

An Introduction to the Statement of Accounts

The Statement of Accounts for Middlesbrough Council provides an overview of the Council's financial position at 31 March 2017 and a summary of its income and expenditure during 2016/2017. The accounts are, in parts, technical and complex as they have been prepared to comply with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017, and International Financial Reporting Standards. The draft accounts are available on the Council's website: www.middlesbrough.gov.uk

The Statement of Accounts will be approved by the Council's Audit and Corporate Affairs Committee on 28th September 2017, and the Independent Auditor's Report to the Members of Middlesbrough Council will confirm whether the accounts provide a true and fair view of the Council's financial position at that time.

Review of the Year

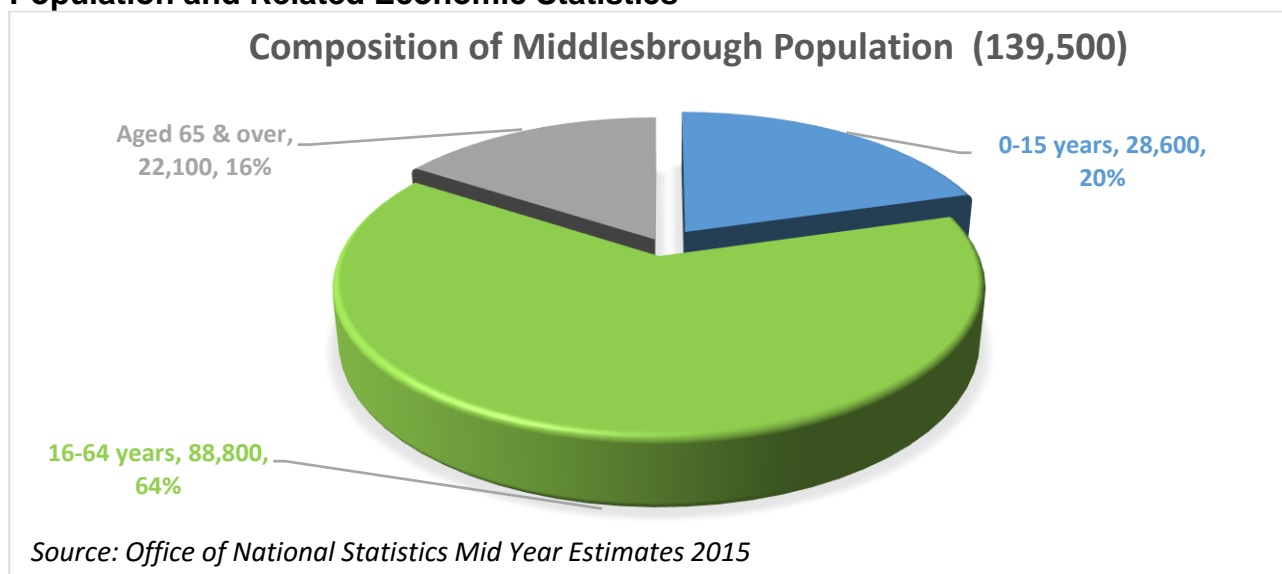
Middlesbrough Council is a large and diverse organisation and the aim of this Narrative Report is to provide both guidance and context to the accounts, presenting a summary of the Council's financial position, financial performance, and non-financial performance for the year, its prospects for future years and briefly explaining the key statements.

Background to the Council

Middlesbrough Council was created following the abolition of Cleveland County Council in 1996 as a unitary local authority serving the people of Middlesbrough. It forms part of the Tees Valley Combined Authority (TVCA) formed recently with its neighbouring authorities.

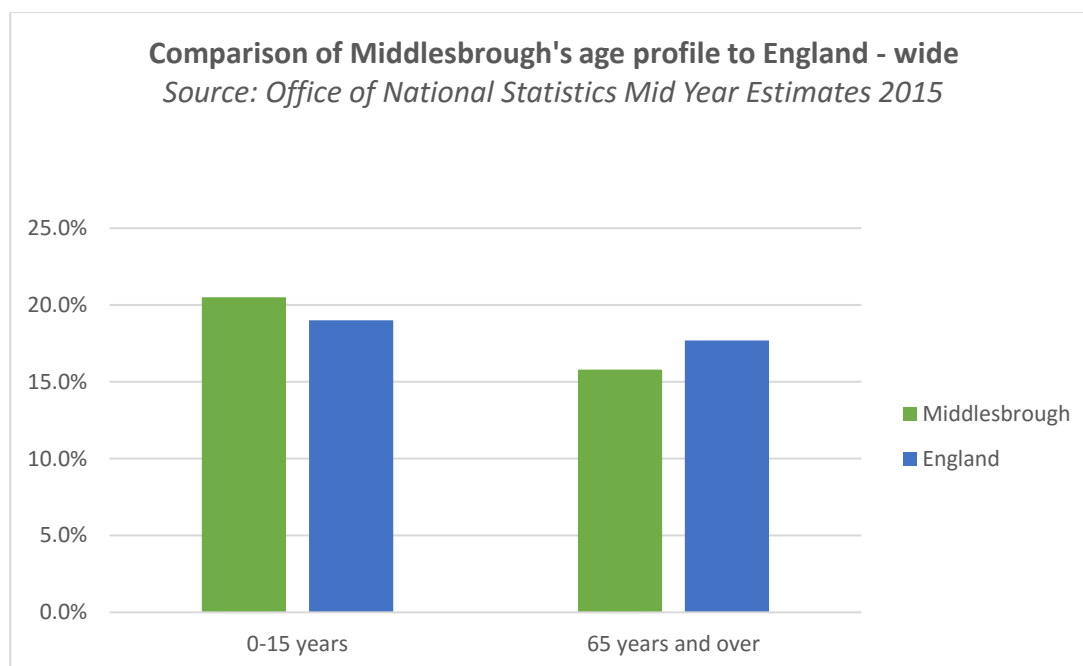
The Council works with local residents, businesses, public sector partners and the voluntary and community sector to improve local social, economic and environmental wellbeing for all and to secure the long term sustainability of the town. It is one of the largest employers in the Tees Valley area, providing work for more than 3,500 people.

Population and Related Economic Statistics



The composition of the local population drives the focus of the services provided by the Council most notably through increasing demand for Children’s and Adult Social Care.

The Office for National Statistics Mid-Year Estimates (2015) reported that Middlesbrough’s estimated population was 139,500, with the age profile as shown above. Middlesbrough has a relatively young age profile, with proportionally more people aged 0-15 years compared to those aged 65 or over. Whilst the trend for more people aged 0-15 years than 65 years or over is in line with the national trend, Middlesbrough shows a marked difference between the two proportions when compared to the national average as shown below:



Economic data from Nomis Official Labour Market Statistics for the period January 2016 – December 2016 shows the following:

	Middlesbrough	North East	England
Gross Annual Pay (Median)	£25,029	£25,650	£28,503
Unemployment rate (16 – 64) (as proportion of economically active)	8.1%	6.6%	4.6%

The Council’s strategy is focused on meeting the needs of its citizens driven by the demographic profile of the town.

Political Structure in 2016/2017

The Council operates a Mayoral style of government led by the Mayor supported by a small Executive team chosen by the Mayor, David Budd. The Executive is the Council's principal decision making body, considering significant issues in connection with, for example, community safety, leisure, education, social services, highways and the environment.

Meetings of the Executive take place every four weeks chaired by the Mayor with each member of the Executive having designated responsibilities (known as portfolios).

Middlesbrough Council is made up of 20 wards with between one and three Councillors representing each ward. Councillors are elected for a four-year term. The political make-up of the Council at 31/3/17 is:

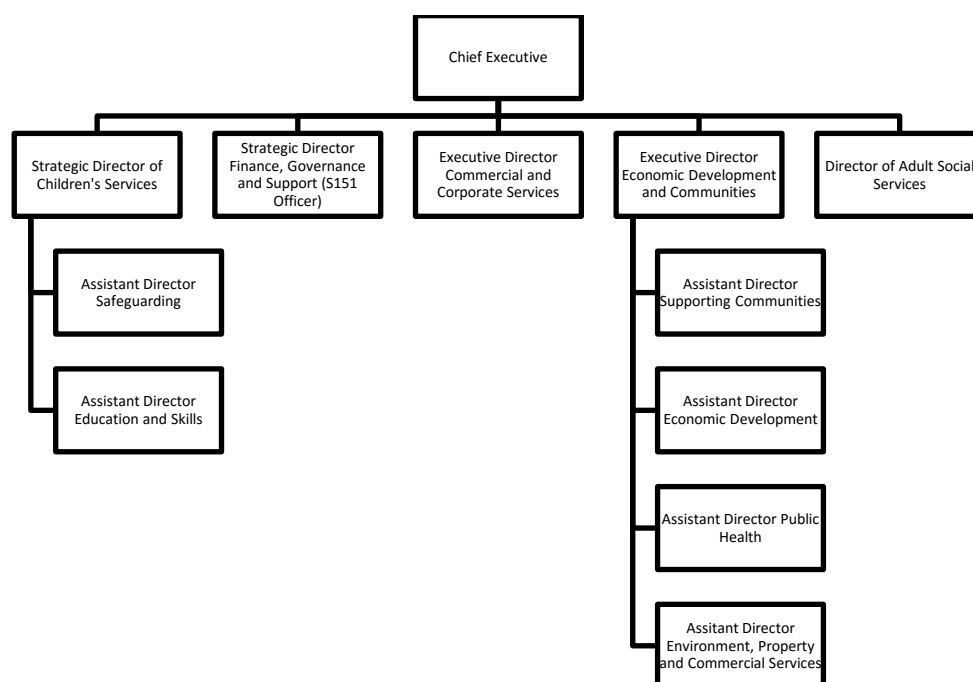
Elected Members	47
Mayor David Budd (Labour)	
Conservative	4
Independent	3
Labour (including Elected Mayor)	33
Marton Independent Group	2
Middlesbrough Independent Councillors' Association	4
Vacant	1

Management Structure

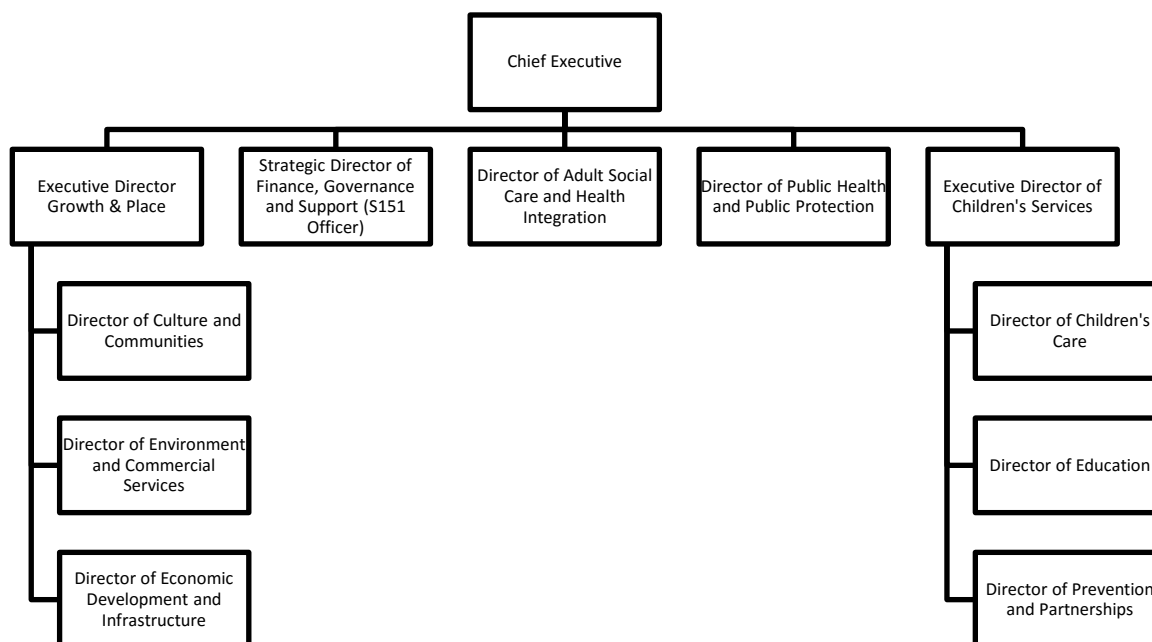
Leadership Team

Supporting the work of the Executive and Council are the officers of the Council headed by the Chief Executive. The organisational structure of the officers is kept under constant review to ensure it meets both the needs of the Council and to provide effective management of the Council's day to day operational activities and governance framework; including risk management.

The Leadership Team structure that existed for the majority for 2016/17 is set out below. The 2016/17 accounts have been based on this structure.



A new Leadership Team structure came into effect operationally on 31st January 2017 and this is set out below.



A Vision for Middlesbrough

The Mayor has outlined his vision for the future of the town to make it a **“Fairer, Safer, Stronger”** place to live and work, and ‘The Vision for Middlesbrough 2025’ which has been approved by a meeting of full Council. The document sets out a number of priorities within the three themes of 'Fairer, Safer, Stronger,' that the Mayor intends to deliver or set in motion in this term and beyond.

The Mayor’s Vision for Middlesbrough is available on the Council’s website at: www.middlesbrough.gov.uk

Investment Prospectus

Bold and ambitious plans to drive forward Middlesbrough’s future were formally launched on 13th March 2017. The strategy will see Middlesbrough transformed through investments totalling almost **£700 million**.

Over the next four years the Council is committed to an injection of **£74 million** into a series of exciting developments as part of the town’s far-reaching [Investment Prospectus](#).

Confidence in Middlesbrough’s growing stature as the city heart of the Tees Valley will serve as a catalyst for the creation of **5,000 new jobs**, in tandem with inward investment from the private sector and other parts of the public sector.

Developments featured in the Investment Prospectus include a £30 million Snow Centre at Middlehaven, a 450-bed student village linked to Teesside University, a brand new Media and Innovation Village and Grade A Town Centre office space. New regeneration will

transform more than 57 hectares of land, with the development of an estimated 1.7 million square feet of new business accommodation.

Financial Review 2016/2017

Setting the Revenue Budget for 2016/2017

In preparing the 2016/2017 revenue budget and medium term financial plan the Council adopted the following principles and statements:

- To ensure that resources are directed to Council priorities in accordance with the agreed Middlesbrough 2020 vision.
- To maximise the efficient, effective and economic use of resources, in conjunction with partners where appropriate.
- To keep Council Tax increases to a minimum.
- To maintain appropriate balances, central provisions and earmarked reserves.
- To make services fully accountable for their own budgets and spending, and enforce a policy of no unauthorised overspending within service areas.
- To maintain appropriate medium term budget planning and monitoring processes, ensuring known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly explained.

In setting the 2016/2017 budget, service budget reductions of approximately £14.1 million and a Council Tax increase of 3.98% were approved by the Council on the 2nd March 2016.

The Council revenue budget for 2016/2017 was £115.912 million and funded as follows:

	£m
Revenue Support Grant	27.645
Top Up Payment	21.810
Local Share of Non Domestic Rates	19.943
Council Tax	46.514
Total net revenue budget in 2016/2017	115.912

Budget Outturn 2016/2017

The Budget Outturn was reported to the Executive on 13th June 2017 and summarised the council's financial outturn in respect of its revenue budget, capital programme, treasury position and reserves movements during the year.

Revenue

The Council's Revenue Outturn resulted in an underspend of £216,000, 0.2% of the total budget.

Directorate	Full Year Budget £'000	Outturn £'000	Over / (under) spend £'000
Economic Development and Communities	32,300	31,835	(465)
Children's Services	27,718	28,773	1,055
Adult Social Care	40,204	39,768	(436)
Finance, Governance and Support	11,471	11,401	(70)
Total Service outturn	111,693	111,777	84
Central costs and contribution to Reserves	4,219	3,919	(300)
Revenue Outturn	115,912	115,696	(216)

Capital

The year-end position of £36.963m on the Council's Capital Programme represented a nominal overspend of £573,000 (1.6%), primarily as a result of a technical accounting adjustment made to recognise within the 2016/17 accounts, a loan payment due to be made by the Council in 2017/18.

Outcome Area	Full Year Budget £'000	Outturn £'000	Over / (under) spend £'000
Economic Development	21,511	20,332	(1,179)
Supporting Communities	25	0	(25)
Improving Public Health	930	2,788	1,858
Learning and Skills	2,233	2,171	(62)
Safeguarding and Children's Care	0	0	0
Social Care	2,386	2,274	(112)
Environment, Property and Commercial Services	5,782	5,823	41
Finance, Governance and Support	3,523	3,575	52
Total	36,390	36,963	573

A number of major projects commenced in the year, supporting the continued development of the town as the vibrant centre of the Tees Valley:

- Middlehaven Relief Road – Dock Bridge (total cost £9.6m)
- Middlesbrough Town Hall Redevelopment (total cost £8.2m)
- Highways Improvements (£3.8m spent in 16/17)
- Street Lighting LED Replacement Programme (£2.4m spent in 16/17)

The Council's Treasury and Reserves movements are fully disclosed within the Statement of Accounts.

Summary by Outcome Area of the Year's Highlights

Economic Development – Outcome 1

2016/17 witnessed the development of Middlesbrough's first Investment Prospectus. Launched in March 2017, the delivery plan details real-world interventions and investments by Middlesbrough Council, strategic Partners and investors. Backed by £74m of Council investment (2016 – 2020), the projects outlined have been developed to deliver economic opportunities for Middlesbrough, whilst contributing to the Council's long term financial stability through enabling new income streams from Business Rates and Council Tax yields.

Many of the projects underpinning the Investment prospectus have been in advanced development / preparatory stages throughout 2016/17. This work will culminate in the commencement of a number of major investments from 2017. Whilst a number of town centre enhancements have commenced delivery, new housing opportunities will start on site and the Middlehaven Dock Bridge (and associated highways improvements) will commence development.

Development and economic growth momentum within Middlesbrough has been well sustained, notably with the official opening of the Advanced Manufacturing Park / TWI facility, by Lord Hesletine and the seismic shift in perceptions created by the growing success of Orange Pip Market and a host of new hospitality retailers entering the town centre marketplace.

From a highways and infrastructure perspective, the enhanced programme of highway improvements has been delivering well with the notable completion of the Cargo Fleet enhancements and completion of the LED streetlight upgrade programme. Working closely with Tees Valley Combined Authority, new enhancements and funding opportunities are being explored on both a local, and Tees Valley, level.

Supporting Communities – Outcome 2

2016/17 saw the launch of a new way of working between the Stronger Families Service and Health Visitors, to support children and families where progress of 0-4 year olds was lower than expected. The new model provides greater focus to the network of seven Children's Centres, and underpins the overall Early Help approach.

The Service achieved other significant successes for 0-4s, leading national league tables in the take up of funded childcare places for 2 year olds, and the Council's community based nursery at Thorntree receiving the highest grade possible from Ofsted (Outstanding). For other young people, the Work Readiness Team also achieved the lowest ever proportion of young people not in education employment or training (NEET).

On the community side, family literacy delivery grew in Hubs, a dedicated community plan was launched for North Ormesby, and staff at Central Library were recognised for their work as a dementia friendly venue.

The Council also led on the achievement of White Ribbon status, demonstrating the town's commitment to reducing domestic abuse.

Improving Public Health – Outcome 3

The Service has continued to deliver a number of transformation programmes to improve public health outcomes for the local population in 2016/17. These include a successful review and procurement of a new substance misuse service for drugs and alcohol that provides a family focused approach to children, young people and adults. The new service commenced in October 2016 and managed to deliver financial efficiencies and an improved service.

Following the successful award of a Public Health England capital bid, the Service led the development of the Live Well Centre, an integrated well-being centre for the town which combines facilities for physical activity, nutrition, emotional well-being, substance misuse recovery, sexual health, housing support and employment. The centre was completed towards the end of the 2016/17 financial year and will be officially opened in June 2017.

The Service has continued to support the roll out of the Dementia Friendly Middlesbrough programme with an increased profile on dementia being achieved across the town.

The Public Protection service led the review of the statement of licensing policy and strengthened the arrangements for safeguarding children through the licensing objectives. An alcohol strategy was developed and launched and the Council agreed to sign the local alcohol declaration to demonstrate its commitment to tackling alcohol related harm.

The Environmental Protection service has supported the implementation of the Selective Landlord Licensing programme in North Ormesby and will be working closely with the other departments to review the impact of the programme to inform future arrangements.

Learning and Skills – Outcome 4

The Service has continued in setting high expectations for children and supporting schools to work together to share best practice.

Early Years and Key Stage 1-The percentage of children achieving a good level of development in Foundation stage is increasing each year and increased by 3% points in summer 2016. The gap with the national figure is narrowing slowly. Phonics decoding rose by 3% in July 16, however a gap of 6% remains against the national figure.

The Assessment system for Key Stage 2 children changed in 2016 so trend data is unavailable

Success was seen in Maths attainment with a higher proportion of children than the National average achieving at the expected standard for their age at the end of Year 6. In our Secondary schools the average progress 8 score for pupils in year 11 in Middlesbrough (-0.12) was higher than both statistical neighbours (-0.219) and other North East authorities (-0.16). Two schools scored in the top 5% of schools nationally in terms of Progress 8- Outwood Acklam and Acklam Grange.

A full team approach to reduce Permanent exclusions with a focus on earlier intervention has seen a significant reduction in the numbers of permanent exclusions so far this

academic year" (15/16 - 80, 16/17 – 37 so far). This has included deploying staff to work extensively with school leaders and providing short term placements with a view to supported returns to mainstream classes.

The SEND and VL Service have significantly increased the number of Education, Health and Care Plans which need to be completed within the 20 week statutory time line. This has increased from 15.2% in 2015, to 52% in 2016 and is currently standing at 100%.

Safeguarding and Children's Care – Outcome 5

2016/17 saw the refurbishment of the three children's homes with significant investment significantly improving the quality of the offer to looked after children in residence. The occupancy of the children's homes has improved over the year ensuring better value for the Councils investment. The improvements to the homes have been recognised by Ofsted during their return visits.

An increase in the capacity of the Independent Review Service has resulted in increased levels of scrutiny of practice to inform improvements. Changes in practice, in particular streamlining of some processes, have enabled a refocus on quality and outcomes for children and families.

The Performance Management Framework for Children's Care has been redesigned with a system which allows team level data analysis. This provides the basis for developing a more sophisticated performance management framework going forward.

Recruitment of foster carers continues with record numbers of family members being supported to foster as 'connected persons' enable children to remain within extended families whilst being kept safe.

Adult Social Care - Outcome 6

Adult Social Care has once again achieved its cost reductions for the year and returned an underspend; this represents substantial success in managing both the cost and provision of equitable, high quality care.

On-going improvements in our demand modelling is allowing us to become increasingly accurate and sophisticated in the way we understand trends in care needs and continues to support us in developing new services and planning for the future care needs of the town.

Throughout the year we have continued with our increasingly structured re-positioning away from a service that responds to crisis towards a genuinely preventative and reabling service. This will continue in future years but 2016/2017 has seen a reduction in the use of residential care and we continue to see and a reduction in the average cost of care packages at our Access point. These changes are the result of more careful and creative Social Work practice, putting the individual at the centre of the process, and have been achieved with no significant negative impact on outcomes for service users.

Environment, Property and Commercial Services – Outcome 7

Property Services have delivered a number of significant capital schemes for the Council over the year including refurbishment of two children's homes and the creation of the new contact centre to the ground floor of Middlesbrough House. These schemes have been

delivered through a more integrated working approach between Property Services, Asset Management and Design Services.

The Crematorium has benefited from the refurbishment of St Bede's Chapel, improvements to the surrounding landscaping and ongoing development of digital access to services at the venue. To date these have been well received by the public and feedback has been positive.

The investment in the Bus Station has also been well received including the refurbishment of the toilets which has resulted in a significant reduction in anti-social behaviour. The creation of a quiet room for people with dementia, a medical room and the first bus station in the area to receive the safer bus station award, all contribute to the Mayor's objective of a safer town.

Asset Management continue to work in partnership with other outcome areas and external partners such as Middlesbrough Environment City, to deliver on the Council's One Planet Living Objectives.

Streetscene Services have once again been successful in retaining the seven Green Flag Awards for the parks, cemeteries, and open spaces in Middlesbrough. Throughout the year, the Area Care team have developed a successful working partnership with the Orange Pip market events team.

The refuse collection & recycling rounds have been reviewed and new rounds have been implemented, enabling crews to work more efficiently, with a more joined up approach.

Highways Engineers have made a significant contribution to the regeneration of the town centre, with the completion of high quality paving schemes in Bedford/Baker Street, Albert Road & Linthorpe Road and these works will continue into 2017/18 with further planned works in Albert Road & Corporation Road. The team have also completed works on bus stop improvement schemes at Riverside Park, and the Ladgate Lane Cycleway.

Finance, Governance and Support - Outcome 8

The new Strategic Director of Finance, Governance & Support took up post in September. He has sought to develop the new directorate by bringing the teams together and to build a culture of working to support the rest of the organisation through business partnering; better communications; excellent teamwork and working towards ambitious goals.

We have managed the delivery of the Council Improvement Plan, including the embedding of the Project Management Office and monthly Directorate Project Boards to manage progress and achievement of milestones against major projects. Taken together this represents a major step forward in the governance of the Council.

The Finance Team have completed a 'dry run' of early closure of accounts, in preparation for the earlier closedown timetable for 2017/18. The quarterly Finance and Performance reporting process has been improved in year, with the introduction of a revised quarterly report incorporating both revenue and capital financial reporting, and balanced scorecard performance reporting, including reporting against key performance indicators.

Further detail is included in the Annual Governance Statement in Section 8 of these accounts.

We have developed and implemented the Council's Customer Strategy. A new corporate website and Customer Relationship Management system were introduced in year, and a new Customer Centre opened in early April which has had excellent feedback with much shorter waiting times.

The Teesside Pension Fund's performance has beaten major indices for 2016/17, rising by 24.9%, meaning that the Fund was valued at £3.13 billion as at 31 March 2016, and £3.86 billion by 31 March 2017.

ICT have delivered a new Strategy (2017-2021) aligned to the Mayor's Vision and Directorate delivery plans. The ICT capital allocation has been re-profiled to reflect the infrastructure development and refresh requirements outlined in the services Technical Roadmap. The launch of the new service delivery model, as part of the "Customer First, Your-ICT Programme" enables users to access ICT support via a self-serve portal and provides service desk support hours more in line with business requirements. The Agile Working initiative has also been successful, with 900 staff choosing to take up this option during the year.

With our strategic partner, the HR Service has implemented Phase 1 of a new HR Pay System; the Payroll system went live in March 2017. Additionally, the roll out of the revised staff appraisal process is now complete. Organisational Development continues to progress with its development of the People Strategy, corporate induction programme and workforce planning.

Finally, we have carried out the successful management of both the Police & Crime Commissioner Election and the Brexit Referendum.

Looking Ahead

The Council completed a full review of its Medium Term Financial Plan (MTFP) setting out the projected financial requirement for the next four years 2017/18 to 2020/21. This takes account of the fact that Government Funding has been assumed to fall during the period to 2020, and also assumes that for 2019/20 the transition to 100% Business Rates Retention will not result in a further reduction in funding.

Bold and ambitious plans to drive forward Middlesbrough's economic resurgence were formally launched in March 2017. The strategy - spearheaded by Elected Mayor Dave Budd and Middlesbrough Council Chief Executive Tony Parkinson - will see the town transformed through investments totalling almost £700 million. Over the next four years the Council is committed to an injection of £74 million into a series of exciting developments as part of the town's far-reaching Investment Prospectus.

Environment, Property & Commercial Services are continuing to explore opportunities to reduce the Council's use of energy wherever possible and have undertaken a detailed assessment with Tess Valley Combined Authority around the feasibility of a town centre district heating scheme.

Annual Statement of Accounts

The Statement of Accounts comprises of a number of sections and statements, which are briefly explained below:

Narrative - this provides information on the format of this Statement of Accounts as well as a review of the financial position of the Council for the financial year 2016/2017.

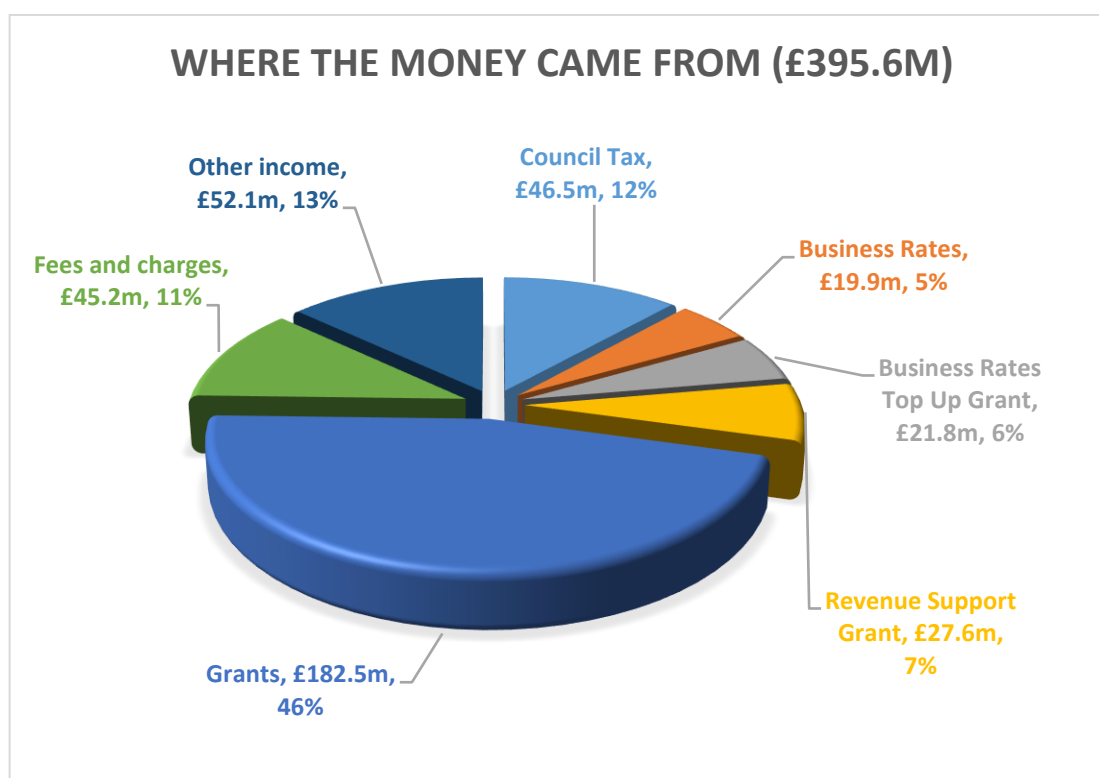
Statement of Responsibilities - this details the responsibilities of the Council and the Chief Finance Officer (Section 151 Officer), concerning the Council's financial affairs and the Statement of Accounts.

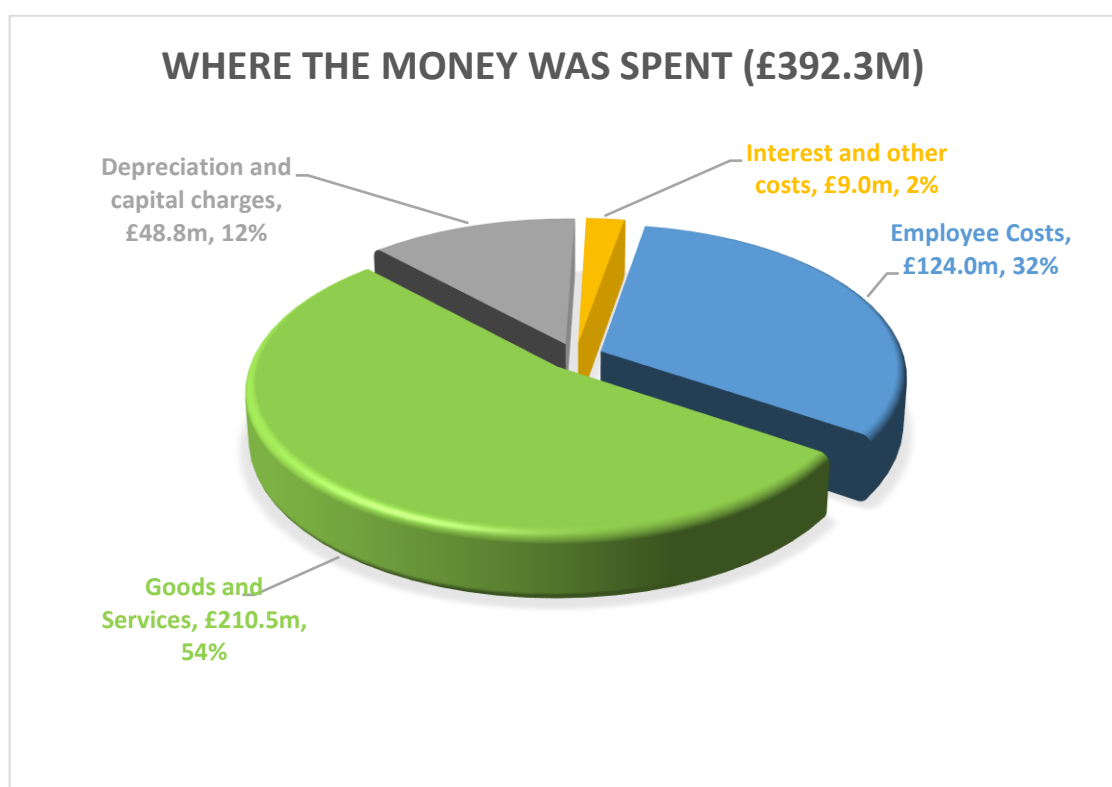
Independent Auditor's Report to the Council - the external auditor, Ernst & Young LLP will prepare this report on completion of their audit.

Annual Governance Statement - the Council is required to carry out an annual review of the effectiveness of the system of internal control and to include a status report with the Statement of Accounts. The Statement explains how the Council has complied with the Code of Corporate Governance during 2016/2017 and will be published with the audited accounts.

The **Main Accounting Statements** comprise:

- The **Comprehensive Income and Expenditure Statement** – shows the income and expenditure of the Council in line with the statutory and CIPFA Accounting Code of Practice requirements.
- The charts below illustrate where the money has come from and how it has been spent. It shows a net saving of £216,000 and a budgeted contribution to Reserves of £3m.

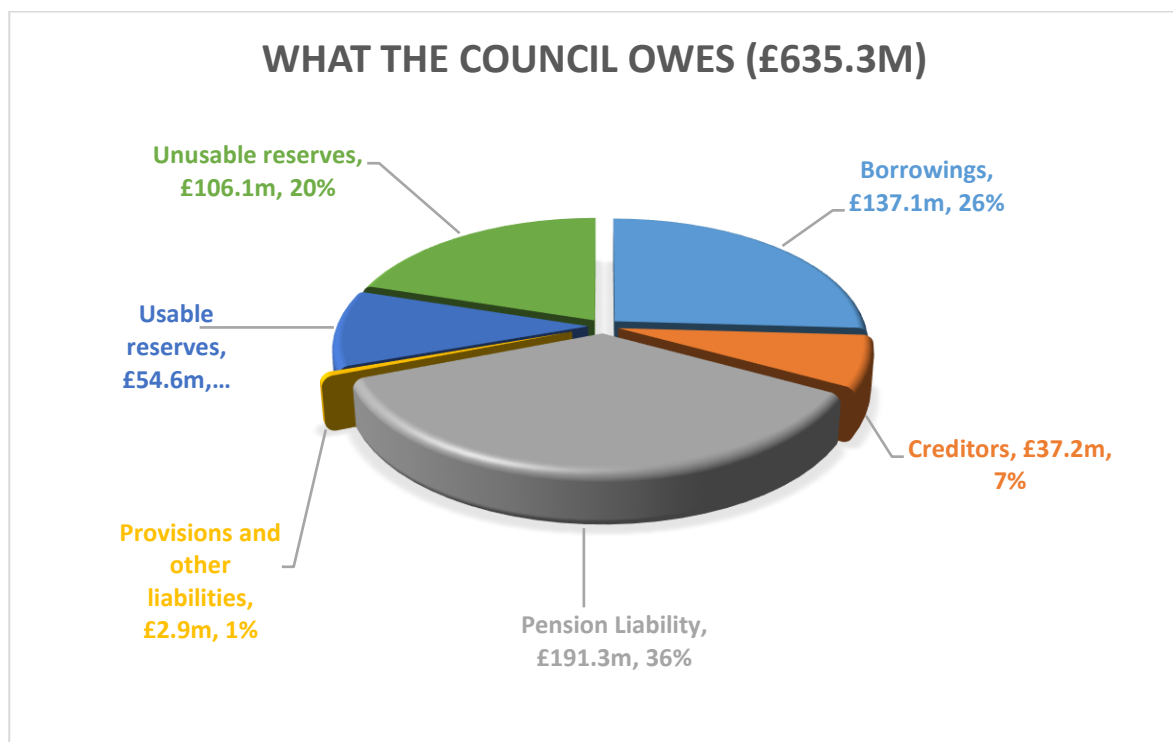
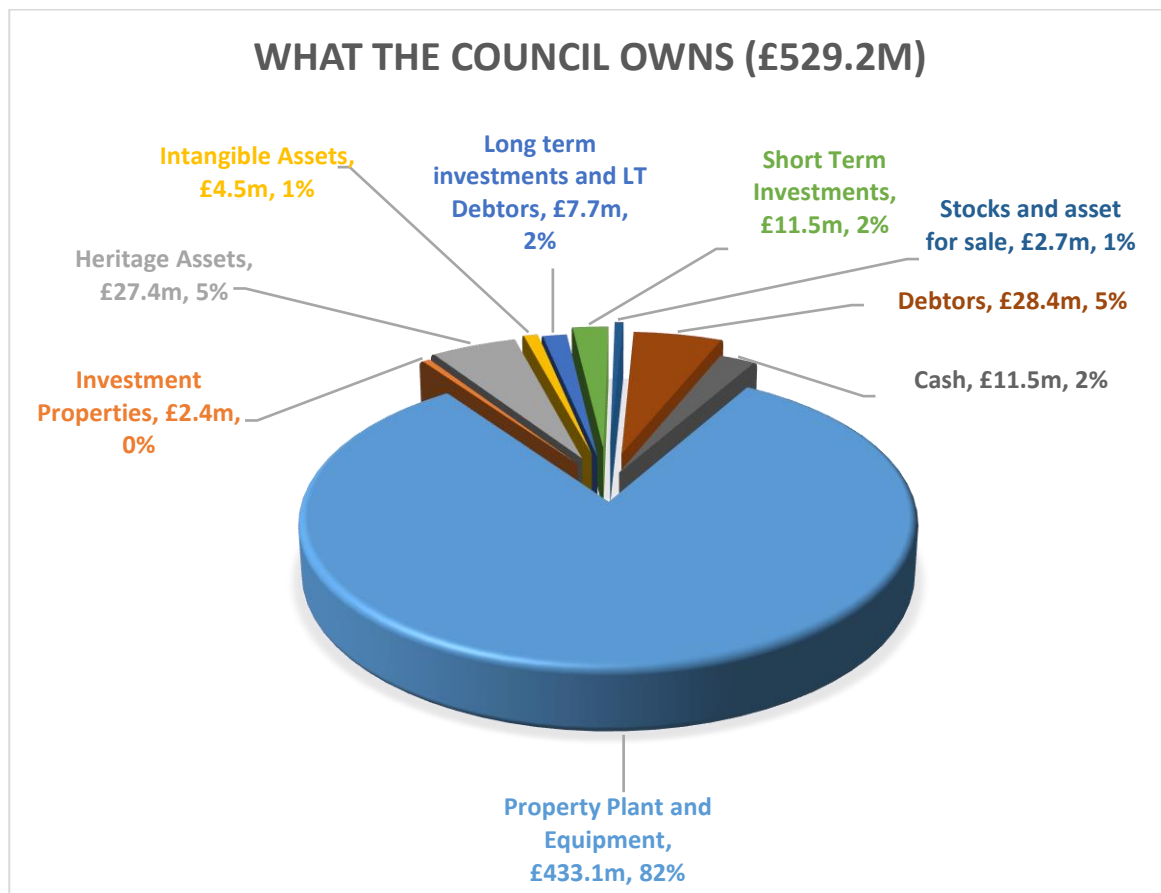




- The **Balance Sheet** – shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The difference between the capital expenditure in the capital outturn report of £37.0m and the additions set out in the accounts is summarised below and reflects the technical accounting treatment of revenue expenditure funded by capital (REFCUS - Revenue Expenditure Funded from Capital Under Statute)

Types of Asset Expenditure	Note	Spending (£ m)
Operational Property, Plant and Equipment	5	25.3
Community Assets	5	0.4
Assets under Construction	5	1.9
Investment Properties	10	0
Intangible Assets	15	1.6
Capital Expenditure on Assets		29.2
Revenue Expenditure Funded from Capital Under Statute	35	7.8
Total Capital Expenditure		37.0

The following charts summarise what the Council owns and what it owes:



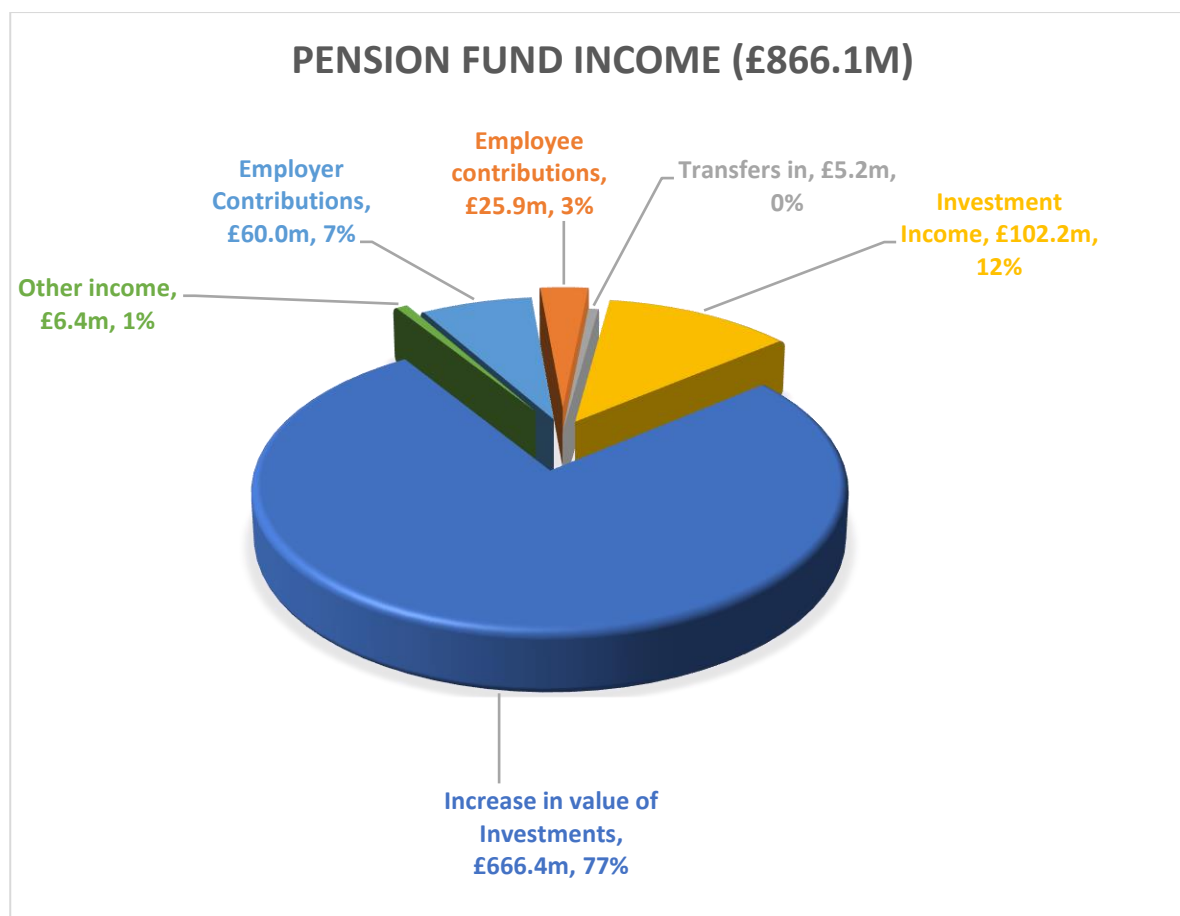
- The **Movement in Reserves Statement** - this statement shows the movement in the year on the different reserves held by the Council, split into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves (arising mainly as a result of technical and accounting adjustments).
- The **Cash Flow Statement** - this summarises the changes in cash and cash equivalents of the Council during the reporting period. Cash flows are split between operating, investing and financing activities.

Accounting Policies Note - this note explains the basis for the recognition, measurement, and disclosure of transactions in the Accounting Statements.

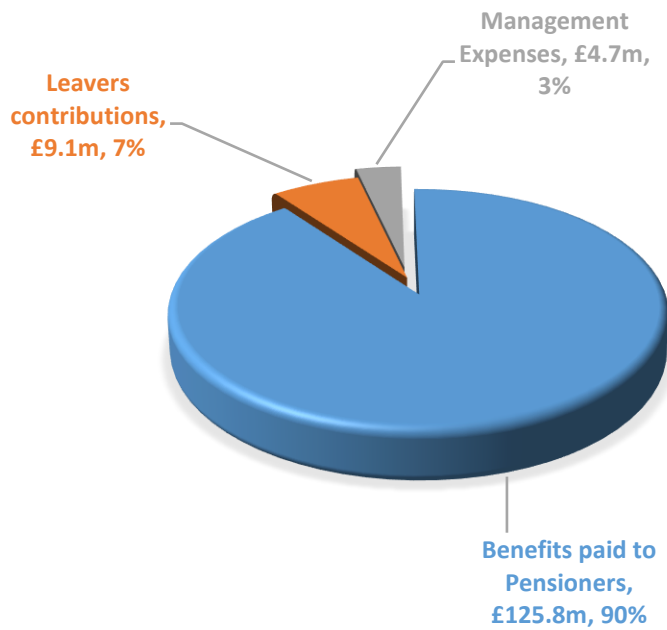
Notes to the Main Statements - provide supporting and explanatory information as to how the accounts have been prepared and support the understanding of the accounting policies applied in the accounts to present a true and fair view of the financial position.

Pension Fund Accounts - the Teesside Pension Fund is administered by the Council; is independently managed and completely separate from the Council's own finances. This statement is an extract from the Teesside Pension Fund Annual Report and summarises the financial position of the Pension Fund, including all income and expenditure for 2016/2017, assets, and liabilities as at 31 March 2017.

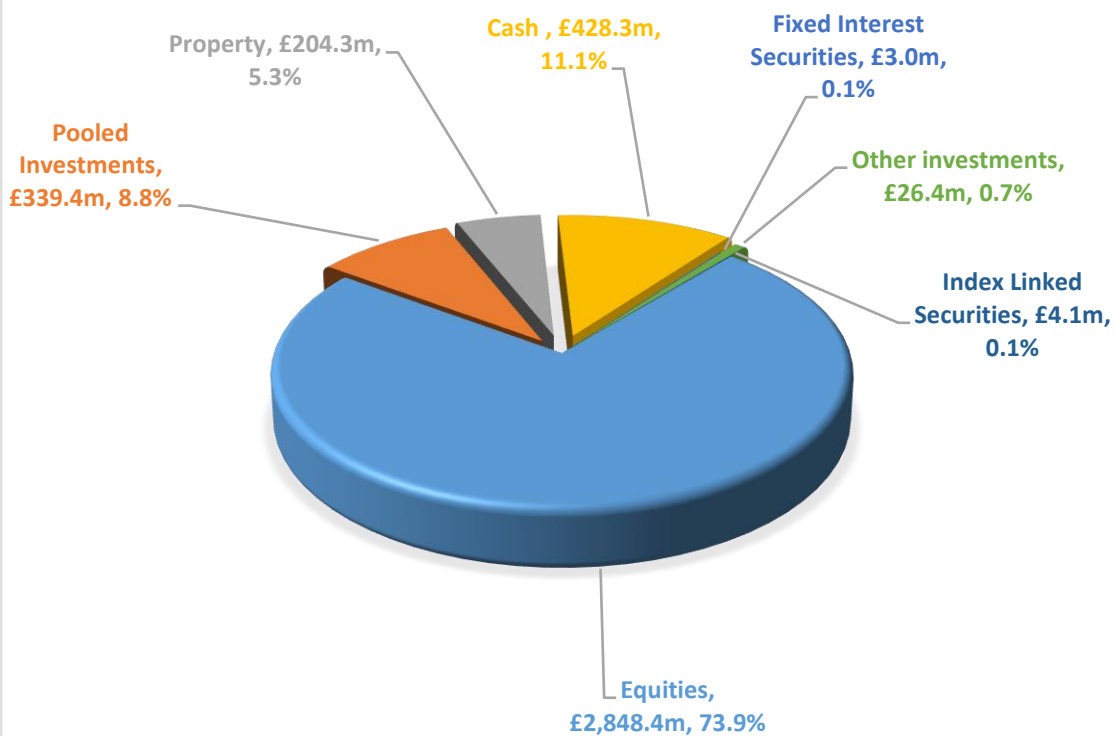
The following charts summarise the income and expenditure of the Fund's and its assets:



PENSION FUND EXPENDITURE (£139.6M)



PENSION FUND ASSETS (£3,853.9M)



A **Glossary** - to the Statement of Accounts is also included to explain the technical jargon and help make the document more understandable to the reader.

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2017							
Prior Year - 31 March 2016			Current Year - 31 March 2017				
Gross Expenditure £000	Gross Income £000	Net Expenditure (Income) £000	Cost of Services by Service Area	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure (Income) £000
29,330	(7,922)	21,408	Economic Development		37,766	(10,008)	27,758
9,765	(2,212)	7,553	Supporting Communities		15,350	(3,480)	11,870
15,057	(18,957)	(3,900)	Improving Public Health		16,864	(17,663)	(799)
94,845	(90,794)	4,051	Learning Skills		87,902	(80,550)	7,352
31,892	(2,357)	29,535	Safeguarding & Childrens Care		33,909	(3,082)	30,827
74,683	(36,275)	38,408	Social Care		69,116	(30,452)	38,664
52,401	(25,828)	26,573	Environment, Property & Commercial Services		46,652	(11,650)	35,002
81,172	(58,321)	22,851	Finance, Governance & Support		108,053	(87,462)	20,591
1,589	(3,206)	(1,617)	Central Costs		5,030	(9,136)	(4,106)
390,734	(245,872)	144,862	Total Cost of Services		420,642	(253,483)	167,159
6,860	(823)	6,037	Other Operating Income and Expenditure	3	56,322	(7,039)	49,283
44,738	(40,346)	4,392	Financing and Investment Activities	4	43,437	(33,931)	9,506
0	(133,279)	(133,279)	Taxation and Non Specific Grants	5	0	(131,688)	(131,688)
442,332	(420,320)	22,012	(Surplus) of Deficit on Provision of Services		520,401	(426,141)	94,260
			<i>Items that will not be re-classified to the (Surplus) or Deficit on the Provision of Services</i>				
		14,925	(Surplus) or Deficit on revaluation of Property, Plant and Equipment Assets	6, 16			(10,493)
		1,637	Actuarial (Gains) or Losses on Pension Fund charged to Pensions Reserve	25			(3,534)
		(9,012)	Depreciation written out to the Revaluation Reserve	6			(7,296)
		7,550	Other Comprehensive Income and Expenditure				(21,323)
		29,562	Total Comprehensive Income and Expenditure				72,937

Appendix C

Balance Sheet at 31 March 2017

At 31 March 2016 £000		Note	At 31 March 2017 £000
	Long Term Assets		
406,906	Property, Plant and Equipment	6	433,117
27,382	Heritage Assets	9	27,382
79,463	Investment Properties	11	2,389
4,449	Intangible Assets	15	4,535
309	Long Term Investments		309
6,291	Long Term Debtors	21	7,394
524,800	Total Long Term Assets		475,126
	Current Assets		
0	Short Term Investments	17	11,500
1,273	Assets held for sale	16	750
1,739	Inventories	20	1,988
28,351	Short Term Debtors	21	28,357
8,816	Cash and Cash Equivalents	22	11,464
40,179	Total Current Assets		54,059
	Current Liabilities		
(25,918)	Short Term Borrowing	17	(30,986)
(39,565)	Short Term Creditors	23	(37,186)
(1,352)	Current Provisions	24	(739)
(66,835)	Total Current Liabilities		(68,911)
(26,656)	Net Current Liabilities		(14,852)
	Long Term Liabilities		
(2,071)	Long Term Provisions	24	(131)
(76,309)	Long Term Borrowing	17	(106,073)
(185,636)	Pension Liability	25	(191,349)
(493)	Other Long Term Liabilities	17	(2,022)
(264,509)	Total Long Term Liabilities		(299,575)
233,635	Net Assets		160,699
	Reserves		
63,519	Usable Reserves	29	54,619
170,116	Unusable Reserves	31	106,080
233,635	Total Reserves		160,699

Movement in Reserves Statement						
Movement in Reserves for the Year Ended 31 March 2017	General Fund	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016	50,795	9,199	3,525	63,519	170,116	233,635
Movement in Reserves during 2016/17						
Total Comprehensive Income and Expenditure	(94,260)	0	0	(94,260)	21,324	(72,936)
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis under regulation	85,197	(5,803)	5,966	85,360	(85,360)	0
Movement between reserves	0	0	0	0	0	0
Increase or (decrease) in 2016/17	(9,063)	(5,803)	5,966	(8,900)	(64,036)	(72,936)
Balance at 31 March 2017	41,732	3,396	9,491	54,619	106,080	160,699

Movement in Reserves Statement						
Movement in Reserves for the Year Ended 31 March 2016	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
	Balance at 1 April 2015	56,360	13,062	4,506	73,928	189,267
Movement in Reserves during 2015/16						
Total Comprehensive Income and Expenditure	(22,012)	0	0	(22,012)	(7,548)	(29,560)
Adjustments from Income and Expenditure charged under the accounting basis to the funding basis under regulation	16,961	(3,863)	(1,348)	11,750	(11,750)	0
Movement between reserves	(514)	0	367	(147)	147	0
Increase or (decrease) in 2015/16	(5,565)	(3,863)	(981)	(10,409)	(19,151)	(29,560)
Balance at 31 March 2016	50,795	9,199	3,525	63,519	170,116	233,635

Appendix E

Cash Flow Statement for the Year ended 31 March 2017

Year to 31 March 2016 £000		Note	Year to 31 March 2017 £000
(22,012)	Surplus / (deficit) on provision of services transferred to the General Fund		(94,260)
	Adjustment for items not affecting cash flow		
19,112	Depreciation of Property, Plant and Equipment (PPE)	6	16,658
1,365	Amortisation of Intangible Assets	15	1,384
4,119	Impairments to PPE	5, 8	24,326
0	Impairments to Assets held for sale	16	455
(4,266)	Fair Value gain on Investment Properties	11	(286)
(680)	Donated PPE and Heritage Assets	6, 8	(892)
0	Donated Investment Properties	11	(40)
9,999	NBV on Disposal of non current assets	5, 8,10,15	56,641
2,338	Difference between Current Service Cost and Contributions made to the Pension Scheme	25	1,514
6,502	Impact of Changes to Actuarial Assumptions applied to the Pension Scheme Deficit	25	7,733
(1,775)	Movement in Provisions	24	(2,553)
14,702	Surplus on provision of services after non cash adjustments		10,680
(4,527)	Adjustments for items that are Financing or Investing Activities		0
	Other operating cash flows		
(14,327)	Cash absorbed by the reduction in creditors		(5,043)
8,143	Cash absorbed by the increase in debtors	20	(1,109)
(72)	Cash absorbed by the increase in inventories	19	(249)
3,919	Net cash flow from operating activities		4,279
(26,583)	Investing Activities	32	(37,947)
21,690	Financing Activities	33	36,316
(974)	Net increase /(decrease) in cash and cash equivalents		2,648
9,790	Cash and Cash Equivalents at the start of the period	22	8,816
8,816	Cash and Cash Equivalents at the end of the period	22	11,464

Collection Fund Income and Expenditure Account

2015/2016 £000		2016/2017 £000 Council Tax	2016/2017 £000 Business Rates	2016/2017 £000 Total
Income				
(54,932)	Council Tax	(58,721)	0	(58,721)
(39,527)	Income from Business Rate Payers	0	(42,459)	(42,459)
(94,459)	Total Income	(58,721)	(42,459)	(101,180)
Expenditure				
Precepts and Demands:				
42,571	Middlesbrough Council	46,179	0	46,179
6,360	Cleveland Police and Crime Commissioner	6,767	0	6,767
2,170	Cleveland Fire Authority	2,306	0	2,306
Business Rates				
20,266	Payments to Central Government	0	20,350	20,350
405	Payments to Cleveland Fire Authority	0	407	407
19,861	Payments to Middlesbrough Council	0	19,943	19,943
179	Costs of Collection	0	177	177
Bad & Doubtful Debts				
1,266	Write Offs	169	2,052	2,221
1,355	Provisions for Bad Debts	2,048	133	2,181
(3,000)	Provision for Appeals	0	500	500
91,433	Total Expenditure	57,469	43,562	101,031
Contributions towards previous year's estimate				
889	Collection Fund Deficit / (Surplus)	1,202	(1,360)	(158)
(2,137)	Deficit / (Surplus) for the year	(50)	(257)	(307)
COLLECTION FUND BALANCE				
2,288	Balance brought forward at 1st April	(1,818)	1,969	151
(2,137)	Deficit / (Surplus) for the year (as above)	(50)	(257)	(307)
151	Balance carried forward at 31st March	(1,868)	1,712	(156)
Allocated to				
(550)	Middlesbrough Council	(1,561)	839	(722)
(226)	Cleveland Police and Crime Commissioner	(229)	0	(229)
(57)	Cleveland Fire Authority	(78)	17	(61)
984	Central Government	0	856	856
151		(1,868)	1,712	(156)

Expenditure and Funding Analysis						
2015/16			2016/17			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Service Area	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustment between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
11,950	9,458	21,408	Economic Development	7,615	20,143	27,758
4,378	3,175	7,553	Supporting Communities	7,048	4,822	11,870
446	(4,346)	(3,900)	Improving Public Health	1,230	(2,029)	(799)
(628)	4,679	4,051	Learning Skills	(675)	8,027	7,352
28,624	911	29,535	Safeguarding & Children's Care	29,448	1,379	30,827
37,792	616	38,408	Social Care	39,768	(1,104)	38,664
14,804	11,769	26,573	Environment, Property & Commercial Services	15,942	19,060	35,002
16,112	6,739	22,851	Finance, Governance & Support	11,401	9,190	20,591
10,285	(11,902)	(1,617)	Central Costs	3,919	(8,025)	(4,106)
123,763	21,099	144,862	Net Cost of Service	115,696	51,463	167,159
(119,917)	(2,933)	(122,850)	Other Income and Expenditure	(115,912)	43,013	(72,899)
3,846	18,166	22,012	Surplus or Deficit	(216)	94,476	94,260