

## APPENDIX 2

### Appendix 2

#### Funding Analysis

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by local authorities in comparison with those economic resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X1/20X2	Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement <sup>1</sup>
	£000	£000	£000
People Directorate (Children's and Social Services)	47,385	898	<b>48,283</b>
Neighbourhoods (Highways and Housing Services including the Housing Revenue Account)	5,928	1,409	<b>7,337</b>
Business Change (Planning and Economic Development Services)	31	223	<b>254</b>
Corporate and Central Services	19,358	833	<b>20,191</b>
	<b>72,702</b>	<b>3,363</b>	<b>76,065</b>
Other operating expenditure	1,468	750	<b>2,218</b>
Financing and investment income and expenditure	9,831	(850)	<b>8,981</b>
Taxation and non-specific grant income and expenditure	(83,957)	(919)	<b>(84,876)</b>
	<b>44</b>	<b>2,344</b>	<b>2,388</b>
Opening General Fund and HRA Balance at 31 March 20X0	<b>25,247</b>		
Less Deficit on General Fund and HRA Balance in Year	<b>44</b>		
<b>Closing General Fund and HRA Balance at 31 March 20X1</b>	<b>25,203</b>		

<sup>1</sup> Income and Expenditure recognised in accordance with generally accepted accounting practices can be seen in the Comprehensive Income and Expenditure Statement on page [..]

<b>Analysed between General Fund and HRA Balances<sup>2</sup></b>	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening General Fund and HRA Balance at 31 March 20X0	22,118	3,129	25,247
Less Deficit / (Surplus) on General Fund and HRA Balances in Year	148	(104)	44
<b>Closing General Fund and HRA Balance at 31 March 20x1</b>	<b>21,970</b>	<b>3,233</b>	<b>25,203</b>

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<sup>2</sup> An analysis of the movements on the HRA balance may be found in the Movement on the Housing Revenue Account Statement [on page ...]. Further examination of the split of General Fund and HRA balance can be seen in the Movement in Reserves Statement on Page [...]

## Appendix 3

### Note to the Funding Analysis<sup>3</sup>: Adjustments to General Fund to add Expenditure or Income not Chargeable to Taxation or Rents and Remove Items which are only Chargeable under Statute

	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
People Directorate (Children's and Social Services)	280	618	-	898
Neighbourhoods (Highways and Housing Services including the Housing Revenue Account)	720	648	41	1,409
Business Change (Planning and Economic Development Services)	60	163	-	223
Corporate and Central Services	140	693	-	833
<b>Net Cost of Services</b>	<b>1,200</b>	<b>2,122</b>	<b>41</b>	<b>3,363</b>
Other operating expenditure (i)	750	-	-	750
Financing and investment income and expenditure (ii)	(750)	(50)	(50)	(850)
Taxation and non-specific grant income and expenditure (iii)	(844)	-	(75)	(919)
<b>General Fund or HRA Balance (surplus)/Deficit</b>	<b>356</b>	<b>2072</b>	<b>(84)</b>	<b>2,344</b>

#### Adjustments for Capital Funding and Expenditure Purposes

1) Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- i) **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

<sup>3</sup> This note provides a reconciliation of the main adjustments between the Funding Statement to the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

- ii) **Financing and investment income and expenditure** - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- iii) **Taxation and Non Specific Grant Income and Expenditure** – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

**Net change for the removal of pension contributions and the addition of pension (IAS 19) related expenditure and income**

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - **For services** this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service costs.
  - For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

**Other Differences**

- 3) Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
  - The charge **for services** here is a statutory adjustment for a financial instrument relating to a decision by services to issue soft loans to community organisations. Soft loans are loans below market rates.
  - For **Financing and investment income and expenditure** the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts.
  - The charge under **Taxation and non-specific grant income** and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Appendix 4

### Comprehensive Income and Expenditure Statement<sup>4</sup>

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both in the Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000
People Directorate (Children's and Social Services)	74,297	(26,014)	48,283
Neighbourhoods (Highways and Housing Services including the Housing Revenue Account)	46,025	(38,688)	7,337
Business Change (Planning and Economic Development Services)	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
<b>Cost of Services</b>	<b>155,967</b>	<b>(79,902)</b>	<b>76,065</b>
Other operating expenditure	2,218	-	2,218
Financing and investment income and expenditure	11,340	(2,359)	8,981
Taxation and non-specific grant income and expenditure	-	(84,876)	(84,876)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>2,388</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(36,597)
(Surplus) or deficit on revaluation of available for sale financial assets			(101)
Actuarial gains/losses on pension assets/liabilities			(8,444)
<b>Other Comprehensive Income and Expenditure</b>			<b>(45,142)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(42,754)</b>

<sup>4</sup> The service analysis provides the total direct costs of providing the services.

## Appendix 5

### Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	329,667	367,029
<b>Movement in reserves during 20X0/X1</b>								
Total Comprehensive Income and Expenditure	(2,783)	395	-	-	-	(2,388)	45,142	42,754
Adjustments from income & expenditure charged under the accounting basis to the funding basis	2,635	(291)	(750)	-	-	1,594	(1,594)	-
<b>Increase or (Decrease) in 20X0/X1</b>	<b>(148)</b>	<b>104</b>	<b>(750)</b>	<b>-</b>	<b>-</b>	<b>(794)</b>	<b>43,548</b>	<b>42,754</b>
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	373,215	409,783

\*Capital Fund Scotland

\*\* Applicable in England Only