
2019/20 Financial Statements

Overview

Audit Panel
28 July 2020

Headlines

Small overall deficit on the revenue budget of **£0.013m** but some significant variations in services

Outturn Position £000's	Net Budget	Outturn Position	Variance
Adults	38,369	39,321	(952)
Childrens Services	48,432	56,836	(8,404)
Education	6,014	6,051	(37)
Population Health	16,092	16,259	(167)
Operations and Neighbourhoods	50,627	51,170	(543)
Growth	6,313	6,916	(604)
Governance	9,257	8,835	421
Finance & IT	7,164	5,152	2,012
Quality and Safeguarding	136	136	0
Capital and Financing	5,548	1,262	4,285
Contingency	3,871	127	3,744
Corporate Costs	4,981	4,751	230
Totals	196,803	196,816	(13)

Headlines

Overall net assets of the Council have increased by £50.3m – mainly due to reduction in long term liabilities relating to Pensions following the full actuarial valuation in 2019.

Earmarked reserves reduced overall by £9m. Balance at 31 March includes significant sums of capital and COVID grant funding that has already been spent in 2020/21.

Collection Fund Reserves have increased by £10.6m but this is already committed to fund business rates deficits and the revenue budget in future years.

Narrative Report

- Provides an overall explanation of the Council's financial position, including major influences affecting the accounts, and to enable readers to understand and interpret the accounting statements.
- Summary of Revenue and Capital Outturn position
- Explanation of significant transactions and balances in the financial statements

CIES – Comprehensive Income and Expenditure Statement

Income and expenditure in accordance with proper accounting practice:

- **Deficit** on the provision of services £60.010m – Note 1 reconciles between amounts reported to management and the CIES
- Overall **surplus** on CIES £50.349m – represents the total movement in (useable and unusable) reserves (MIRS)

These figures include non-cash items on an accounting basis and do not represent the ‘cost’ to the Council Tax Payer under statute

Note 1 – Expenditure and Funding Analysis

Reconciles between what was reported to management and members during the year, and the deficit on the provision of services in the CIES

£0.013m	Deficit reported in revenue outturn report
£59.996m	Net additional expenditure charge to CIES on an accounting basis
£60.010m	Deficit on the provision of services in the CIES

Note 1 – Expenditure and Funding Analysis

The £59.996m net additional expenditure in the CIES on an accounting basis includes:

- Depreciation – a notional charge for the use of assets
- Unrealised gains and losses on the value of non-current assets
- Gains and losses on the disposal of assets
- Pension costs on an IAS 19 basis (to reflect the future cost of pensions)

Movement in reserves statement (MIRS)

Reconciles the movements on the usable and unusable reserves:

- General Fund Balance – Increased in line with risk assessment approved in February 2019
- Schools Balances (ring-fenced)
- Earmarked reserves have reduced by £9m – detail of reserves and movements in note 11
- Capital Receipts used to fund capital expenditure
- Grants & contributions for specific purposes
- Unusable Reserves - for accounting adjustments

Reserves

Usable Reserves have **increased by £4.3m** overall but this includes a number significant of movements in and out of reserves (note 11).

- Some reserves have been consolidated into the MTFS reserve as approved in the February 2020 budget report.
- Unspent grants and contributions inflated by COVID grant monies received at the end of March 2020.
- Collection Fund Reserve balance is committed to fund the NNDR deficit on the Collection Fund and to support the Revenue budget over the next four years.

Unusable Reserves are for accounting purposes and are not available to spend.

Balance Sheet

Summary of the Council's Current and Non-current Assets and Liabilities:

- Non Current Assets include physical assets, long term debtors and investments.
- Property, Plant and Equipment has decreased in value by £16m – this is a net figure and includes £31m of additions (Capital Expenditure), £25m of disposals or de-recognition of assets, £35m of revaluation losses and £12m depreciation
- Whilst the overall value of long term assets is stable, the value of the Manchester Airport Shareholding has reduced by £20m

Balance Sheet

Current Assets include cash, short term investments and debtors (amounts owing to the Council):

- Cash, cash equivalents and short term investments balances reflect the significant COVID grant monies received in March 2020, and treasury decisions to hold more liquid cash investments in light of the COVID pandemic.

Balance Sheet

Current Liabilities include short term borrowing, provisions and Creditors (amounts we owe others):

- Short term Provisions have increased by £4m due to a review of provisions and an increase in the provision for business rate appeals

Balance Sheet

Non-Current Liabilities include borrowing to fund Capital Expenditure in prior years, liabilities relating to the PFI schemes and the Pensions Liability:

- The pensions liability has reduced by £67m following the full actuarial valuation completed in 2019.