

Sefton Council – Statement of Accounts 2017/2018

Executive Summary

Introduction

The Statement of Accounts is intended to give clear information about the Authority's finances. It is intended to answer:

- ❑ What did the Authority's services cost in the year of account?
- ❑ Where did the money come from to pay for these services?
- ❑ What were the Authority's assets and liabilities at the year-end?

The Statement of Accounts was presented to the Audit and Governance Committee on 25 July 2018. This summary presents each of the major statements included within the Accounts in a shorter, more reader friendly format.

Accounting Policies and Practice

There have been no material changes in accounting policy in 2017/2018.

Income and Expenditure Statement

The Income and Expenditure Statement shows the day-to-day cost of running all Council Services between 1 April and 31 March and demonstrates how these costs have been financed from Government grants and income from local taxpayers.

The major variations compared to last year include:

- ❑ Net expenditure on Schools and Families has reduced significantly due to a change in the way the Council values its schools impacting on figures in 2016/2017. However, there has been a corresponding increase in the Other Revenue Transactions line as this is a notional adjustment that has no impact on the Council's net expenditure.
- ❑ There has continued to be a reduction in Government funding in 2017/2018 resulting in a decrease in General Government Grants of £37.3m. However, part of this reduction is offset by Sefton becoming part of the Liverpool City Region 100% Business Rates pilot, with the Council now retaining 99% of Business Rates compared to 49% previously.
- ❑ There has been an increase in Council Tax income following the Council raising an Adult Social Care levy of 2% together with a 2.99% general increase.

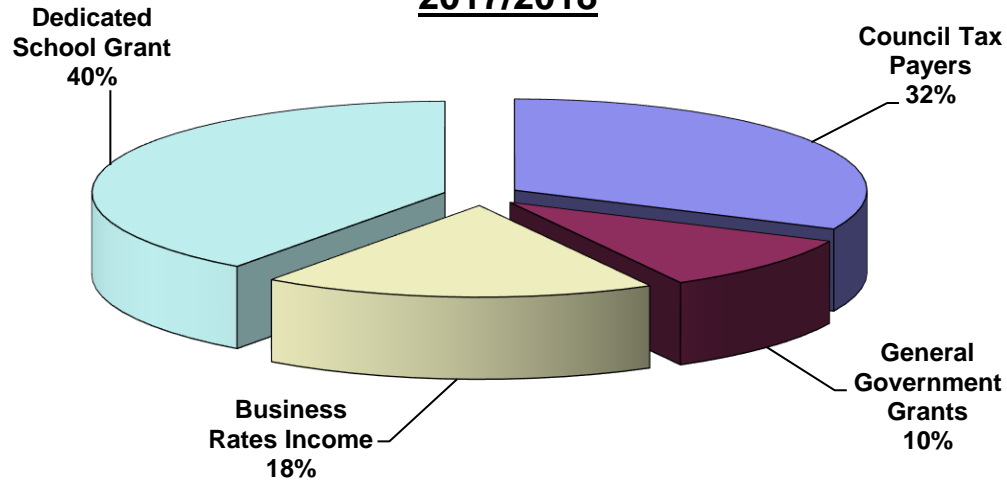
Did you know?

- ❑ That income raised from local Council Tax payers represents 32% of the Council's net financing; a further 8% comes from Business Rates, with the remainder from Central Government.
- ❑ That 15% of Sefton's net expenditure relates to external organisations.

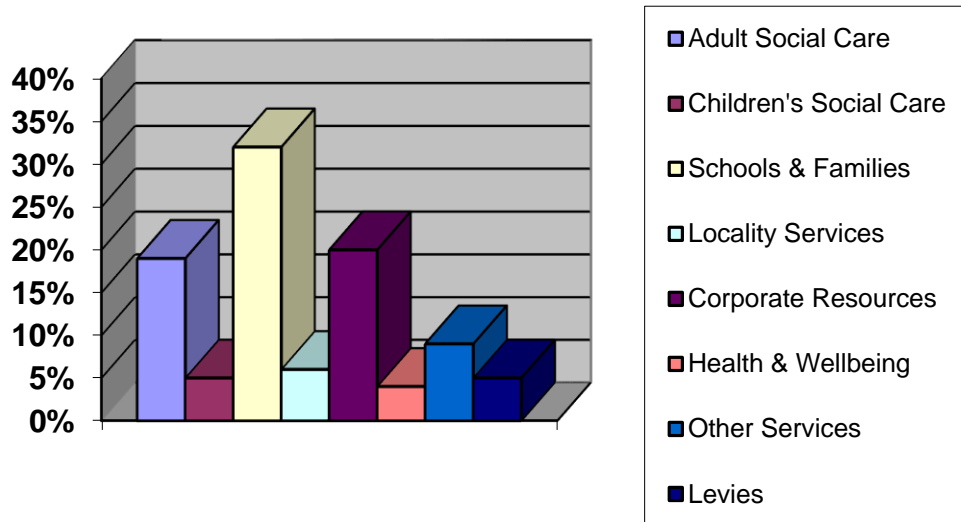
Comprehensive Income and Expenditure Statement 2017/2018

	2016/2017	2017/2018
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	84,174	81,835
Children's Social Care	28,335	28,573
Communities	11,294	9,316
Corporate Resources	24,996	26,117
Inward Investment & Employment	5,617	3,624
Locality Services - Commissioned	18,367	17,858
Locality Services - Provision	8,610	10,942
Schools and Families	63,792	23,687
Other Services	14,200	14,645
Net Cost of Services	259,385	216,597
Precepts paid to Parish Councils	925	921
Levies	33,782	31,568
Loss / Gain (-) on disposal of fixed assets	729	666
Net interest on loans and investments	5,381	6,223
Other Revenue Transactions	-71,247	-37,896
Amount to be met from Government Grants and Local Taxpayers	228,955	218,079
Financed by: Council Tax	-111,643	-118,748
Collection Fund Surplus	-4,467	-2,022
General Government Grants	-75,476	-38,155
Non-Domestic Rates Income	-34,379	-61,760
Change in General Fund Balance for the Year	2,990	-2,606
<u>Movement in General Fund Balances</u>	2016/2017	2017/2018
	£'000	£'000
Change in General Fund Balance for the year	2,990	-2,606
Opening General Fund Balance	-24,927	-21,937
Closing General Fund Balance	-21,937	-24,543
Non-School Balances as at 31 March	-8,103	-9,132
School Balances as at 31 March	-13,834	-15,411

Sources of General Fund Financing for 2017/2018



Gross Revenue Expenditure on Services (Percentage of Total)



Balance Sheet

The Balance Sheet represents a snapshot of the Authority's financial position at the year-end. It summarises the Authority's assets and liabilities and shows the level of reserves available at the end of the financial year.

	31 March 17 £'000	31 March 18 £'000
Long Term Assets		
Property Plant and Equipment	493,881	515,371
Other Long Term Assets	80,161	82,300
	574,042	597,671
Current Assets		
Debtors and Prepayments	36,111	43,285
Investments and Cash & Cash Equivalents	20,381	16,603
Other Current Assets	872	826
	57,364	60,714
Current Liabilities		
Creditors and Receipts in Advance	-47,384	-44,786
Other Current Liabilities	-2,800	-11,835
	-50,184	-56,621
Long Term Liabilities		
Long Term Borrowing	-100,197	-148,712
Pensions Liability	-426,977	-378,066
Provisions and Other Long Term Liabilities	-27,777	-30,520
	-554,951	-557,298
Total Assets less Liabilities	26,271	44,466
Balances		
Non-Distributable Reserves	70,715	20,772
Distributable Reserves:		
Capital Grants and Contributions Unapplied	-8,147	-9,333
Usable Capital Receipts	-7,124	-5,675
Earmarked Reserves	-59,778	-25,687
	-75,049	-40,695
Balances: Delegated Schools	-13,834	-15,411
Non-Delegated Services	-8,103	-9,132
	-21,937	-24,543
Total Reserves	-26,271	-44,466

- Long Term Borrowing has increased by £49m due to the Council borrowing to fund a strategic investment and a payment relating to its pension liability.
- The Pensions liability has reduced by £49m due to the Actuary revising various assumptions (e.g. on yields and inflation rates due to improving market conditions). This has also reduced Non-Distributable Reserves by a corresponding amount.
- Earmarked Reserves have reduced by £34m primarily due to the Council temporarily utilising reserves to fund a payment relating to its pension liability. Reserves will be increased again in 2018/2019 and 2019/2020.

Cash Flow

The table below summarises the cash flow statement for 2017/2018, which shows the net movement in cash balances (cash in hands of officers and cash overdrawn) during the year.

	£'000
Net cash flows from Operating Activities	9,451
Net cash flows from Investing Activities	33,517
Net cash flows from Financing Activities	-43,208
Net decrease in cash and cash equivalents	-240
Cash and cash equivalents at the beginning of the reporting period	-16,303
Cash and cash equivalents at the end of the reporting period	-16,543

Collection Fund

The Collection Fund represents the income received from Council Taxpayers and from Business Rates and details how the income has been distributed to Sefton Council (including Parish Precepts), Merseyside Police and Crime Commissioner (Council Tax only) and Merseyside Fire and Rescue Authority. The following table details the distribution of the Collection Fund in 2017/2018.

	£'000
Council Tax	
Sefton Council (including Parish Precepts)	118,748
Paid to Merseyside Police and Crime Commissioner	13,594
Paid to Merseyside Fire and Rescue Authority	6,089
Business Rates	
Sefton MBC	62,955
Paid to Merseyside Fire and Rescue Authority	636

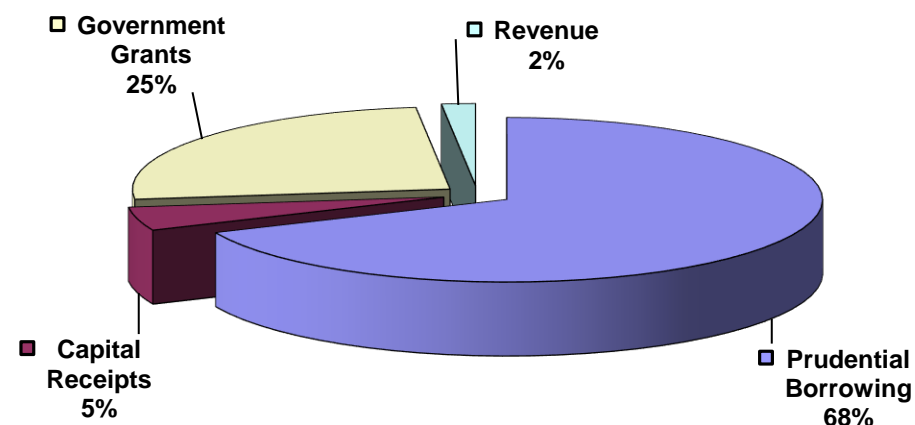
Capital Spending

Capital expenditure is expenditure incurred by the Council to purchase or improve assets, such as roads and buildings. The Council receives the benefit of this type of expenditure over a longer period of time. Capital expenditure totalled £54.368m in 2017/2018 and is broken down over services in the table below:

	£'000
Capital Expenditure During the Year	
Locality Services - Commissioned	6,487
Regeneration, Strategic Investment & Housing	33,469
Schools & Families	3,068
Health & Wellbeing	1,114
Communities	658
Regeneration & Compliance	6
Locality Services - Provision	558
Corporate Resources	1,378
Adult Social Care	2,745
Inward Investment and Employment	1,462
Capitalisation	3,423
	54,368

The 2017/2018 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2017/2018



Summary Operating Financial Review

The following statement by the Head of Corporate Resources describes some of the key points from the Council's stewardship of public funds.

Revenue Expenditure

The Council budgeted to utilise £0.894m of general balances to support General Fund Non-School services in 2017/2018, but underspent by £1.923m. Therefore balances increased by £1.029m in 2017/2018. Non-school General Fund balances total £9.132m at the year-end; School balances amounted to £15.411m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £54.4m spent in 2017/2018 following the £22.3m spent in 2016/2017. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2018/2019 and future years budgeted to cost £12.0m.

For Further Information

The complete, audited, Statement of Accounts for 2017/2018 will be available on our website at www.sefton.gov.uk in late July 2018.

If you have any questions or suggestions on how this document, or the full Statement of Accounts, could be improved please contact the Head of Corporate Resources at Magdalen House, 30 Trinity Road, Bootle, L20 3NJ.

Or e-mail: finance@sefton.gov.uk