

Redcar and Cleveland Borough Council

Summary of Accounts 2013/14

Assistant Director - Financial Services Statement

The Council's audited Statement of Accounts has been prepared in accordance with the Accounting Code of Practice (The Rules). The figures supporting this financial summary were compiled having regard to proper accounting practice but to provide simplified and more meaningful information. As a result some figures have been combined and modified. A full copy of the 2013/14 audited accounts will be available on the Council's website www.redcar-cleveland.gov.uk with effect from Tuesday 30th September 2014.

Financial Review

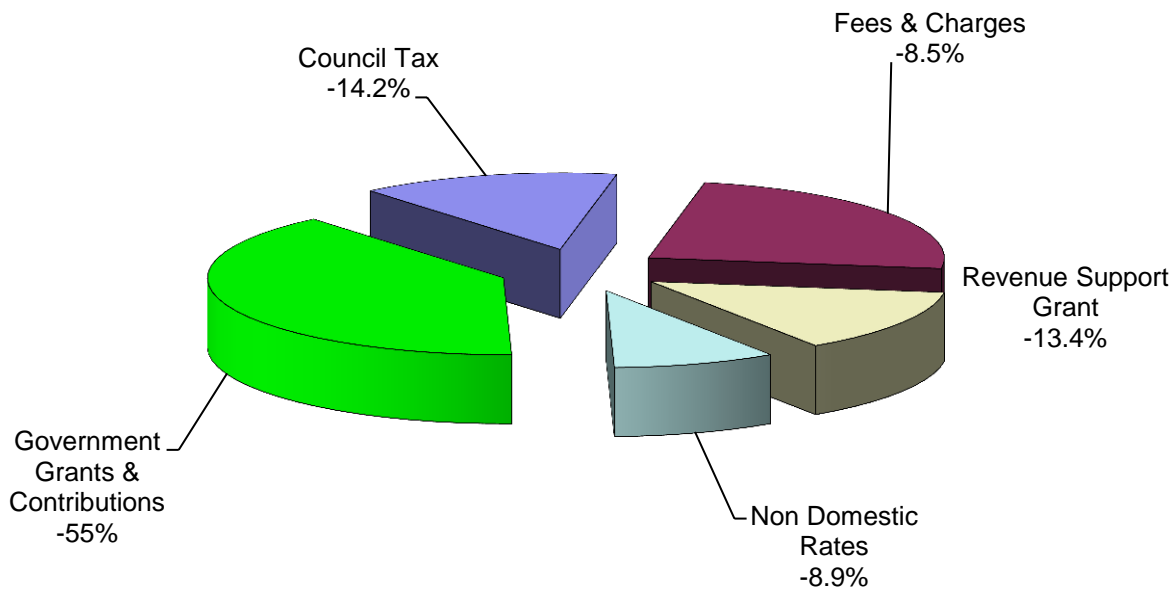
Revenue expenditure is generally spent on items consumed within the year and is financed from Council Tax, Government Grants and other income. The revenue budget for 2013/14 was based on delivering £4.395m worth of service and business savings to address a combination of reduced income from government funded grants and to fund key service pressures to support the requirements of the Borough. A 2 percent council tax increase was set with a net revenue budget requirement of £127.415m being agreed by the Council.

A rigorous approach to financial control of the revenue budget, supported by monthly monitoring to Executive Management Team and quarterly monitoring to Cabinet, has played a major part in the Council delivering a balanced outcome position for 2013/14 across the whole of the financial year. A minor underspend has been achieved following the closure of the Council's accounts. All directorates have managed within their budget allocations through a combination of strict gate keeping arrangements and additional income generation or cost reduction solutions.

The Council on its net revenue budget has achieved an under-spend of £50,000 (0.04%) for the 2013/14 financial year. This represents a satisfying outcome for a financial year, where from the outset the Council was faced with making substantial savings in the face of competing demands for its services. It was also very important that given the level of financial savings needed by the Council over the rest of the decade, particularly in 2014/15, that a balanced budget was achieved for the last financial year. This has been achieved with general reserves unaffected from our budgeted plans and earmarked reserves have been increased in a number of areas.

The revised revenue budget incorporated a contribution to revenue balances of £0.217m. The total net spending on the General Fund was £127.148m. This represents a contribution to balances of £0.267m,; an under spend of £0.050m when compared to the revised budget for the year.

	Gross Spend £'000	Income £'000	Net Spend £'000
Central Services to the Public	1,988	(1,354)	634
Court Services	280	-	280
Cultural and Related Services	9,729	(1,180)	8,549
Environmental and Regulatory Services	15,039	(2,683)	12,356
Planning Services	9,124	(2,658)	6,466
Education and Children's Services	141,491	(114,077)	27,414
Highways and Transport Services	17,892	(2,424)	15,468
Housing Services	60,365	(59,736)	629
Adult Social Care	56,201	(12,418)	43,783
Public Health	9,855	(11,848)	(1,993)
Corporate and Democratic Core	4,596	(236)	4,360
Non-Distributed Costs	<u>2,193</u>	<u>(172)</u>	<u>2,021</u>
Net Cost of Services	328,753	(208,786)	119,967
Other Operating Expenditure			7,999
Financing and Investment Income and Expenditure			16,875
Regulatory Accounting Adjustments			1,382
Net Contributions to Reserves/Provisions			267
Amount to be met from Government Grants and Council Tax			146,490
Financed by: -			
Council Tax			(50,371)
Business Rates			(31,683)
General Government Grants			<u>(64,436)</u>
Sub Total			(146,490)



The Council's Balance Sheet at 31st March 2014

The Balance Sheet presents the financial position of the Council at the end of March 2014. It shows what assets and balances the Council holds, what it is owed and what it owes.

	£'000
Assets	
Buildings, Land and Equipment	289,880
Other Long-term Assets	3,107
Money owed to the Council	20,848
Cash, Investments and Stocks	<u>30,708</u>
Total Assets	344,543
Liabilities	
Borrowing	(244,443)
Pension Scheme	(134,357)
Amounts owed by the Council	(36,785)
Capital and Government Grants not yet applied	<u>(4,793)</u>
Assets less Liabilities	<u>(75,835)</u>
Financed By: -	
Unusable Reserves	111,257
Usable reserves	(35,422)
Total Net Worth	<u>75,835</u>

Capital Expenditure

Capital expenditure represents money spent by the Council on purchasing, upgrading and improving assets such as land, buildings, equipment and infrastructure. The Council receives the benefit from capital expenditure over a long period of time. In 2013/14, Redcar and Cleveland Borough Council spent £34.972m on capital items, financed by capital grants and other contributions (£10.716m), borrowing (£22.292m) and income from the sale of assets (£1.964m).

The main areas of capital investment in 2013/14 were: -

Scheme	2013/14 £000	Scheme	2013/14 £000
<u>Driving Our Growth</u>		<u>Reablement and Independence</u>	
The Great Street	177	Disabled Facilities Grant	905
Improving Visitor Facilities	364	Dementia Friendly Environment Grant	237
Creative Industries Complex - The Hub	526	Other	17
Redcar Beacon	406	Total	1,159
Redcar Leisure & Community Heart	16,213	<u>Best Start in Life</u>	
Redcar Seafront Improvements	205	Highcliffe – Consolidation of Early Years	325
Bus Network Review	294	Kirkleatham School	1,256
Safer Roads	545	Grangetown Rewire	103
Flood Damage	578	Devolved Formula Capital at LEA level	229
Local Sustainable Transport Fund	168	Teesville/Ravensworth	1,678
Structural Highways Maintenance	1,835	Nunthorpe Secondary – PE and Sport	274
Highways Improvements	427	Redcar Community College	124
Drainage Asset Capture and Flood Prevention	186	Other	936
Other	266	Total	4,925
Total	22,190	<u>Making Our Money Go Further</u>	
<u>Healthy Lifestyles</u>		Enterprise Resource Planning	657
Investment in Leisure Centres	1,595	Carbon Management Programme	262
Other	142	Information Technology Improvement Projects	768
Total	1,737	Vehicle Purchases	251
<u>Things To Enjoy</u>		Adults System	142
Lakes Pavilion	235	Asset Management - Capitalised Repairs	339
Other	73	Other	123
Total	308	Total	2,542
<u>Neighbourhood and Customer Services</u>			
Waste Infrastructure	2,097		
Other	14		
Total	2,111		
TOTAL CAPITAL SPEND 2013/14			34,972

Collection Fund

The Collection Fund shows the income received from Council Tax and Non-Domestic Rates. Council Tax is charged on a series of property valuation bands. Council Tax was collected then distributed to the Council (£49m), Cleveland Police Authority (£7.1m), Cleveland Fire Authority (£2.4m) and local parishes (£0.5m) in accordance with their budget precept demands.

The level of Council Tax in any year is determined by estimating the income required by the Council and the Police and Fire Authorities and by dividing this by the Council Tax base, which comprises residential properties banded by value and charged accordingly. The tax base for the Borough was set at 35,570.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates relief scheme. The main aim of the scheme is to give Councils a greater incentive to grow business in the Borough. The scheme allows the Council to retain a proportion of the Business Rates money received. Redcar & Cleveland Borough Council share is 49% with the remainder paid to precepting bodies. For Redcar and Cleveland the NDR precepting bodies are Central Government (50% share) and Cleveland Fire and Rescue Authority (b1% share). Total business rates income for the borough is generally around £50m per annum.

NDR was collected and distributed to the Council (£19.8m), Central Government (£20.2) and Cleveland Fire Authority (£0.4m) based on forecasted figures.

	2011/2012	2012/2013	2013/2014
Band A Council Tax Charge – Redcar & Cleveland	£861.12	£891.12	£908.64
Band D Council Tax Charge – Redcar and Cleveland	£1,291.68	£1,336.68	£1,362.96
Band D Council Tax Charge – Including major precepts	£1,543.49	£1,597.55	£1,629.00
Percentage of Council Tax Collected – Redcar and Cleveland	96.9%	96.7%	95.4%
Percentage of Business Rates Collected	99.1%	98.9%	98.8%

The reduction in the percentage of council tax collected for 2013/14 relates to the introduction by the Council of a local scheme of council tax support. This means that some residents who are on benefits and/or low income are receiving council tax bills for the first time. Collection rates on these new bill payers are around 70%.

Further Information

If you have any comments or queries regarding this summary, please contact us on 01642 444306 or by e-mail to justin.weston@redcar-cleveland.gov.uk.

Glossary of Terms

Accounting Code of Practice – The framework used by local authorities to account on a consistent and fair basis for all financial transactions and for preparing their accounts;

Regulatory Accounting Adjustments

This adjustment reconciles proper accounting practice to the resources that are available to the council to meet future capital and revenue expenditure.

Central Services to the Public – Specific services provided to the public, which do not fall under any of the main recognisable services provided by the local authority. These include local tax collection, registration of birth, deaths & marriages, elections, emergency planning and land charges.

Corporate & Democratic Core – comprises all the activities that local authorities engage in specifically because they are elected, multi purpose bodies such as Councillor's expenses, cost of the Chief Executive's time, Committee Services and specific governance issues;

Non-Distributed Costs – these are costs that cannot be attributable to any specific services but are nevertheless incurred by the Council. Examples are past service retirement benefits, the cost of surplus or unutilised assets and costs incurred from previous reorganised authorities;

Band D Council Tax – Dwellings are included in eight bands (A-H) for Council tax purposes. All can be converted into Band D equivalent numbers for Council Tax calculations via a government formula. The total number of properties in a local authority area is therefore expressed as the number of band D equivalent properties for government returns and comparative purposes.

Council Tax Support Scheme – A local scheme operated by the Council where residents can claim discounts on council tax bills. This replaces a national grant funded scheme where some tax payers received a 100% reduction on their bills. In most cases residents can only claim a maximum of 80% reductions with the 20% remainder having to be paid over to the Council.