



# Summary Statement of Accounts 2018/19



Saltburn





**John Sampson BA (Hons), PG Dip, PG D, Adv Dip, FCCA – Corporate Director for Resources and the Chief Finance Officer**

The Council's unaudited Statement of Accounts has been prepared in accordance with the Accounting Code of Practice (The Code). The figures supporting this financial summary provide simplified and more meaningful information. A full copy of the 2018/19 unaudited accounts is available on the Council's website [Statement of Accounts](#).



## How the Council is Funded and How It Performed in 2018/19

The revenue budget for 2018/19 and future financial years' budgets are built based upon the nine ambitious new priorities included in our Flourishing Future Plan as outlined in the Council Performance sections in the Statement of Accounts.

The revenue budget funds the day to day revenue activities of the Council and is financed from Council Tax, Government Grants and other income. For 2018/19 the budget included the following key assumptions:

- A Revenue Support Grant reduction of £4.059 million;
- A Council Tax increase of 1.99%;
- An Adult Social Care precept increase of 2.00%;
- Council Tax income growth of £0.650 million;
- Business Rate income growth of £0.880 million;
- Inflationary increases in Fees & Charges income;
- Service investment due to demand led pressures of £2.759 million;
- Shaping our Future budget reductions of £5.570 million.

During the financial year, an additional £4.632 million was provided from reserves to address an increase in service demand, predominately within our Children & Families Directorate.

The Council has delivered a balanced budget with a small underspend of £0.002 million

The Council's original revenue budget with actual expenditure is summarised below:

Directorate	Revised Budget £000	Actual Outturn £000	Variance to Revised Budget £000
Adults & Communities	68,320	68,414	94
Children & Families	37,542	42,480	4,938
Growth, Enterprise & Environment	4,745	5,135	390
Resources	6,901	6,342	(559)
Corporate Allocations	(10,962)	(15,827)	(4,865)
<b>Total</b>	<b>106,546</b>	<b>106,544</b>	<b>(2)</b>

The variances highlighted in the table above are due to the following:

- **Adult and Communities:** – The small overspend relates to Neighbourhood services, in particular cost pressures relating to Waste and Engineering services. Both Adult Social Care and Public Health achieved a breakeven position.
- **Children & Families:** - the Directorate has continued to experience increasing significant budget pressures through the financial year, because of the rapid increase in numbers of children in care and other demand-led services resulting in an over-spend of £4.0 million. In addition, education services funded by Council budgets such as home to school transport services have overspent by a combined £0.924 million.
- **Growth, Enterprise & Environment:** - the over-spend position relates to income pressures in the planning function and the unexpected closure costs relating to Saltburn Cliff Lift.
- **Resources:** - The service achieved an underspend relating to the enhanced performance management of a number of PFI and service contracts, and some modest staff cost savings.
- **Corporate Allocations:** - the underspend was generated through the realignment of directorate budgets, savings relating to the Minimum Revenue Provision policy in relation to assets funded by pre-2008 borrowing, interest savings from the restructuring of debt during the year and the planned draw-down of

one-off ear-marked reserves to balance the revenue budget position.





The Statement of Accounts is underpinned by the key financial statements:

**Movement in Reserves Statement (MIRS).** This statement shows the change in the different types of reserves held by the Council over the financial year. These reserves are analysed between usable reserves (those that fund future expenditure) and other unusable reserves, held for accounting purposes. Of the total usable reserves, some £3.012 million relate to schools, £4.590 million relate to capital grants not yet utilised and £2.217 million relates to capital receipts not utilised. A further £24.998 million is available to support future revenue budgets and Council priorities.

**Comprehensive Income and Expenditure Statement (CIES).** This statement records all the gains and losses experienced by the Council during the financial year, and equates to a movement in the net worth on the balance sheet of £19.752 million. To make the annual accounts more understandable, the CIES is split into reporting segments that mirror service delivery.

The primary purpose of the CIES is to record revenue income and expenditure, which is generally spent on items such as employee costs, and supplies & services. This is financed from a combination of Council Tax, Business Rates, Government Grants and other income.

There is an initial deficit of £54.456 million on the CIES for the net cost of providing the Council's day to day revenue services. This includes various technical adjustments required by accounting standards in the Code, which relate to capital accounting, pensions accounting and collection fund regulatory changes. These technical adjustments are not chargeable against the funding from tax payers and are excluded from the analysis of how the Council has performed against its revenue budget. When other gains relating to pension fund performance of £23.986 million and capital assets of £10.718 million are adjusted for, the net loss in the value of the Council for the financial year is £19.752 million.

All directorates have managed their budgets through a robust budget monitoring process and regular scrutiny of savings targets within the context of the Council having to make substantial reductions in the face of increasing demands for its services.



## Statement of Financial Accounts

The total net spending on Cost of Services was £123.235 million. The Comprehensive Income and Expenditure Statement within the Statement of Accounts shows the true cost of delivering services within the 2018/19 financial year. This includes unrealised gains and losses on non-current assets, financial instruments and pensions. The following table provides this information together with how this has been financed.



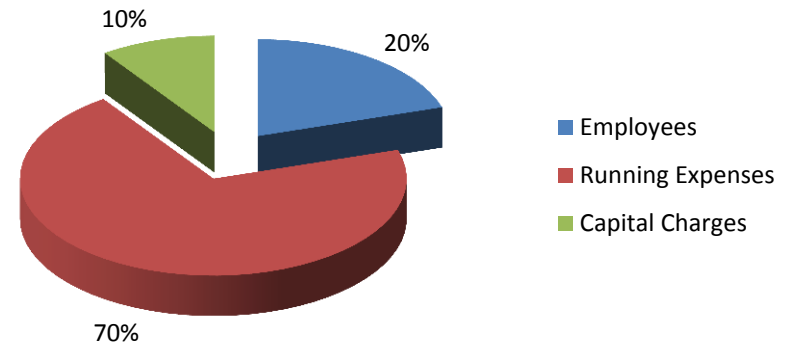
Comprehensive Income and Expenditure Statement	Gross Spend £'000	Income £'000	Net Spend £'000
Adults & Communities	122,326	(55,481)	66,845
Children and Families	111,497	(66,387)	45,110
Growth, Enterprise & Environment	10,771	(5,481)	5,290
Housing Benefits	53,718	(54,534)	(816)
Resources	17,373	(10,567)	6,806
<b>Net Cost of Services</b>	<b>315,685</b>	<b>(192,450)</b>	<b>123,235</b>
Other Operating Expenditure	881	(184)	697
Financing and Investment Income and Expenditure	69,762	(15,280)	54,482
Taxation and Non-specific Grant Income	2,480	(126,438)	(123,958)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>388,808</b>	<b>(334,352)</b>	<b>54,456</b>
(Surplus)/Deficit on Revaluation of Non-current Assets			(10,718)
Actuarial (Gains)/Losses on Pension Assets/Liabilities			(23,986)
<b>Other Comprehensive Income and Expenditure</b>			<b>(34,704)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>19,752</b>

## Statement of Financial Accounts

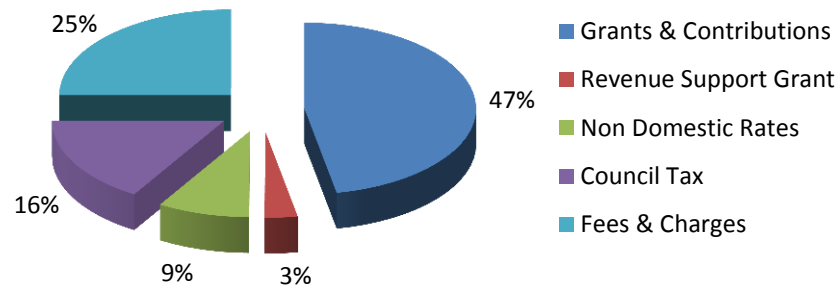
These diagrams show what we spend our money on, and where we get our money from as shown in the Comprehensive Income and Expenditure Statement:

This chart shows that most expenditure incurred by the Council relates to running expenses (70%), this includes premises, transport and external supplies and services.

### % of Revenue Expenditure by Type



### Where the Council's Money Comes From



Only 16% of the Council's funding comes from local Council Tax payers and 9% from localised Business Rates. The remainder of the Council's funding comes in the form of specific grants from Central Government, other public sector bodies and fees and charges (75%).

## Balance Sheet

### The Council's Balance Sheet at 31<sup>st</sup> March 2019

The Balance Sheet presents the financial position of the Council at the end of March 2019. It shows what assets and balances the Council holds, what it is owed and what it owes.

The Council has more liabilities than assets, which results in what is technically called a negative equity balance sheet (at 31 March 2019). Liabilities outweigh its assets by £109.902 million. This is mainly driven by the deficit on the Pension Fund. However, the Pension Fund deficit reflects an assessment of what is owed in pensions over many decades and all those liabilities will not crystallise at any one point in time.

Balance Sheet 2018/19	£'000
<b>Assets</b>	
Buildings, Land and Equipment	286,993
Other Long-term Assets	2,260
Money owed to the Council	35,362
Cash, Investments and Stocks	12,795
<b>Total Assets</b>	<b>337,410</b>
<b>Liabilities</b>	
Borrowing	(247,895)
Pension Scheme	(156,063)
Amounts owed by the Council	(32,900)
Provisions	(3,930)
Capital and Government Grants not yet applied	(6,524)
<b>Total Liabilities</b>	<b>(447,312)</b>
<b>Assets less Liabilities</b>	<b>(109,902)</b>
<b>Financed By:-</b>	
Usable reserves	(34,817)
Unusable Reserves	144,719
<b>Total Net Worth</b>	<b>109,902</b>





## Capital Expenditure

### Capital Expenditure

Capital expenditure represents money spent on land, buildings, equipment and infrastructure. In 2018/19, the Council spent £19.996 million on capital items, financed by capital grants and contributions of £11.382 million, borrowing of £4.406 million and income from the sale of assets of £4.208 million. The main areas of capital investment in 2018/19 were:

<b>Capital Spend by Cluster</b>	<b>2018/19 £'000</b>
Investment in our Towns	1,339
Visitor Attractions & Amenities	4,069
Business Infrastructure	120
Transport Infrastructure	4,741
Supported Housing	3,278
Community Capacity	352
Recycling & Waste initiatives	108
Education	2,481
Council Investments	3,508
<b>Total Capital Spend</b>	<b>19,996</b>

## Collection Fund

### Collection Fund

The Collection Fund shows the income received from Council Tax and Non-Domestic Rates.

The level of Council Tax in any year is determined by estimating the income required by the Council, Police and Crime Panel and the Fire Authority for 2018/19 and by dividing this by the number and value of Band D equivalent residential properties. This calculation known as the tax base for the Borough was set at 38,823 Band D equivalent properties. This is adjusted by the forecast surplus or deficit on the fund for the previous financial year.

Council Tax is charged on a series of property valuation bands, ranging from Band A to Band H. The Council Tax collected by the Council is distributed to the Council (£58.889 million), Cleveland Police Authority (£8.795 million), Cleveland Fire Authority (£2.919 million) and local parishes (£0.587 million) in accordance with their budget precept demands.

The Council administers the collection of the Business Rates. For Redcar and Cleveland, the precepted Non-Domestic Rates (NDR) are distributed on the following shared basis: Central Government (50%), the Council (49%) and Cleveland Fire Authority (1%).

The amounts to be distributed for Business Rates in year, relate to both an estimate of the surplus forecast in 2017/18 and an initial estimate of the amount to be collected in 2018/19. The income to the Council was £19.441 million, Central Government £19.837 million and Cleveland Fire Authority £0.397 million.

	2017/18 £	2018/19 £
Band A Council Tax Charge – Redcar & Cleveland	£972.41	£1,011.24
Band D Council Tax Charge – Redcar and Cleveland	£1,458.61	£1,516.86
Band D Council Tax Charge – Including major precepts	£1,746.21	£1,818.58
Percentage of Council Tax Collected – Redcar and Cleveland	94.5%	94.6%
Percentage of Business Rates Collected	99.2%	99.0%

### Further Information

If you have any comments or queries regarding this summary, please contact us on 01642 444306 or by e-mail to [robert.davisworth@redcar-cleveland.gov.uk](mailto:robert.davisworth@redcar-cleveland.gov.uk).