----------------------|--------------------------|
|                                                     | Gross Expenditure<br>£000s | Gross Income<br>£000s | Net Expenditure<br>£000s |
| Net Cost of Services                                | 561,659                    | (399,391)             | 162,268                  |
| Other Operating Expenditure                         | 44,476                     | (11,197)              | 33,279                   |
| Financing & Investment Income & Expenditure         | 58,237                     | (7,113)               | 51,124                   |
| Taxation & Non Specific Grant Income                | -                          | (201,366)             | (201,366)                |
| <b>(Surplus) / Deficit on Provision of Services</b> | <b>664,372</b>             | <b>(619,067)</b>      | <b>45,305</b>            |
| Other Comprehensive Income & Expenditure            | 49,120                     | (53,797)              | (4,677)                  |
| <b>Total Comprehensive Income &amp; Expenditure</b> | <b>713,492</b>             | <b>(672,864)</b>      | <b>40,628</b>            |

Financial Accounts

Movement on Balance Sheet

An explanation of the key components is shown below:

- **Net Cost of Services** – The direct accounting cost of providing operational services to the public;
- **Other Operating Expenditure** – The accounting 'profit / loss' on the disposals of the Authority's fixed assets – including the transfer of maintained schools to academy status;
- **Financing & Investment Income & Expenditure** – The accounting cost of servicing the Authority's debt and interest payments in respect of the pension fund;
- **Taxation & Non Specific Grant Income** – The accounting income of the Authority's corporate funding, including Council Tax, NNDR and Government Grants;
- **(Surplus) / Deficit on Provision of Services** – The overall accounting cost of providing services to the public;
- **Other Comprehensive Income & Expenditure** – Accounting adjustments that relate directly to movement in unusable reserves that do not have any effect the general fund.

A breakdown of the CI&ES position in to subjective headings is shown below (**Note 6 in the accounts**):

|                                           | 2018/19<br>£000s |                                              | 2018/19<br>£000s | (Surplus) / Deficit on<br>Provision of Services |
|-------------------------------------------|------------------|----------------------------------------------|------------------|-------------------------------------------------|
| <b>Expenditure:</b>                       |                  | <b>Income:</b>                               |                  |                                                 |
| Employee Benefits Expenses                | 194,852          | Fees, Charges & Other Service Income         | (137,463)        |                                                 |
| Other Services Expenses                   | 294,500          | Interest & Investment Income                 | (1,772)          |                                                 |
| Depreciation, Amortisation, Impairment    | 77,316           | Income From Council Tax & Non-Domestic Rates | (118,028)        |                                                 |
| Interest Payments                         | 53,228           | Government Grants & Contributions            | (350,607)        |                                                 |
| Precepts & Levies                         | 431              | Receipts from Disposal of Assets             | (11,197)         |                                                 |
| Payments to Housing Capital Receipts Pool | 1,671            |                                              |                  |                                                 |
| Disposal of Fixed Assets                  | 42,374           |                                              |                  |                                                 |
| <b>Total</b>                              | <b>664,372</b>   |                                              | <b>(619,067)</b> | <b>45,305</b>                                   |



## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Balance Sheet (The Net Worth)

This statement shows the financial position as at the 31<sup>st</sup> March, compared to the position as at 1<sup>st</sup> April the preceding year. The top half of the balance sheet shows the Authority's "Net Worth" which presents the net position in terms of what the Authority owns and what the Authority owes.

Below shows the Authority's balance sheet with high level analysis of movements in the year:

| 2017/18            |                                    | 2018/19            | Change          |
|--------------------|------------------------------------|--------------------|-----------------|
| £000s              |                                    | £000s              | £000s           |
| <b>1,126,637</b>   | <b>PROPERTY &amp; EQUIPMENT</b>    | <b>1,148,940</b>   | <b>+22,303</b>  |
| <b>19,305</b>      | <b>OTHER LONG TERM ASSETS</b>      | <b>18,406</b>      | <b>(899)</b>    |
|                    | <b>CURRENT ASSETS</b>              |                    |                 |
| 4,918              | Assets 'Held for Sale'             | 5,330              | +412            |
| 35,059             | Short Term Investments             | 156,926            | +121,867        |
| 1,154              | Inventories                        | 1,069              | (85)            |
| 39,300             | Short Term Debtors                 | 37,337             | (1,963)         |
| 34,562             | Cash & Cash Equivalents            | 35,391             | +829            |
| <b>114,993</b>     | <b>Total Current Assets</b>        | <b>236,053</b>     | <b>+121,060</b> |
| <b>1,260,935</b>   | <b>TOTAL ASSETS</b>                | <b>1,403,399</b>   | <b>+142,464</b> |
|                    | <b>CURRENT LIABILITIES</b>         |                    |                 |
| (45,567)           | Short Term Borrowing               | (94,707)           | +49,140         |
| (8,852)            | Other Short Term Liabilities       | (8,851)            | (1)             |
| (41,643)           | Short Term Creditors               | (54,362)           | +12,719         |
| (4,790)            | Provisions                         | (7,184)            | +2,394          |
| (16,524)           | Grant Receipts in Advance          | (21,954)           | +5,430          |
| <b>(117,376)</b>   | <b>Total Current Liabilities</b>   | <b>(187,058)</b>   | <b>+69,682</b>  |
|                    | <b>LONG TERM LIABILITIES</b>       |                    |                 |
| (522,837)          | Long Term Borrowing                | (571,563)          | +48,726         |
| (219,788)          | Other Long Term Liabilities        | (210,922)          | (8,866)         |
| (4,348)            | Long Term Provisions               | (3,736)            | (612)           |
| (376,097)          | Retirement Benefit Obligations     | (450,259)          | +74,165         |
| <b>(1,123,070)</b> | <b>Total Long Term Liabilities</b> | <b>(1,236,480)</b> | <b>+113,410</b> |
| <b>(1,240,446)</b> | <b>TOTAL LIABILITIES</b>           | <b>(1,423,538)</b> | <b>+183,092</b> |
| <b>20,489</b>      | <b>NET LIABILITIES</b>             | <b>(20,139)</b>    | <b>(40,628)</b> |

#### Property & Equipment +£22.2M

Assets held by the Council that assist in service delivery e.g. Land & Buildings, Vehicles, Equipment.

- Additions +£89.5M
- Depreciation (£31.7M)
- Revaluations +£6.1M
- Disposals (£41.7M)

#### Short Term Investments +£121.9M

Total amounts of investment balances due to the Authority

- Increase in cash as a result of increase in borrowing – as per below. Invested until used on future capital expenditure.

#### Cash & Cash Equivalents +£0.829M

The Council's bank and cash balances & on call investments.

- See Cash Flow Statement

#### Total Borrowing +£97.9M

Total amounts of loans owed by the Council

- Increase in borrowing as per Treasury Strategy of providing budgetary certainty by fixing interest payments at relatively low levels.

#### Retirement Benefit Obligations +£74.2M

The pension deficit of the Council's pension fund, as determined on an accounting basis.

NB. The ongoing contributions due to be made to the fund from the Authority addresses the pension position on a funding basis, which is measured using a different set of assumptions.


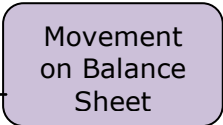
- Actuarial Gains / Losses +£43.8M
- Increase in Value of Assets (£5.9M)
- Increase in Value of Liabilities +£36.3M

Movement  
on Balance  
Sheet

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Balance Sheet (Reserves & Balances)

The "Net Worth" of the balance sheet is matched / balanced by a number corresponding reserves, split between useable and unusable reserves. In the private sector, the financial health of any organisation would be the net worth along with the accumulated profits. This is slightly different in the public sector where the financial health of any Authority can be measured by the level of useable reserves at its disposal.

| 2017/18<br>£000s |                                            | 2018/19<br>£000s | Change<br>£000s |                                                                                                     |
|------------------|--------------------------------------------|------------------|-----------------|-----------------------------------------------------------------------------------------------------|
|                  | <b>USABLE RESERVES:</b>                    |                  |                 |                                                                                                     |
| 135,793          | - General Fund                             | 130,114          | (5,679)         | <b>(10,122)</b>  |
| 41,517           | - Housing Revenue Account                  | 37,074           | (4,443)         |                                                                                                     |
| 12,186           | - Useable Capital Receipts Reserve         | 15,071           | +2,885          |                                                                                                     |
| 4,198            | - Major Repairs Reserve                    | 10,807           | +6,609          |                                                                                                     |
| 4,262            | - Capital Grant Unapplied Reserve          | 5,796            | +1,534          |                                                                                                     |
| <b>197,956</b>   | <b>TOTAL USABLE RESERVES</b>               | <b>198,862</b>   | <b>+906</b>     |                                                                                                     |
|                  | <b>UNUSABLE RESERVES:</b>                  |                  |                 |                                                                                                     |
| 18,222           | - Capital Adjustment Account               | (2,714)          | (20,936)        |                 |
| 62               | - Deferred Capital Receipts Reserve        | 61               | (1)             |                                                                                                     |
| (11,588)         | - Financial Instruments Adjustment Account | (12,693)         | (1,105)         |                                                                                                     |
| (393,603)        | - Pensions Reserve                         | (458,793)        | (65,190)        |                                                                                                     |
| -                | - Financial Instrument Revaluation Reserve | (263)            | (263)           |                                                                                                     |
| 197,137          | - Revaluation Reserve                      | 240,484          | +43,347         |                                                                                                     |
| (2,900)          | - Accumulated Absences Account             | (3,145)          | (245)           |                                                                                                     |
| 15,203           | - Collection Fund Adjustment Account       | 18,062           | +2,859          |                                                                                                     |
| <b>(177,467)</b> | <b>TOTAL UNUSABLE RESERVES</b>             | <b>(219,001)</b> | <b>(41,534)</b> |                                                                                                     |
| <b>20,489</b>    | <b>TOTAL RESERVES</b>                      | <b>(20,139)</b>  | <b>(40,628)</b> |                                                                                                     |

**Usable Reserves** – these reserves can be used to fund the expenditure of the Authority on a funding basis. Each of them is briefly explained on the Movement in Reserves section of this paper.

**Unusable Reserves** – these reserves hold the Authority's gains and losses incurred in accordance with generally accepted accounting practices, representing a timing difference with that and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. Each of them is explained below:

| Reserve                                  | Description                                                                                                                                                                                                                                                                             |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital Adjustment Account               | Holds the timing differences between when assets are consumed in service delivery and when they are financed.                                                                                                                                                                           |
| Deferred Capital Receipts Reserve        | Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.                                                                                                                                                                   |
| Financial Instrument Adjustment Account  | Holds the timing differences arising from the different arrangements for accounting for income (discounts) and expenses (premiums) relating to certain financial instruments, in accordance with statutory provisions.                                                                  |
| Pensions Reserve                         | Holds timing differences between pensions being accrued and they are actually settled, in accordance with statutory provisions.                                                                                                                                                         |
| Financial Instrument Revaluation Reserve | Holds timing differences between unrealised gains / losses in value on the Authority's financial instruments and when they are actually sold.                                                                                                                                           |
| Revaluation Reserve                      | Holds timing differences between unrealised gains in value on the Authority's assets and when they are actually sold.                                                                                                                                                                   |
| Accumulated Absences Account             | Holds the differences relating to the accruing of absences, earned but not taken in year e.g. leave entitlement carried forward. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.                          |
| Collection Fund Adjustment Account       | Holds the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. |

**Note 5 in the accounts** provides further analysis of these reserves.

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Cash Flow Statement

The cash flow statement details the movement in the Authority's cash and cash equivalents during the period. The accounting cost of providing services as per the **financial accounts** is adjusted by the non-cash items e.g. depreciation. The cash flows are then analysed based on the type, between operating, investing and financing activities respectively.

|                                                                 | <b>2018/19</b>   |
|-----------------------------------------------------------------|------------------|
|                                                                 | <b>£000s</b>     |
| <b>Net (Surplus) / Deficit on Provision of Services</b>         | <b>45,305</b>    |
| Adjustments to Financial Accounts for Non-Cash Movements:       | <b>(164,010)</b> |
| <b>Adjustments for Non-Operating Activities:</b>                | <b>36,962</b>    |
| <b>Net Cash (Inflow) / Outflow From Operating Activities</b>    | <b>(81,743)</b>  |
| <b>Net Cash (Inflow) / Outflow From Investing Activities</b>    | 172,029          |
| <b>Net Cash (Inflow) / Outflow From Financing Activities</b>    | (91,115)         |
| <b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b> | <b>(829)</b>     |

Financial Accounts

#### **Non Cash Adjustments:**

All non-cash transactions are removed e.g. depreciation, adjustments to pensions accounting etc. to equate to a cash position in terms of operating activities

#### **Non-Operating Activities:**

This adjustment removes any cash flows within the financial accounts that relate to non-operating activities. E.g. capital receipts / capital grants received.

#### **Operating Activities:** **£81.7M Inflow**

The Authority saw an inflow of cash from its day to day operations of providing services to the public.

#### **Investing Activities:** **£172M Outflow**

The Authority saw an outflow of cash from its investing activities. This was due to spending £86.0M on fixed assets and investing £124M of cash into investments. This was offset by receiving £11.2M capital receipts and capital grants received of £26.8M

#### **Financing Activities:** **£91.1M Outflow**

The Authority saw an outflow of cash from its financing activities. This was predominately due to new net borrowing undertaken.

### Disclosure Notes

The Statement of Accounts provides substantial disclosure notes which corroborate the key figures within the 4 main financial statements which are prescribed by the Code.