

Sefton Council – Statement of Accounts 2012/2013

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 September 2013. This summary presents each of the major statements included within the Accounts in a shorter, more reader friendly format.

Accounting Policies and Practice

The 2010/2011 Statement of Accounts were the first set of accounts to be produced under the International Financial Reporting Standards (IFRS) code. Adoption of the IFRS based code resulted in significant changes to both presentation and values in the accounts. However, for 2012/2013 there were no significant changes to the Accounts.

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:

- ❑ The transfer of seven secondary schools to academy status during 2011/2012 resulted in a loss of £111m on the disposal of fixed assets. In 2012/2013 there was a loss of £11m relating to the transfer of a secondary school to free school status with a corresponding increase in the Other Revenue Transactions line.

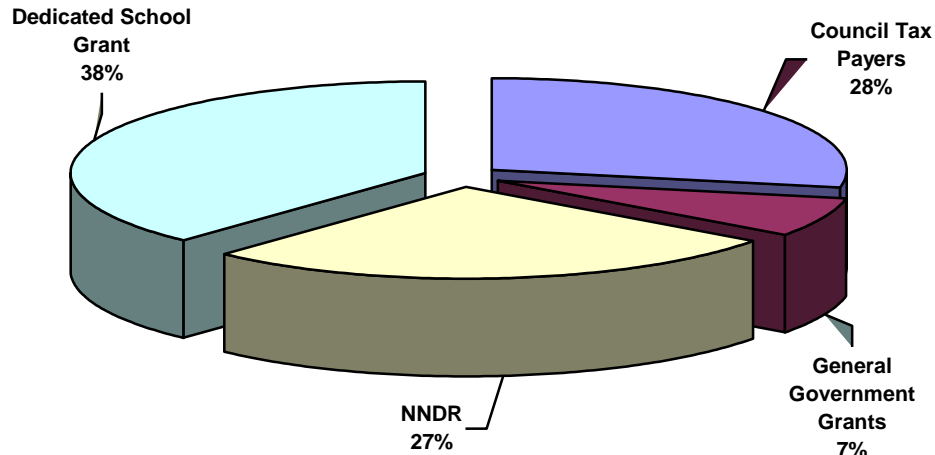
Did you know?

- ❑ That income raised from local Council Tax payers represents 28% of the Council's net financing, a further 27% comes from Business Rates, with the remainder from Central Government.
- ❑ That 16% of Sefton's net expenditure relates to external organisations.

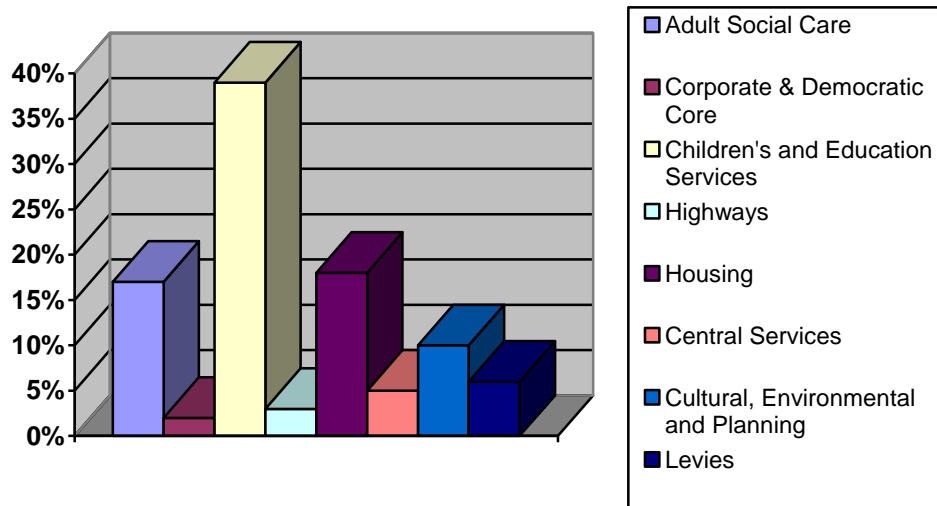
Comprehensive Income and Expenditure Statement 2012/2013

	2011/2012	2012/2013
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	86,336	86,920
Central Services to the Public	4,876	1,070
Children's and Education Services	66,555	68,166
Corporate and Democratic Core	8,659	9,009
Cultural, Environmental and Planning Services	43,223	41,207
Highways and Transport Services	16,299	15,014
Housing Services	8,506	8,961
Non Distributed Costs	8,302	5,517
Net Cost of Services	242,756	235,864
Precepts paid to Parish Councils	974	948
Levies	39,033	38,582
Loss on disposal of fixed assets	111,542	10,171
Net interest on loans and investments	6,618	6,722
Other Revenue Transactions	-135,231	-32,663
Amount to be met from Government Grants and Local Taxpayers	265,692	259,624
Financed by: Council Tax	-118,871	-118,903
Collection Fund Deficit	430	430
General Government Grants	-54,169	-27,822
National Non-Domestic Rates	-96,457	-115,794
Change in General Fund Balance for the Year	-3,375	-2,465
<u>Movement in General Fund Balances</u>	2011/2012	2012/2013
	£'000	£'000
Change in General Fund Balance for the year	-3,375	-2,465
Opening General Fund Balance	-18,885	-22,260
Closing General Fund Balance	-22,260	-24,725
Non-School Balances as at 31 March	-3,711	-6,576
School Balances as at 31 March	-18,549	-18,149

Sources of General Fund Financing for 2012/2013



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 12 £'000	31 March 13 £'000
Long Term Assets		
Property Plant and Equipment	643,620	618,860
Other Long Term Assets	65,734	59,922
	709,354	678,782
Current Assets		
Debtors and Prepayments	40,748	36,191
Investments and Cash & Cash Equivalents	51,575	39,986
Other Current Assets	969	7,996
	93,292	84,173
Current Liabilities		
Creditors and Receipts in Advance	-52,524	-54,736
Other Current Liabilities	-12,637	-4,056
	-65,161	-58,792
Long Term Liabilities		
Long Term Borrowing	-123,311	-123,171
Pensions Liability	-287,375	-347,649
Provisions and Other Long Term Liabilities	-37,895	-31,516
	-448,581	-502,336
Total Assets less Liabilities	288,904	201,827
Balances		
Non-Distributable Reserves	197,367	110,215
Distributable Reserves:		
Capital Grants and Contributions Unapplied	10,296	10,342
Usable Capital Receipts	6,332	5,371
Earmarked Reserves	52,649	51,174
	69,277	66,887
Balances: General Fund – Schools	18,549	18,149
General Fund – Non-Schools	3,711	6,576
	22,260	24,725
Total Reserves	288,904	201,827

- The value of Property, Plant and Equipment has reduced mainly due to the transfer of a secondary schools to free school status during 2012/2013 and impairments on a number of properties which has resulted in a reduction of £33m. This has also reduced Non-Distributable Reserves.
- Pensions liability increased by £60m due to the Actuary revising various assumptions (e.g. on yields and inflation rates). This has also reduced Non-Distributable Reserves.

Cash Flow

The table below summarises the cash flow statement for 2012/2013, 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	-17,964
Net cash flows from Investing Activities	19,997
Net cash flows from Financing Activities	14,487
Net decrease in cash and cash equivalents	16,520
Cash and cash equivalents at the beginning of the reporting period	-36,394
Cash and cash equivalents at the end of the reporting period	-19,874

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 MBC (including Parish Precepts), Merseyside Police Authority and Merseyside Fire and Civil Defence Authority. The following table details the distribution of the Collection Fund in 2012/2013.

	£'000
Council Tax	
Sefton MBC	118,903
Paid to Merseyside Police Authority	14,026
Paid to Merseyside Fire and Civil Defence Authority	6,272
Business Rates	
Paid to Central Government	58,351

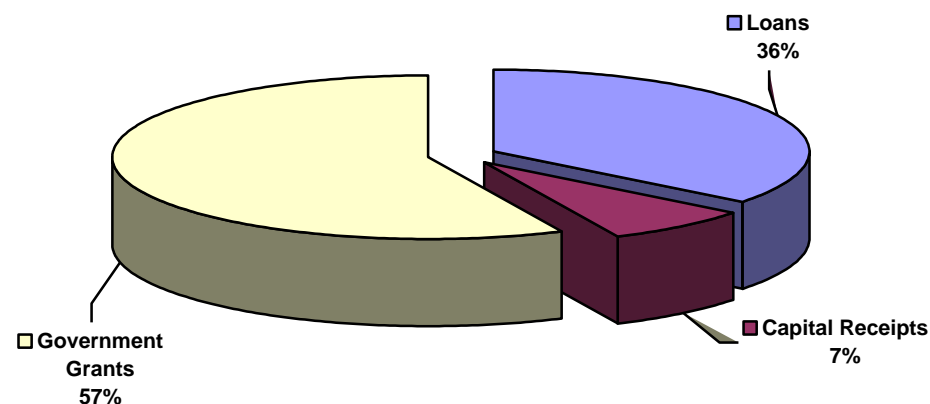
Capital Spending

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 £37.8m in 2012/2013 and is broken down over services in the table below:

	£'000
Capital Expenditure During the Year	
Adult Social Care	283
Children's Services	5,468
Corporate Services	4,288
Environmental	1,285
Housing	3,419
Leisure and Tourism	9,460
Regeneration	6,842
Technical Services	6,783
	37,828

The 2012/2013 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2012/2013



Summary Operating Financial Review

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

Revenue Expenditure

The Council did not budget to achieve a surplus for General Fund Non-School services in its 2012/2013 Revised Estimate, but underspent by £2.865m therefore contributing to balances. Non-school General Fund balances total £6.576m at the year-end; School balances amounted to £18.149m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £37.8m spent in 2012/2013 following the £39.3m spent in 2011/2012. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13 and future years budgeted to cost £35.3m.

For Further Information

The complete, audited, Statement of Accounts for 2012/2013 is available on our website at www.sefton.gov.uk and at local libraries from early October 2013.

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 Finance and ICT at Magdalen House, 30 Trinity Road, Bootle, L20 3NJ.

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