

## Section 4 : Main Statement of Accounts

## Appendix B

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2014							
Prior Year			Cost of Services by Service Area	Note	Current Year		
Gross Expenditure £000	Gross Income £000	Net Expenditure (Income) £000			Gross Expenditure £000	Gross Income £000	Net Expenditure (Income) £000
21,966	(20,282)	1,684	Central Services to the Public		3,910	(3,278)	632
26,622	(7,742)	18,880	Cultural and Related Services		18,838	(6,211)	12,627
22,082	(7,913)	14,169	Environmental & Regulatory Services		19,407	(5,673)	13,734
11,457	(3,428)	8,029	Planning Services		8,450	(2,466)	5,984
175,365	(126,191)	49,174	Education and Children's Services		162,611	(114,402)	48,209
21,339	(4,494)	16,845	Highways and Transport Services		19,847	(6,758)	13,089
83,547	(82,497)	1,050	Other Housing Services		86,172	(84,807)	1,365
79,017	(28,168)	50,849	Adult Social Care		72,586	(21,763)	50,823
			Public Health		16,061	(18,466)	(2,405)
<b>441,395</b>	<b>(280,715)</b>	<b>160,680</b>	<b>Total Cost of Direct Services</b>		<b>407,882</b>	<b>(263,824)</b>	<b>144,058</b>
3,641	(152)	3,489	Corporate and Democratic Core		4,124	(20)	4,104
1,957	(207)	1,750	Non Distributed Costs	2	2,393	0	2,393
<b>446,993</b>	<b>(281,074)</b>	<b>165,919</b>	<b>Total Cost of Services</b>		<b>414,399</b>	<b>(263,844)</b>	<b>150,555</b>
		16,127	Other Operating Income & Expenditure	3			24,902
		10,737	Financing and Investment Activities	4			8,913
		(150,124)	Taxation and Non - Specific Grants	5			(157,664)
		42,659	<b>Deficit on the provision of services transferred to the General Fund</b>				26,706
		20,259	Actuarial (Gains) / Losses on Pension Fund charged to Pensions Reserve.	28			(33,042)
		(3,802)	Revaluation (increases) / decreases to Land & Buildings recognised in the Revaluation Reserve.	5			(28)
		4,824	Depreciation written out to the Revaluation Reserve.	6			1,601
		-	Revaluation (increases) to Heritage Assets recognised in the Revaluation Reserve.	9			(771)
		21,281	<b>Total Other Comprehensive Income &amp; Expenditure</b>				(32,240)
		63,940	<b>Total Comprehensive Income and Expenditure</b>				(5,534)

The day to day budget monitoring arrangements of the Council are based around its own organisational structure and are different to both the statutory and Service Reporting Code of Practice (SeRCOP) requirements. The main difference between the Council's management accounts and the published statutory accounts are as follows:

**Capital Depreciation Charges:**

In the Comprehensive I&E Statement the Council is required to ensure that each service reflects a depreciation charge for the assets they use (land, buildings, plant and machinery etc.).

**Revenue Expenditure Funded by Capital Under Statute (REFCUS) Charges.** Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the I&E in the year.

**Transfers To and From Reserves:**

Transfers into and expenditure funded from reserves are not considered part of the net cost of services and are therefore not reflected at all within the income and expenditure account.

**Central Support Services:**

Under SeRCOP, the costs of corporate services that are provided to front line services and an allocation of certain central expenses have to be included as service costs rather than central 'corporate' costs. Such services and costs include Finance, Legal, Human Resources, IT, Payroll, Creditors, Debtors, Performance & Policy, Audit etc.

**Employer's Pension Fund Contributions:**

Accounting for retirement benefits (IAS19) requires that employer's contributions to pension schemes, reflected in service accounts should only consist of 'current service' costs. As the actual contributions made to the Pension fund by the Council include an element of back funding to recover any previous pension scheme deficit, the service expenditure figures reported in the Statement have to be adjusted to reflect the current service costs as calculated by the fund actuary.

In addition the income and expenditure account includes as part of operating expenditure the net impact of the notional return on the pension fund assets and the increase in accrued future pension liabilities, the Middlesbrough Council elements.

**Other Differences:**

Other transactions such as interest earned and paid, precept payments to Cleveland Police / Cleveland Fire Brigade / Parish Councils and trading units are not considered as part of the net cost of services and are required to be shown as separate items in the section below the service expenditure totals in the comprehensive income and expenditure statement.

A reconciliation between the management accounts and the Income & Expenditure statement is shown in note 41.