



**DRAFT**  
**STATEMENT**  
**OF ACCOUNTS**  
**2025/2026**

Unaudited and unsigned

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## **NARRATIVE REPORT**

### **Introduction**

Sefton is a Metropolitan Borough Council, providing the full range of local authority services to the residents of Sefton. These services include planning, licensing, street cleansing, highways maintenance, education, leisure and refuse collection, as well as safeguarding vulnerable children and helping older people retain their independence.

Located on the west coast of England between Liverpool in the south and Lancashire in the north / northwest, the Council covers the area of around 15,000 hectares, stretching from Bootle in the South, through Seaforth, Waterloo, Crosby, Thornton, Altcar, Ince Blundell, Lunt, Freshfield and Formby, up to and including Birkdale, Ainsdale, Southport and Crossens in the North. It also includes the areas of Maghull, Lydiate and parts of Melling and Aintree. It is responsible for providing services to approximately 286,000 residents, local businesses and industry.

As a local authority, Sefton is accountable to Central Government and the electorate. It is responsible for continuously looking to improve its services to ensure that they meet the needs of the local community. Each service must ensure that the local taxpayers are receiving "value for money" by delivering high quality outcomes.

The Council has continued to face significant financial challenges in 2025/2026. As a result of the previous Government's austerity program, the Council's core grant funding was reduced every year over a ten-year period between 2010/2011 and 2019/20. By 2019/2020 core Government grant funding had reduced by more than 50%. As a result of the cuts in grant funding, local authorities are now more reliant on local sources of income such as Council Tax and Business Rates.

For 2025/26, the Government announced an 11.2% increase in the Sefton Council's core grant funding, which equated to an 8.3% increase in total core funding when council tax income was taken into account. However, grant increases for the Market Sustainability and Fair Cost of Care Fund, and the new children's social care prevention grant both come with additional responsibilities.

As a result of the previous funding cuts and the increase in demand for statutory services, the Council needed to identify and agree savings of £233 million within its financial plans between 2010/11 and 2019/20. The impact of these savings required a radical change to the way that the Council operates and provides services. To facilitate this change, the Council undertook a major consultation exercise in 2016 to identify the areas that local residents thought the Council should prioritise for use of its resources (Sefton 2030 Vision and Council Core Purpose). The outcome of this consultation is summarised later in this document.

In order to facilitate the changes required to meet the Council's future priorities, the Council has published a Corporate Plan and a Transformation Programme Plan covering the period 2024 to 2027. The Council has also developed a Climate Change Emergency Plan that represents its commitment to reducing carbon emissions.

The Council commissioned an LGA peer group review during 2023/24 which was undertaken in November 2023. The recommendations of the review were considered by the Council's Cabinet in April 2024, and an action plan has been approved. The LGA peer group revisited the Council in June 2025 to review the Council's progress and provide suggestions on further areas for improvement.

The challenges faced by the Council have been compounded over the past few years as a result of the ongoing impact of Covid-19, the cost-of-living crisis, increasing demand for services (particularly children's social care), interest rate increases (higher cost of borrowing), a significant increase in employers national insurance contributions from 1 April 2025, and the impact of inflation. The Council also faces higher borrowing costs as a result of the growing Special Educational Needs and Disabilities deficit, which is a problem currently being faced by all local authorities with education responsibilities. The impact of these pressures has meant the Council has recorded an overspend on several services in 2025/26 including adults social care, children's social care, homelessness services, and home to school transport, and needed to identify further mitigating cost saving measures in the year. Despite this the Council has been able to set a balanced budget for 2026/27 and agree a Medium-Term Financial Plan setting out its approach to funding service provision over the following three years.

## **An overview of Sefton Council**

### **Sefton Councillors in 2025/2026**

The Council is composed of 66 councillors (three for each of the Borough's 22 wards), with one-third elected three years in every four. The political analysis of the councillors as at 31 March 2026 is identified below:

|                  |           |
|------------------|-----------|
| Labour           | 51        |
| Liberal Democrat | 9         |
| Conservative     | 3         |
| Independents     | 1         |
| Green Party      | 1         |
| Reform UK        | 1         |
| <b>Total</b>     | <b>66</b> |

Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors have to agree to follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Audit and Governance Committee trains and advises them on the Code of Conduct which is set out in Chapter 2 of the Council's Constitution.

### **Management Structure**

#### Councillors

Along with many other authorities, a Leader and Cabinet management structure has been adopted. The Council appoints the Leader of the Council, approves those matters which are part of the Council's policy framework and provides an opportunity through questioning and debate for the Cabinet to be held to account.

The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Individual Members of the Cabinet make decisions on service issues within their area of responsibility (portfolio) under delegated powers set out in Chapter 5 of the Constitution.

There are four Overview and Scrutiny Committees which support the work of the Cabinet and the Council as a whole. They allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern:

- Overview and Scrutiny Committee (Adult Social Care and Health)
- Overview and Scrutiny Committee (Children's Services and Safeguarding)
- Overview and Scrutiny Committee (Regeneration and Skills)
- Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services)

These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. The Committees also monitor the decisions of the Cabinet.

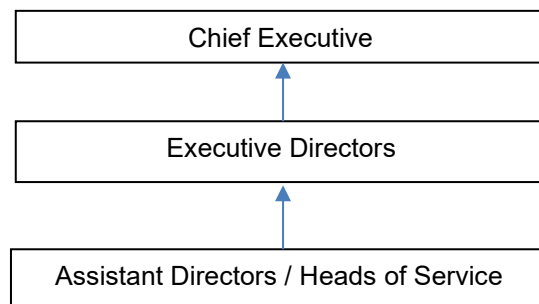
There is also the opportunity for the public to ask questions or submit petitions directly to the Council.

The Leader of the Labour Group, Councillor Marion Atkinson, is the Leader of the Council.

#### Strategic Management

The senior management structure aims to reflect the need for departments to collaboratively work together as 'One Council' and thereby maximise capacity and avoid duplication. In support of the politicians, the senior management structure is identified below.

The posts shown below formed the Strategic Leadership Board in March 2026.



Executive Directors: (1) Adult Social Care, Health and Wellbeing, (2) Children's Social Care and Education, (3) Corporate Resources, (4) Operations and Partnerships, and (5) Regeneration, Economy and Assets.

Assistant Directors / Heads of Service: (1) Adult Social Care, (2) Children's Social Care, (3) Children's Services (Education), (4) Commissioning and Transformation (Adult Services), (5) Corporate Resources and Customer Services (Strategic Support), (6) Communities, (7) Legal and Democratic Officer / Monitoring Officer, (8) Operational In-House Services, (9) Place (Commercial Development), (10) Place (Highways and Public Protection), (11) Place (Economic Growth and Housing), (12) Property and Strategic Management, and (13) Public Health.

The number of Assistant Directors / Heads of Service has reduced from 14 to 13 in 2025/26.

Other Employees: At the end of 2025/2026 the Council employed approximately 3,255 people (full time equivalents, excluding school-based employees).

### Sefton 2030 Vision and Council Core Purpose

In November 2016, the Council approved the Sefton 2030 Vision and the Council Core purpose. This was developed following an extensive consultation with residents, businesses and many visitors to the borough. In their thousands, these groups told the Council they want to be involved in planning the future, what matters to them and how all stakeholders need to work together to make the vision happen. The Vision will enable the Council and partners to demonstrate the connected thinking and action. It will also enable the Council to bring about meaningful and measurable plans with targets, timescales and a performance management framework.

In supporting the delivery of the Vision, the Council approved the following refined Core Purpose to articulate its role in delivering the 2030 vision.

- **Protect the most vulnerable:** i.e. those people who have complex care needs with no capacity to care for themselves and no other networks to support them. For those who are the most vulnerable we will have a helping role to play, we will challenge others to ensure we all protect the most vulnerable and where we need to, we will intervene to help improve lives.
- **Facilitate confident and resilient communities:** The Council will be less about doing things to and for residents and communities and more about creating the capacity and motivation for people to get involved, do it for themselves and help one another. We will create an environment in which residents are less reliant on public sector support, and which have well developed and effective social support.
- **Commission, broker and provide core services:** The Council will directly deliver fewer services but will act as a broker and commissioner of services which meet the defined needs of communities, are person-centred and localised where possible. We will deliver services which can't be duplicated elsewhere or where we add value.
- **Place-leadership and influencer:** Making sure what we and what others do are in the best interests of Sefton and its residents and has a contributing role to the 2030 vision of the borough. This includes strong leadership and influencing partner organisations to work towards common goals and building pride in the borough.
- **Drivers of change and reform:** The Council will play a key role in leading change and reform to improve outcomes for Sefton residents and continuously improve the borough.

- **Facilitate sustainable economic prosperity:** That is, people having the level of money they need to take care of themselves and their family; creating the conditions where relatively low unemployment and high income prevail, leading to high purchasing power; and having enough money to invest in infrastructure.
- **Generate income for social reinvestment:** The Council will develop a commercial nature and look to what it can do either by itself or with others to generate income and profit that can be reinvested into delivering social purpose.
- **Cleaner and Greener:** The Council will work with others to maintain Sefton's natural beauty and ensure that its many assets provide a contribution to Sefton's economy, peoples wellbeing and the achievement of the 2030 Vision.

## **Governance / VFM / Risk**

The Council is required to review its governance arrangements on an annual basis, along with its arrangements for achieving economy, efficiency and effectiveness, and ensuring it is identifying and managing risk effectively.

The annual review has been undertaken, and the outcome of that review is reported in the annual governance statement (AGS) which is published as part of the statement of accounts. A copy of the AGS can be found in section 11 of this document.

## **LGA Peer Group Review**

In 2023 the Council commissioned the Local Government Association (LGA) to conduct a peer review as an independent check on how it was doing in terms of planning for and delivering against our ambitious plans for the future.

The peer review was completed in November 2023, and the peer review team was made up of experienced elected member and officer peers. The peer team provided a detailed feedback report which suggested some areas for the Council to consider including the 10 key recommendations.

The Council's Cabinet considered the detailed LGA Peer Group feedback report at their meeting in April 2024 and approved an action plan to address each of the key recommendations.

The LGA peer group revisited the Council in June 2025 to review the Council's progress and provide suggestions on further areas for improvement. The feedback from the visit was positive, with the peer team recognised the clear and structured approach that the Council has implemented in responding to the original recommendations, and the notable progress that has been made in several key areas.

Following their visit in June 2025, the LGA peer group provided a further detailed report suggesting additional improvements that the Council may wish to consider including (1) financial grip and rigour, (2) resident engagement and consultation, (3) alignment of performance issues with scrutiny work programmes and increased use of communication, and (4) extending partnership working into new areas and opportunities.

The Council's Cabinet considered the LGA peer group revisit report in October 2025.

The Council's Executive Leadership Team is already responding to the financial challenges through robust financial monitoring and development of the Medium-Term Financial Strategy (MTFS), and the other recommendations made by the peer review team will be considered and actioned by the Council's Strategic Leadership Board as part of the established service planning process, ensuring alignment with the priorities identified in the Corporate Plan and Transformation Plan.

## **Corporate Plan 2024 to 2027**

In February 2025, the Council published its revitalised Corporate Plan that refines our priorities and reflects the ambition for the Council and for the borough. It is designed to ensure the Council is fit for the challenges and opportunities of the future and can evidence how it has and will deliver for its communities. It will ensure that the Council delivers on its ambition for Sefton to be a confident, thriving and connected borough that offers the things we all need to start, live and age well, where everyone has a positive and healthier future:

The plan sets out the following six priorities:

- Children & Young People – Delivering improved children’s services so that Sefton is an inclusive child friendly borough where children and families thrive.
- Adult Social Care – Delivering improved adult social care so that people are empowered to live an independent life, exercise choice and control, and be fully informed.
- Health & Wellbeing – Delivering improved the health and wellbeing for everyone in Sefton and reduce inequality.
- Working for Our Communities Every Day - Working together to deliver affordable services which achieve the best possible outcomes for our communities.
- Inclusive Growth – Creating more and better jobs for local people. Expanding housing and regeneration efforts to stimulate job creation in construction, infrastructure, and related sectors, while improving living standards for Sefton residents
- Financial Sustainability - Driven by medium term financial planning that provides the strategy, basis for annual budget setting and how the Council will spend its financial resources in support of the delivery of the Council’s objectives.

The Corporate Plan sets out what we want to achieve, our progress to date, the priority actions to be taken over the next three years and how we will measure our progress in achieving our aims over the course of the plan.

### **Transformation Programme Plan**

In February 2025, the Council also published its Transformation Programme Plan which provides a high-level overview of the Council’s transformation intentions aligned to its Corporate Plan. The plan will provide a strategic framework to underpin a programme of significant organisational change that will support the Council in achieving its wider aims and priorities as set out within its Corporate Plan.

This includes taking stock and planning for new ways of working and the future financial challenges, including the impact of changes in the national economy. It also includes the role of the 21st century public servant model and how it may evolve, as well as the capacity and partnerships required to deliver against the local ambitions.

The four pillars of its transformation plan include:

1. Everyday Excellence (continuous improvement in service delivery and support).
2. Better Outcomes, Sustainable Services (transformational change to Services for Children, Adult Social Care - Better at Home, Social Housing and Cleaner, Greener Borough)
3. Setting us up to Succeed (improved infrastructure for the corporate landlord function, public service reform, performance management, commissioning, and contract management)
4. Growth (redefining Sefton place through town deal and levelling up allocations)

### **Climate Change Emergency**

As a coastal borough, Sefton feels the effects of climate change more keenly than other parts of the UK. Extreme weather will impact negatively on our communities and businesses, and we must do all in our power to reduce the likelihood of an extreme weather event.

On 18<sup>th</sup> July 2019, Sefton joined many other UK local authorities in declaring a climate emergency in response to the growing consensus worldwide that urgent action is required. The Council has since developed a Climate Emergency Strategy and a Climate Change Emergency Action Plan in response to the declaration.

Sefton Council will focus its efforts on energy use reduction as well as exploring the potential for green infrastructure and offsetting. This work will be aligned to the delivery of the Sefton 2030 Vision and the Council’s aim of making Sefton a better place to live and work. The Council’s aim is to achieve 100% clean energy by 2030 and reduce demand across our organisation to work towards becoming net carbon zero by 2030.

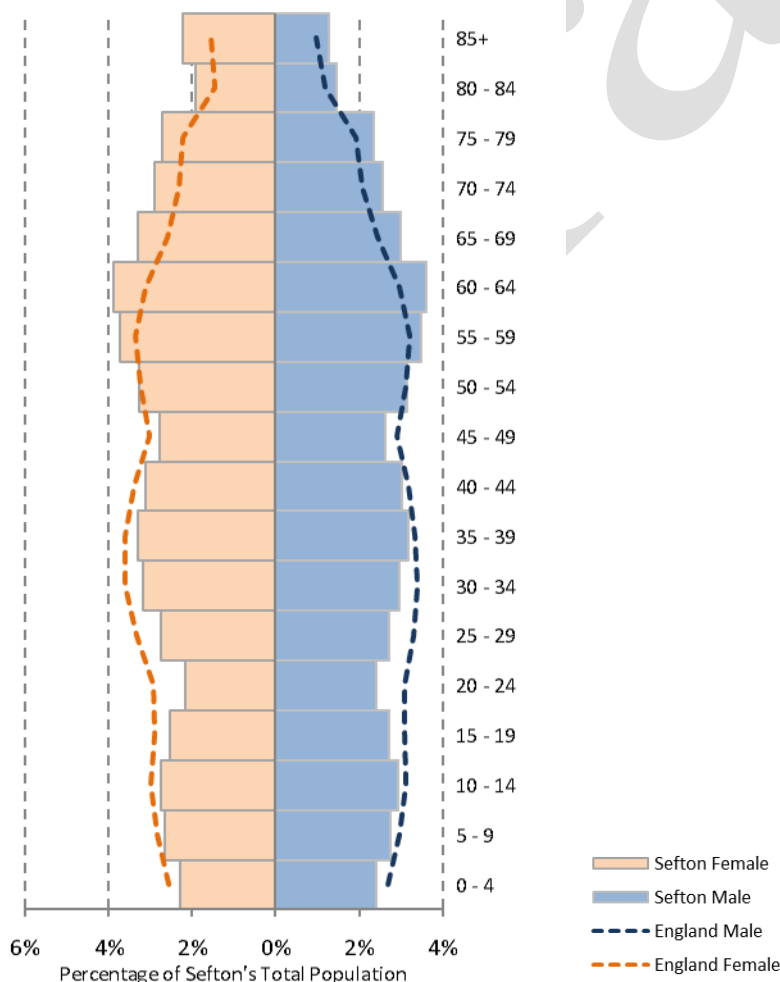
Achieving these aims will require investment in developing renewable energy generation, use of biogas produced through waste streams and agricultural waste stock, carbon offsetting, and moving to low carbon fleet vehicles as well as adapting the way we deliver services to reduce energy usage.

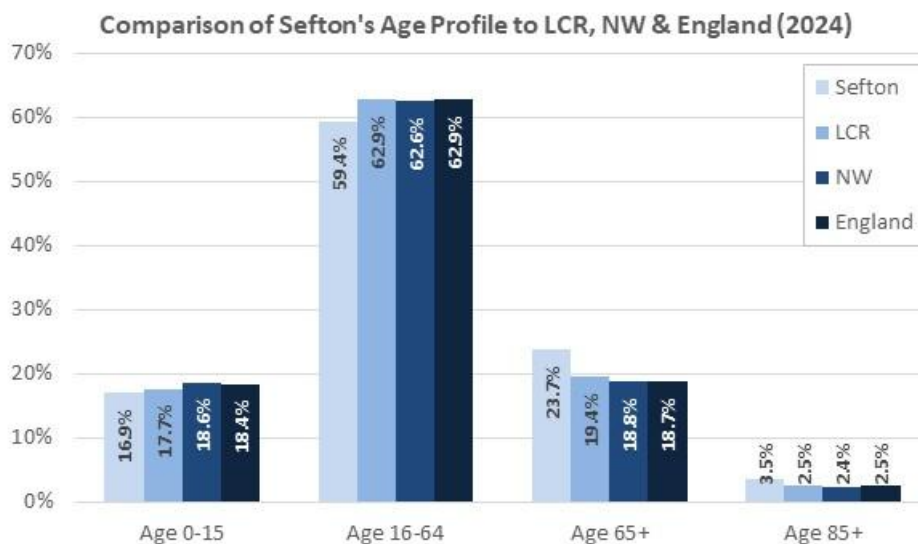
Progress towards the Council's clean energy targets is being regularly monitored. A report was taken to Council in September 2025 highlighting the progress made. The Council's carbon emissions continue to reduce with an overall reduction of 43% since 2019. Sefton is now in its final phase of rolling out energy efficient LED street lighting across the borough. We are also undertaking works to decarbonise our public buildings including Bootle Library and Netherton Activity Centre including insulation, glazing as well as installing low carbon heat pumps. We have also installed a 130kw solar array at the Meadows Leisure Centre generating renewable energy onsite with carbon savings expected to exceed 17 tonnes per year.

Whilst the Council's carbon emissions continue to fall, we recognise a significant amount of work remains, including decarbonising some Council buildings (and moving to an electric/low carbon fleet. Along with identifying offsetting options for remaining emissions from 2030. The Council continues to work with our partners to deliver the climate emergency action plan.

### Age Profile of Sefton Residents

The age profile of residents is important to local authorities as it influences where / what services are provided. The 2024 mid-year population estimates suggested that Sefton's total population was 286,281. The figures also showed that 24% of Sefton's residents are aged 65 and over; this is above the Liverpool City Region (LCR), North-West and England averages (with all these being 19%). Sefton is ranked 72<sup>nd</sup> highest out of 296 local authorities for the rate of residents aged 65 or over. The high proportion of older residents has an impact on the level of resources that the Authority requires for elderly care provision. Sefton is in the highest 30% of Local Authorities for the proportions of elderly residents across the country.





At 24%, Sefton has the 6<sup>th</sup> highest proportion of over 65's across the 35 North West local authorities and is highest of the six Liverpool City Region (LCR) authorities.

Sefton is the 49<sup>th</sup> highest LA for the proportion of residents aged 85 and over throughout England (and is within the top 20% of LAs nationally). With the Borough being 4<sup>th</sup> highest in the North-West, at 3.5% of the overall population, Sefton is again higher than the LCR (2.5%), North-West (2.4%) and national (2.5%) proportions. The Borough is again the highest of the six LCR authorities.

The number of residents over 65 is projected to increase between 2022 and 2047. For males, the increase is projected to be 24% (29,570 to 36,734) and an increase for females of 25% (36,302 to 45,375). This means an overall 65+ population increase of 25% rising from 65,872 in 2022 to 82,110 by 2047.

Those aged 85 and above with a considerable overall increase of 74% (9,642 to 16,738). The male over 85 population rising by 85% (3,485 to 6,449) between 2022 and 2047. For females, the increase is projected to be 67% (6,157 to 10,288).

Sefton is projected to see a significant rise in its older population. While the overall population is expected to grow by just 9%, the number of residents aged 65 and over will increase by 25%. As a result, by 2047 roughly one in four residents will be aged 65 or above.

Although the working-age population (16–64) is forecast to grow by 8%, this is far outpaced by growth in the over-65 group. Consequently, adults aged 65 and over are expected to represent 31% of Sefton's adult population by 2043, compared with 28% in 2022.

[Source: Mid-Year Estimates 2024 / Population Projections 2022]

## **Performance information**

### **Core Funding**

**Business Rates:** The standard business rate multiplier increased by 1.65% in 2025/26. The Council billed £74.745m of business rates charges in 2025/26 (excluding prior year adjustments). The council collected 97.6% of the amount billed in the year, down from 98.2% in 2024/25. A surplus of £1.090m was reported in the Collection Fund for 2025/26 (excluding contributions towards the previous year's estimated surplus) of which Sefton Council's retained share is £1.079m (99.0%). The surplus is largely due to the provisions made for bad debts being lower than forecast.

**Council Tax:** The Council increased its council tax band D charge by £97.13 (4.99%) in 2025/26. This included a social care precept of 2.0%. The Council billed £209.425m of council tax charges in 2025/26 (including precepts) of which 94.4% was collected in the year, slightly down from 94.8% in 2024/25. A surplus of £4.528m is reported in the Collection Fund in 2025/26 (excluding contributions towards the previous years estimated surplus) of which Sefton Council's share is £3.794m (83.8%). The surplus is largely due to exemptions being lower than forecast and premiums being higher than forecast.

Government Grant Funding: During 2025/2026, Sefton's core grant funding (including Settlement Funding Assessment, New Homes Bonus, Improved Better Care Fund, Market Sustainability and Fair Cost Fund, ASC Market Sustainability and Improvement Fund, ASC Discharge Fund, Domestic Abuse Safe Accommodation Grant, Recovery Grant, Children's Social Care Prevention Grant, and Employers National Insurance Contributions Grant) increased by £18.1m (11.2%), which included a £6.2 million increase in the Market Sustainability and Fair Cost of Care Fund, and £1.3 million of new children's social care prevention grant both of which come with additional responsibilities, and £2.3m to the meet additional cost of the increase in employers national insurance contributions.

Future Funding: In December 2025, the Secretary of State for Housing, Communities and Local Government announced a one-year finance settlement for local government which once again included a significant amount of one-off funding which may not continue in future years. The Government also announced their intention to introduce a new local government funding formula for 2026/27 along with a business rates baseline reset. This leaves Sefton's future funding levels uncertain and makes medium-term financial planning difficult. Also, the long-term impact of the Covid-19 pandemic, the impact of Brexit, the cost-of-living crisis, high interest rates, and increasing demand for services (particularly adults social care, children's social care, homelessness services, and home to school transport) has significantly increased the financial pressure on the Council. Despite this uncertainty, the Council has prepared and agreed a balanced budget for 2026/27 and a Medium-Term Financial Plan for the period 2027/28 to 2029/30 setting out its approach to funding service provision over the next three years. This plan will be subject to review and revision as impact of current economic pressures develops and additional information on future funding levels becomes available.

## Economy

The Borough has a mixed economy ranging from industry, commerce and tourism. The east bank of the Port of Liverpool is actually in Sefton, not Liverpool. The opening of "Liverpool 2", the new deep-water container terminal is expected to provide many opportunities to improve the economy further.

Sefton is part of the Liverpool City Region and the embryonic "Northern Powerhouse" which is expected to provide further impetus to the local economy in the future.

### Latest available key data on the Sefton economy

- The unemployment benefit claimant rate in Sefton in February 2026 was 3.8%. Sefton is slightly lower than the rates seen across LCR (4.5%), the North-West (4.1%) and England (4.2%). Compared to the previous year there has been a reduction in the number of unemployed people in Sefton (approximately 190 / 3%). February 2026 has the fourth highest number of claimants in the last 12 years (with February 2021 having the highest).
- The economic activity rate in Sefton (for those aged 16 to 64) was 77.1%, higher than seen across the city region (75.7%), slightly lower than the North-West (77.5%) and England (79.3%).
- There are currently 120,500 Sefton residents (aged 16 to 64) in employment (74.3% employment rate). Higher than the LCR (72%), similar to the North-West (74.2%) yet lower than England (75.8%).
- 58.7% of residents (aged 16 to 64) are educated to Registered Qualifications Framework (RQF) Level 3 or above, lower than the averages of LCR (62.2%), the North-West (63.6%) and England (67.3%).
- In 2025, the median gross full-time earnings for residents of Sefton were £748.10 per week, or £36,937 per annum, 2.8% lower than the English average weekly rate.
- The National Living Wage increased to £12.71 per hour in April 2026 for those 21 and over only.
- Sefton's Rank of Average Score in the Index of Multiple Deprivation (IMD) 2025 was 80th out of 296 lower tier local authorities (317 being the least deprived).
- There are 36 Sefton LSOA's (Lower Super Output Area – used in census collection) in the most deprived 10% of LSOA's across England. Four of the 36 LSOA's are in the most deprived 1% of LSOA's nationally, all located in Linacre ward. A further 17 (of the 36) LSOA's were in the top 5% nationally 15 of these were to the south of the borough (Linacre ward – 5, Derby ward – 4, St Oswald – 3, Church – 1, Ford – 1 and Litherland – 1) two were in the North (both in Dukes ward).
- Since the 2021 Census there are 191 LSOA's in Sefton, previously there were 189, there has been changes in four areas meaning 2019 / 2025 change cannot be compared for these areas.

- Due to the changes in statistical techniques and indicators used within domains, 2025 deprivation and 2019 deprivation are not directly comparable.
- 69 out of 187 LSOAs have a better national deprivation decile than in 2019 indicating deprivation has improved in these areas than compared to other areas.
- Sefton is ranked 77<sup>th</sup> out of 296 local authorities for Income Deprivation Affecting Children Index (IDACI) and 82<sup>nd</sup> for Income Deprivation Affecting Older People Index (IDAOPI) in 2025.
- 30 LSOA's across Sefton fall into the most deprived 10% areas for children. Four of the 31 fall within the top 1% of deprived areas nationally for children (located in Linacre – 3 and Derby – 1 wards). A further 15 (of the 31) are in the top 5% of areas nationally or child related deprivation, 13 of these were to the south of the borough (Linacre – 4, St Oswald – 3, Ford – 2, Church – 1, Derby – 1, Manor – 1 and Netherton & Orrell – 1 wards). The remaining two are in the north (Duke's and Norwood wards)
- 16 of Sefton LSOAs were in the most deprived 10% for older people. There are no LSOAs in Sefton in the top 1% of deprived areas in England for older people, however six are located in the top 5% nationally. All located to the south of the borough (Linacre – 4, Derby – 1 and Netherton & Orrell – 1 wards)
- 43 of the comparable 187 LSOAs in Sefton have seen the child related deprivation decile worsened compared to other areas from 2019 to 2025. With 12 comparable Sefton LSOA's seeing worsening in older people related deprivation decile.

[Source: NOMIS Claimant count by Sex and Age February 2025, NOMIS ONS Annual Population Survey – Economically Active / In Employment October 2024 to September 2025, NOMIS Labour Market Profile: ONS Annual Population Survey – Qualifications January to December 2024, NOMIS ONS Annual Survey of Hours and Earnings – Residents Analysis 2025, GOV.UK National Minimum Wage and National Living Wage rates 2026, Indices of Deprivation 2019/25]

## Social Care

Sefton's Adult Social Care dealt with 31,560 contacts during 25/26, 31% of these related to new clients. Sefton supported 5,756 clients in long term community or residential services during the year, along with providing support to 580 carers.

Current Sefton based figures show that as at 31<sup>st</sup> March 2026, there were 2,645 Children in Need a rate of 483.0 per 10,000 population aged 0 to 17. At the same time 345 children were subject to a Child Protection Plan which was 63.0 per 10,000 population aged 0 to 17. With 530 children recorded as Looked After as at 31<sup>st</sup> March 2026 a rate of 96.7 per 10,000 population aged 0 to 17.

Nationally produced figures show that at the 31<sup>st</sup> March 2025, Sefton's Children in Need rate (471 per 10,000 population aged 0 to 17) was considerably higher than that of England (330.3), the North-West (383.7) and Sefton's Statistical Neighbours average (413.8). At the same time, the Borough's rate of children subject to a Child Protection Plans (71.6 per 10,000 population aged 0 -17) was higher than those seen regionally (50.9), nationally (40.6) and the statistical neighbours average (52.0). Similar to Children in Need and Child Protection Plans, the Children Looked After rate as at 31<sup>st</sup> March 2025, was considerably higher in Sefton (92) than England (67 per 10,000 children aged 0 - 17) and the North-West (90), however it had a lower level than the Statistical Neighbour group (104).

[Sources: Sefton Adult Social Care, Sefton Children Social Care, Local Authority Interactive Tool (LAIT) February 2026]

## Tourism

Sefton has over 22 miles of coastline boasting a number of beautiful beaches and stunning natural beauty. Attractions range from Gormley's "Iron Men" on the beach in Crosby, to the Pinewoods (and red squirrels) in Formby, to the iconic attraction of Southport, with its elegant shopping in classic Victorian surroundings and the cultural emergence of Bootle with Salt and Tar.

Southport has hotels, attractions, restaurants, Southport Beach, and the famous tree lined Lord Street boulevard with its iconic canopies. It is rumoured that Napoleon re-modelled certain parts of Paris based on his knowledge of Southport during his stay in the town back in the mid-19th century. Southport also hosts a superb events programme including the annual Air Show, Fireworks Championship and Flower Show while Sefton is also home of the Grand National.

There are many world class golf courses within Sefton such as Royal Birkdale that will yet again host The Open Championship in 2026. The area's reputation for golf is known nationwide and is known as "England's Golfing Capital" due to the number and variety of top-quality courses. This attracts visitors from across the UK and many from the United States, Europe and Japan.

## **Technology / Systems**

The Council is in contract with Agilisys Limited for the provision of IT services to the Council. A new 4-year contract (with the option to extend for a further 12 months) commenced on the 1st of October 2025. This agreement has enabled the Council to reduce the annual costs of IT services, and it has also allowed the Council to benefit from the innovation and best practice which Agilisys has implemented for other local authorities.

The Council has continued to develop and improve its hosting of Council systems and data, with most services and applications now hosted in the cloud; this ensures the authority has a robust and secure ICT platform in place that supports operational service delivery. In addition to this, Sefton's remaining small on-premise footprint has been moved from Bootle to a purpose-built facility within the Liverpool City Region in line with Sefton's property strategy and climate pledge to reduce our carbon footprint to net zero by 2030. Plans are underway to reduce this on-premise footprint further over the next 3 years.

The Council has continued to strengthen and enhance its cyber security mechanisms as part of its ongoing commitment to protecting systems and data, including the deployment of new security solutions.

The Council has also established an AI (Artificial Intelligence) Board to oversee the ethical use of AI in the Council and to oversee a number of in-progress proof-of-concept pilots to explore how AI could improve internal operations and services to customers. Any future full AI implementations will include consultation with councillors and members of the public.

The Council is committed to actively developing its digital solutions to support social care services, with a further upgrade of its main social care case management system, and the ongoing development of tools and processes within it.

Councillors continue to use mobile devices and technology which allows them to conduct their duties more efficiently by granting access to key information and electronic communication with citizens whilst on the move. This has resulted in a reduction in the use of paper and printing for Council meeting documentation.

The Council is continually improving and developing its digital offering to customers. The Council website continues to benefit from ongoing improvements and further improvements will be made as part of the continuing website development programme. The Council's digital Customer Experience platform is actively undergoing development and improvement.

The Council continues to rationalise its use of systems to leverage use of existing investments, deploy better integration between systems and reduce the overall spend in this area. Continued leverage of the Council's Microsoft software is constantly being explored and progressed; this provides efficiency improvements to the Council and ensures we maximise our financial investment. The Council continues its ongoing rollout of intelligent automation technology to improve and streamline back-office processes.

The Council continues to collaborate with partner organisations in the borough to improve digital inclusion and also continues to work in partnership with key agencies across the borough to implement Technology-Enabled Care solutions.

## Homes for Ukraine

Since the introduction of the national Homes for Ukraine scheme in March 2022, Sefton residents have helped to provide safe housing for almost 300 Ukrainians fleeing war.

Working in partnership with local voluntary, community and faith (VCF) sector, Sefton CVS, Sefton 4 Good and Sefton Council launched the Sefton Ukraine Welcome Appeal to raise funds to support Ukrainian individuals and families arriving in the borough of Sefton through the Homes for Ukraine initiative. The fund is helping to provide a community response, such as settlement grants for individuals and families; providing social, cultural and community networks and activities, language support, travel cards, clothing, IT and equipment and other needs as they are identified. The Council also produced a welcome pack for Ukrainian refugees settling in Sefton providing details of local services setting out how they could access advice and support.

Our Homes for Ukraine Action Group has also been working to carry out the inspections required for to ensure the scheme is safe and beneficial for everyone. This includes checking that accommodation being offered is suitable and safe, ensuring DBS checks are carried out on sponsors, that safeguarding procedures are in place and administering payments.

## Financial Overview

### Revenue Budget Process / Council Tax

As had been the case in recent years, the Council was unable to formulate a multi-year budget plan from 2025/26 due to the one-year Local Government Finance Settlement and the lack of clarity over future settlements. However, the Government had announced that whilst the settlement received would be for one year only for 2025/26 this was pending a comprehensive review of the local government funding process, with consultation on this starting in 2025 and culminating in a three-year settlement being provided for 2026/27 to 2028/29. The Council identified a budget shortfall for 2025/2026 of £13.962m. Specific options to contribute to the budget shortfall in 2025/2026 were identified, including a 4.99% increase in Council Tax. Councillors were reminded that the use of one-off resources should only occur in setting a robust financial plan when there is a clear short-term requirement and that these are not used to avoid making budget savings.

The Council experienced significant budget pressures in some service areas, particularly Adult Social Care, Children's Social Care, Communities (Temporary Accommodation), Education Travel Support, and Operational In-House Services, as well as pressures on corporate budgets, such as Housing Benefits. However, the Council did identify underspending in other areas as well as implementing significant mitigating actions during the year to ensure the overspend would be reduced as far as possible, particularly in light of the financial pressures due to Children's Social Care. However, the significant use of Earmarked Reserves and General Balances was still required to fund the overall overspend.

### Financial risks up to 2025/2026

The budget reductions identified in the budget for 2025/2026 highlight the growing level of financial risks the Council will be facing over the coming years and the level of risk which it is possible to mitigate. The financial forecasts themselves are only estimates of future political, economic, environmental and demographic forecasts which contain many variables and degrees of uncertainty.

The budget proposals made to date contain some risks, given the extent and the impact of the £233m savings Sefton had faced to March 2020. The Council has been made aware of the consultations conducted since 2011 in determining the equality impact and risks of the reductions and reconfigurations of services. All options require close monitoring of implementation and delivery, and any non-achievement reported and corrected in a timely way.

The 2025/2026 budget represented the sixteenth successive year of budget reductions for Sefton Council.

Delivering savings over such a long period has had a significant impact on the delivery of Council services. In developing the approach to delivering the savings it was important to balance the delivery of savings with the protection of those services which contribute the most to the delivery of the Vision and Core Purpose.

Achieving the ambitions of Sefton 2030 also requires the Council to be financially sustainable, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes.

Since 2016 the Council has had a Framework for Change transformation programme with financial sustainability at the centre of it. This has served the Council well. From 2023 a review of all areas of the Council has taken place and a new programme is proposed. This will focus on the Core Business, the Growth Programme and a number of Change Projects, including service development and transformation projects.

**Growth Programme, including: -**

- Southport Town Deal (including Marine Lake Events Centre)
- Bootle Strand and AAP (including Salt & Tar)
- Crosby Village
- SHOL
- Sandway Homes Limited
- Transport Capital Programme (including School Streets)

**Change Projects: -**

- Children's Social Care
- Special Educational Needs and Disabilities
- Home to School Transport
- Operational In-House Services
- Adult Social Care: Transformation Programme / Extra Care / Supported Living
- Housing
- Corporate Landlord
- Localities

This Programme will be the vehicle to deliver financial sustainability. The diagram below presents how the various strands are brought together to ensure the Council ensures Financial Resilience and Sustainability.



## **Revenue Financial Performance of the Council 2025/2026**

### **Non-School General Fund Net Expenditure**

The General Fund encompasses expenditure relating to the day-to-day running of the Council. Transactions relating to Schools' delegated budgets are included within the General Fund but because Schools are entitled to retain any year-end balances for future use, the General Fund balances are analysed according to whether or not they belong to Schools.

On 27 February 2025, the Council approved a revenue budget for 2025/2026 of £279.453m, which included £1.586m relating to the expenditure of Parish Councils.

Overall, actual expenditure for 2025/2026 on General Fund services (excluding Schools' delegated expenditure) overspent, after mitigating actions, which required the Council to utilise £10.427m of General Fund Balances.

The Authority's reported Non-School General Fund balances at 31 March 2026 are therefore £0.009m as shown in the following table:

| <b>Non-School General Fund Balances</b>                  | <b>£m</b>     |
|--|---------------|
| Actual Non-School General Fund Balances at 31 March 2025 | -10.436       |
| Utilisation of Balances in year                          | 10.427        |
| Actual Non-School General Fund Balances at 31 March 2026 | <b>-0.009</b> |

### **Schools**

The 2025/26 Statement of Accounts has been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG). Such DSG deficits have accumulated over a number of years and are now common amongst upper tier councils responsible for SEND provision and have come about as a result of national policy decisions about the SEND system for which the grant is "far from sufficient to meet this demand" (Reference: Select Committee Report into Local Authorities in Financial Distress).

Further regulations which came into force on 29 November 2020 and mandated that any deficit must not be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

As of 31 March 2026, the cumulative DSG deficit is £104.033m. The statutory instrument, which prevents the deficit from being offset against useable reserves has been extended to 31 March 2028. The Government announced support for Local Authorities in the form of High Needs Stability Grant, which could be received in 2026/27 upon approval of the SEND Reform Plan.

In accordance with the Fair Funding Scheme for Financing Schools, individual schools are able to carry forward any underspend on their budgets. Conversely, an overspend against budgets become the first call on future available resources. Net expenditure on schools, whether incurred directly from delegated budgets or spent against centrally retained budgets by the LEA in support of schools, is funded from the ring-fenced Dedicated Schools Grant (DSG).

The DSG was underspent by £0.995m in 2025/2026. This comprised an underspend of £0.984m across Individual Schools' delegated budgets (including the impact of schools transferring to academy status retaining their surplus balances), and a net increase in the level of DSG school funds held by the Local Authority during 2025/2026 in respect of the Supply Teachers scheme (£0.011m increase) and the Business Rates scheme (no change). Movements in Schools' balances during 2025/2026 can be summarised as follows:

| <b>Schools' Balances</b>                 | <b>£m</b>      |
|--|----------------|
| Schools' balances as at 1 April 2025     | -18.391        |
| Underspend on Schools' Delegated Budgets | -0.995         |
| Schools' balances at 31 March 2026       | <b>-19.386</b> |

The Council's Centrally Retained DSG balances are separate to its Maintained Schools' balances. These are in respect of Schools' Central Support services; Early Years (non-schools) provision and High Needs (non-schools) provision. The net opening balance of these reserves, as at 1 April 2025, was a deficit of £64.801m. During 2025/2026, this deficit has grown significantly, mostly due to the significant overspending of High Needs. This has taken the balances into a net deficit position of £104.033m (see below).

| <b>Centrally Retained DSG Balances</b> | <b>1 April 2025</b> | <b>Movement<br/>2025/2026</b> | <b>31 March 2026</b> |
|--|---------------------|-------------------------------|----------------------|
|  | <b>£m</b>           | <b>£m</b>                     | <b>£m</b>            |
| Schools Block                          | -0.800              | 0.000                         | -0.800               |
| Early Years Block                      | -1.648              | 0.429                         | -1.219               |
| High Needs Block                       | 67.249              | 38.803                        | 106.052              |
|  | <b>64.801</b>       | <b>28.680</b>                 | <b>104.033</b>       |

DfE permit Local Authorities to carry forward a deficit on their DSG Centrally Retained balances, without any obligations on behalf of Local Authorities to support a deficit position out of non-school Council balances. As a result of the statutory requirements introduced for 2020/21, this balance is now held on the Balance Sheet as an Unusable Reserve, the Dedicated Schools Grant Adjustment Account.

They DfE have been working more closely and in cooperation with Local Authorities, to support them in trying to reduce spending, particularly across High Needs, where most Authorities have been struggling to manage. The first requirement will be for the Authority to have plans to balance their in-year spending. They will still be required to provide evidence, at the DfE's request, that overspending issues have been reported regularly to Schools Forum; and that measures are in place to arrest the situation, at least, over a three-year planned period. In addition, the Council is participating in the DfE's Delivering Better Value Programme, which has provided additional support to help the Council move into a financially sustainable position on High Needs.

### **Capital Strategy / Programme 2025/2026**

The Capital Programme 2025/2026 was approved by Budget Council on 27 February 2025. The three main grant allocations received by the Council are in respect of schools, transport and social care (i.e. Better Care Fund) and due to the funding conditions of these, grants are utilised within the relevant services. This is aside from any in year approvals in respect of the Growth and Strategic Investment Programme for which comprehensive business cases are provided as schemes are developed and funding sources are identified.

Capital expenditure is principally funded from four areas:

Capital Grants and Contributions – grants from Central Government and other grant funding bodies such as the Liverpool City Region Combined Authority and contributions from private developers.

The Capital Programme 2025/2026 report highlighted Government grant funding for 2025/2026 of £4.268m for schools, £8.466m for the City Region Sustainable Transport Settlement and £5.985m for the Better Care Fund, giving a total grant allocation of £18.719m. Of the £4.268m for schools, £0.341m was ring-fenced Devolved Formula Capital Grant (DFC), £2.242m for Schools Condition Allocation, and £1.685m for Basic Needs.

Capital Receipts – proceeds from the sale of the Council's capital assets.

Revenue – financing capital expenditure from the Council's revenue resources.

Prudential Borrowing – this is external borrowing undertaken by the Council that must be repaid. The Council will only borrow where plans are sustainable, affordable, prudent and offer value for money.

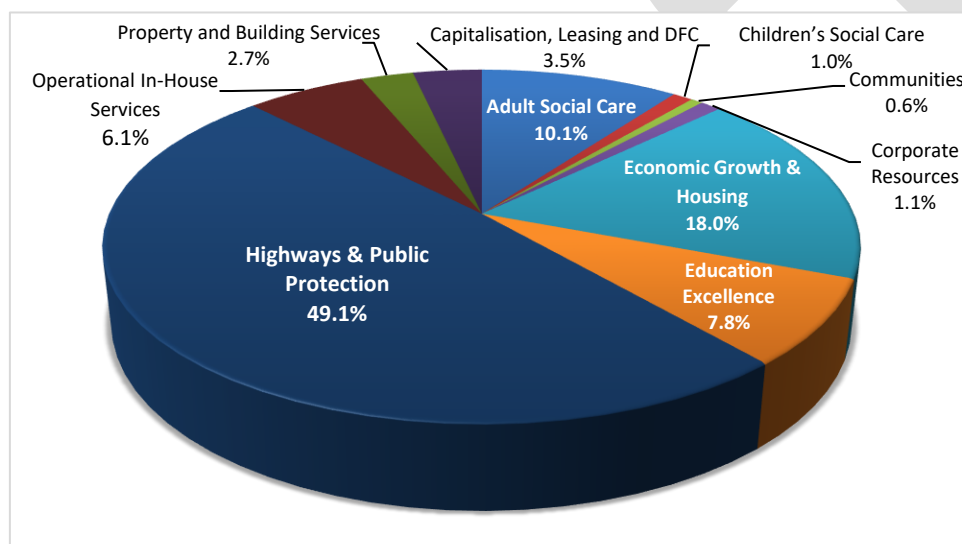
### Capital Expenditure in 2025/2026

In 2025/2026 the Authority spent £69.580m on capital projects. Examples of some of the major areas of spend include expenditure on the Schools programme (£5.437m), Highways carriageway maintenance (£8.056m), Highways major schemes (£14.634m), LED street lighting upgrades (£2.339m), Highways route management schemes (£4.285m), Highways strategic planning (£5.303), Disabled Facilities Grants (£4.144m), Short Term Assessment Unit (£0.905m), Growth and Strategic Investment projects (£10.480m), Council Housing scheme (£1.064m), Essential Maintenance to Council Buildings (£0.668m), Energy schemes (£1.197m), Vehicle Replacement Programme (£2.033m), and the Regional Flood and Coastal Monitoring Programme (£0.910m).

The analysis of capital spending (by departmental categories) and its financing is summarised below-

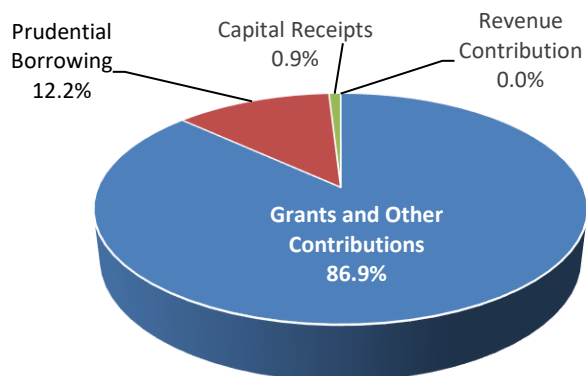
**Sefton’s Capital Expenditure for 2025/2026**

|                                 | <b>£m</b>     | <b>%</b>      |
|---------------------------------|---------------|---------------|
| Adult Social Care               | 7.044         | 10.1%         |
| Children’s Social Care          | 0.712         | 1.0%          |
| Communities                     | 0.421         | 0.6%          |
| Corporate Resources             | 0.738         | 1.1%          |
| Economic Growth & Housing       | 12.510        | 18.0%         |
| Education Excellence            | 5.437         | 7.8%          |
| Highways & Public Protection    | 34.175        | 49.1%         |
| Operational In-House Services   | 4.232         | 6.1%          |
| Property and Building Services  | 1.865         | 2.7%          |
| Capitalisation, Leasing and DFC | 2.446         | 3.5%          |
|                                 | <b>69.580</b> | <b>100.0%</b> |



**Financing of Sefton’s 2025/26 Capital Expenditure**

| <b>Source of Finance</b>       | <b>£m</b>     | <b>%</b>      |
|--------------------------------|---------------|---------------|
| Grants and Other Contributions | 60.433        | 86.9%         |
| Prudential Borrowing           | 8.502         | 12.2%         |
| Capital Receipts               | 0.634         | 0.9%          |
| Revenue Contribution           | 0.011         | 0.0%          |
|                                | <b>69.580</b> | <b>100.0%</b> |



Total capital expenditure consists of the following additions:

| <u>Type of Asset</u>                                  | <u>£m</u>     |
|---|---------------|
| Fixed Assets:   |               |
| - Property, Plant & Equipment                         | 17.973        |
| - Infrastructure                                      | 36.413        |
| - Investment Properties                               | 0.009         |
| - Assets Under Construction                           | 4.144         |
| Intangible Assets (e.g. software)                     | 1.208         |
| Revenue Expenditure Funded from Capital Under Statute | 9.833         |
|   | <u>69.580</u> |

## **An explanation of the Financial Statements**

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?

Wherever possible the contents have been written in plain English and technical terms have been used sparingly. Where the use of technical terms has been unavoidable, a simple explanation has been included in the Glossary (see pages 147 to 154).

The Authority is required by law to follow proper accounting practices, and this Statement of Accounts attempts to present fairly the financial position and transactions of the Authority.

The Statement was certified for issue by the Interim Executive Director of Corporate Resources / S151 Officer on 29th June 2026.

In accordance with recommended practice, the Authority's Accounts present:

### (a) Comprehensive Income and Expenditure Statement (page 25)

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. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### (b) Movement in Reserves Statement (page 27)

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' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The 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 movements in the year following those adjustments.

### (c) Balance Sheet (pages 29 - 30)

The Balance Sheet shows the value as at 31 March 2026 of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves are those that the Authority is not able to use to provide services.

(d) Cash Flow Statement (page 31)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

(e) Notes to the Financial Statements - Expenditure and Funding Analysis (page 33 - 34)

This analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It 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.

(f) Other Notes to the Financial Statements (pages 35 - 112)

The notes to the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement. It also includes the accounting policies employed by Sefton to comply with the CIPFA Code of Practice of Local Authority Accounting subject to any exceptions detailed in the note.

(g) Collection Fund (pages 113 - 116)

This statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund in accordance with section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992).

The Collection Fund shows the transactions of the Billing Authority in relation to the collection of Council Tax and Non-Domestic rates and provides details of how this income has been distributed to Sefton MBC (including Parish Precepts), Merseyside Police and Crime Commissioner, Merseyside Fire and Rescue Authority, and Liverpool City Region Combined Authority.

(h) Group Accounts (pages 117 – 126)

This section incorporates the accounts of both Sefton and its wholly owned subsidiaries, Sefton New Directions Limited, Sefton (ACS) Development Company Limited (Sandway Homes Limited) and Sefton Hospitality Operations Limited, to provide details of the Council's financial activities as a Group.

(i) Annual Governance Statement (pages 127 - 142)

The Annual Governance Statement is the formal statement that recognises, records and publishes an authority's governance arrangements as defined in the CIPFA / SOLACE Governance Framework. It is required to be published with the accounting statements but does not form part of the accounting statement and is therefore not covered by the Auditors' opinion.

(j) Independent Auditors' Report to the Members of Sefton Metropolitan Borough Council (pages 143 - 146)(k) Glossary (pages 147 - 154)(l) Abbreviations (pages 155 – 156)(m) Useful Addresses (page 157)**Changes to Accounting Policy during the Year**

This Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/2026 (the Code).

The 2025/26 accounting code of practice has been updated to incorporate the requirement to adopt the use of indices for revaluing assets which aren't being revalued as part of the five-year annual revaluation cycle. The Notes to the financial statements provide details of the indices methodology

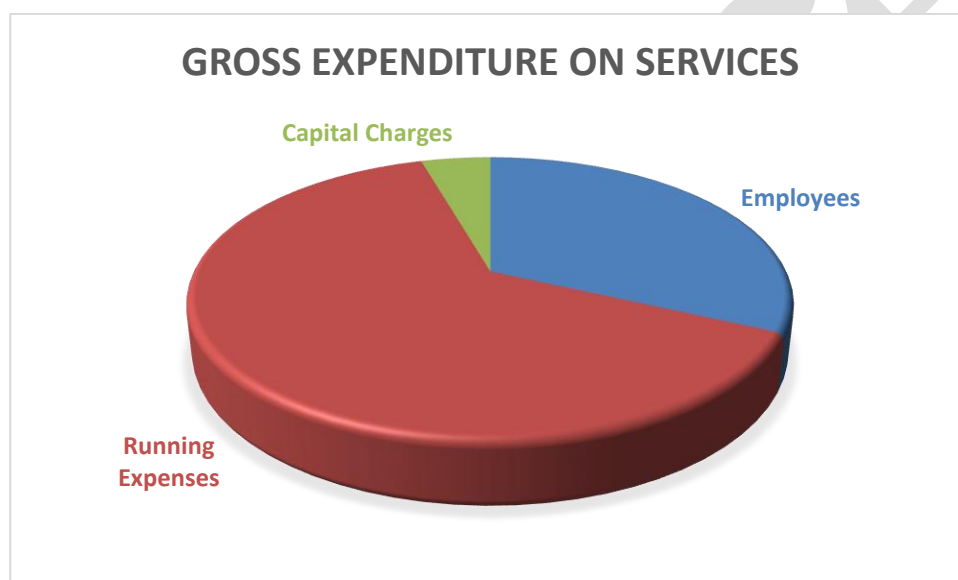
adopted and the calculations used. This transparency is designed to support readers of the Statement of Accounts in understanding the basis of the valuations and how the values might change under alternative assumptions

## Analysis of the Income and Expenditure Account

The tables and charts below summarise the Authority's **gross** revenue expenditure within the General Fund for 2025/2026 and highlights the main sources of General Fund Financing for 2025/2026.

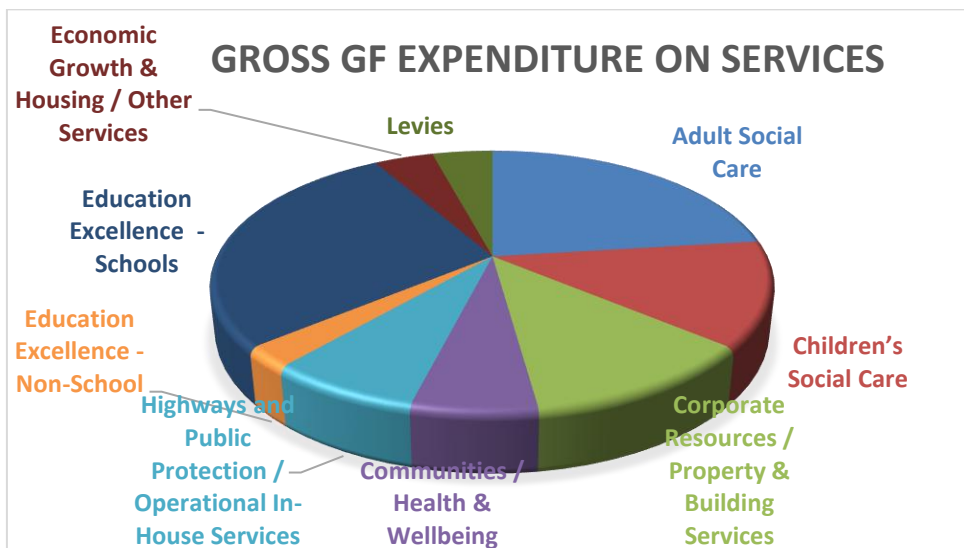
### Gross Expenditure on Services (including Levies) (by Expenditure Type)

| <u>Expenditure Type</u> | <u>£m</u>      | <u>%</u>   |
|-------------------------|----------------|------------|
| Employees               | 261,615        | 29         |
| Running Expenses        | 569,915        | 64         |
| Capital Charges         | 58,751         | 7          |
|                         | <u>890,281</u> | <u>100</u> |



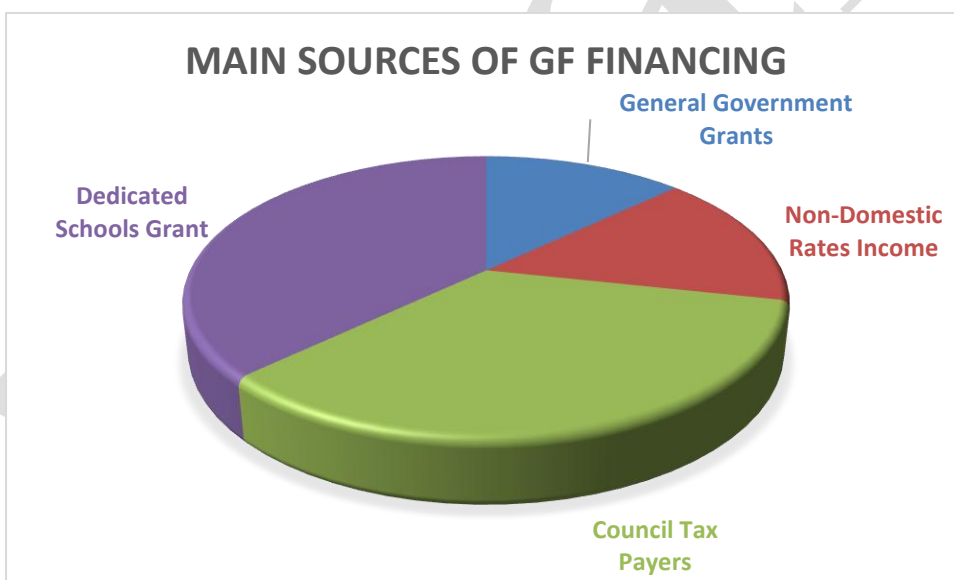
### 2025/26 Gross General Fund Expenditure on Services (including Levies)

| <u>Service</u>   | <u>£m</u>      | <u>%</u>   |
|--|----------------|------------|
| Adult Social Care  | 208.692        | 23         |
| Children's Social Care   | 117.992        | 13         |
| Corporate Resources / Property & Building Services             | 106.132        | 12         |
| Communities / Health & Wellbeing                               | 55.645         | 6          |
| Highways and Public Protection / Operational In-House Services | 67.462         | 7          |
| Education Excellence - Non-School                              | 23.317         | 3          |
| - Schools  | 251.423        | 28         |
| Economic Growth & Housing / Other Services                     | 37.011         | 4          |
| Levies   | 37.844         | 4          |
|  | <u>905.517</u> | <u>100</u> |



#### **Main Sources of General Fund Financing for 2025/2026**

| Source of Income          | £m             | %          |
|---------------------------|----------------|------------|
| General Government Grants | 80.986         | 16         |
| Non-Domestic Rates Income | 66.546         | 13         |
| Council Tax Payers        | 182.696        | 35         |
| Dedicated Schools Grant   | 190.552        | 36         |
| <b>Total</b>              | <b>520.780</b> | <b>100</b> |



The Gross expenditure is financed by the major grants shown above, other smaller revenue grants and contributions received by the Council (Note 17 starting on page 50) and fees and charges.

#### **Other Financial Commitments**

The Council's most significant other financial commitments are the long-term contracts it has entered into with Agilisys, Formby Pool Trust, Sefton New Directions Limited and Waterfront Leisure (Crosby) Limited.

#### **Borrowing / Investments**

The Council's arrangements for long-term borrowing and investments correspond to the Council's Treasury Management Policy and Strategy documents. These were drawn up to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Local Authorities.

Under Section 3(1) of the Local Government Act 2003, the Council must approve an overall borrowing limit before the beginning of each financial year. For 2025/2026 this limit was set at £355m; the Council stayed within this figure during the year.

On 31 March 2026, the Council had outstanding borrowing of £320.34m (£205.31m on 31 March 2025). This includes local authority bonds, stocks, mortgages and loans from the Public Works Loans Board (PWLB) and other Local Authorities. At 31 March 2026, accrued interest of £3.837m, was due to be repaid within 12 months.

During 2025/2026, £115m new long-term borrowing from the PWLB was required to fund capital expenditure. £75m new short-term loan borrowing from Other Local Authorities was required to meet day to day liquidity. Principal of £76.770m was repaid during the year of which £7.333m related to Equal Instalments of Principal (EIP) loans, £68.120m relates to Maturity Loans and £1.314m related to Annuity loans.

Interest on long-term borrowing from the PWLB totalled £8.730m during the year (£5.183m in 2024/2025).

In line with its Treasury Management Policy and Strategy the Council makes daily investment decisions. At 31 March 2026, the Council had short-term investments of £42.28m (£18.5m at 31 March 2025). The Council had no short-term deposits with banks and building societies (£0.000m at 31 March 2025). The Council had long term investments with the Church and Charities Local Authority (CCLA) Property Fund (£5.169m).

### **Pension Liability**

As at 31 March 2026 the Pensions Liability figure in the Balance Sheet includes a net deficit on the Local Government Pension Scheme Fund attributable to Sefton of £9.995m (a deficit of £10.599m as at 31 March 2025). However, it should be noted that the Council's actuaries have applied an Asset Ceiling calculation which has the effect of stripping out the accounting surplus on LGPS (leaving just the deficit relating to unfunded pension contributions). The surplus / deficit is reviewed periodically (normally every three years) by the Fund's actuary and steps are taken to address the surplus / deficit via reduced / increased contributions over the remaining working life of employees. However, it should be noted that the notional figure included in the Statement of Accounts is calculated using a different set of assumptions (in line with accounting practice) than those used to calculate the surplus / deficit repayments required.

The latest valuation was completed during 2022/2023 and has set the contribution rates for 2023/2024 to 2025/2026. There has been a significant improvement in the Council's funding position resulting in the Council's overall position now being in surplus. However, it should be noted that the value of the surplus / deficit is highly dependent on market conditions at the time of the valuation and can vary significantly between valuations.

As at 31 March 2026 there was a net deficit relating to unfunded Teachers' Pensions attributable to Sefton of £2.740m (£3.345m as at 31 March 2025). The Council has budgeted to make these payments until there is no longer a liability.

### **Provisions, Contingencies, Write-Offs and Material Charges or Credits**

The 2024/2025 accounts include a provision for the cost of NNDR checks, challenges and appeals. The total value of the Provision as at 31 March 2026 is £4.368m (£3.587m as at 31 March 2025). Sefton's share of the Provision as at 31 March 2026 is £4.325m (£3.552m as at 31 March 2025).

### **General Balances and Reserves**

The Financial Overview on pages 12 to 14 show the General Balances of the Council split between Delegated Schools' and Non-Delegated Services. The Council's Non-Delegated Services' General Balances at the end of 2025/26 are £0.009m. Given the level of General Balances and to ensure financial sustainability, the Council's Medium-Term Financial Strategy includes provision to increase these balances by £6m per year between 2026/27 and 2028/29.

The Council has £51.846m of capital resources available as at 31 March 2026 (£47.370m as at 31 March 2025). These are amounts already received that will be used to fund the Council's Capital Investment Plan in 2026/2027 and future years (see pages 14 to 16). This Plan will be vital in assisting the Borough's recovery from the pandemic.

The Council also has £3.174m of Earmarked Reserves as at 31 March 2026 (£20.788m as at 31 March 2025). These are described in Note 34. Earmarked Reserves are held by the Council to fund anticipated future expenditure of a non-recurring nature. If these resources were not available, then the expenditure would need to be funded from the Council's in-year Revenue Budget which would require additional savings to be made in order to make funding available.

The Council also has £273.101m of Unusable Reserves as at 31 March 2026 (£257.362m as at 31 March 2025). These are accounts required under accounting regulations and are not available to support, or a call against, Council expenditure.

### **Material Events after the Reporting Date**

There are no material events after the reporting date.

### **Conclusion**

During the 2025/2026 financial year, the Council has continued to experience significant additional spending pressures which has required the significant utilisation of Earmarked Reserves and General Balances.

The Council's Medium-Term Financial Strategy includes provision to increase General Balances beyond 2025/26 to ensure financial sustainability. This will increase General Balances by £6m per year between 2026/27 and 2028/29. Maintaining financial sustainability will be a key part of the Council's recovery plan in order to continue to provide support to its residents, service users, council tax payers and the business community.

The Statement of Accounts is a complex document and is prepared within the guidelines set by the Chartered Institute of Public Finance and Accountancy. However, I would be interested to receive any suggestions as to how the Accounts could be improved. Please contact me at the address on page 157 of this document.

Chris Warren

**Executive Director – Corporate Resources / Section 151 Officer**

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## **2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Sefton that officer is the Executive Director of Corporate Resources / Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### **The Executive Director of Corporate Resources / Section 151 Officer Responsibilities**

The Executive Director of Corporate Resources / Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Corporate Resources / Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Executive Director of Corporate Resources / Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **Executive Director of Corporate Resources / Section 151 Officer Statement**

I certify that this Statement of Accounts gives a true and fair view of the financial position of Sefton Metropolitan Borough Council at 31 March 2026, and its income and expenditure for the financial year ended 31 March 2026.

Chris Warren  
Executive Director - Resources / Section 151 Officer  
Date: 29<sup>th</sup> June 2026

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### 3 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| 2024/2025         |                 |                              | Note  | 2025/2026         |                 |                              |
|-------------------|-----------------|------------------------------|---|-------------------|-----------------|------------------------------|
| Gross Expenditure | Gross Income    | Net Expenditure / Income (-) |   | Gross Expenditure | Gross Income    | Net Expenditure / Income (-) |
| £000s             | £000s           | £000s                        |   | £000s             | £000s           | £000s                        |
| 1,145             | -11             | 1,134                        | <u>Continuing Operations</u>                                  |                   |                 |                              |
| 199,664           | -94,064         | 105,600                      | Strategic Management  | 1,161             | -10             | 1,151                        |
| 105,520           | -21,135         | 84,385                       | Adult Social Care   | 208,692           | -98,208         | 110,484                      |
| 36,160            | -19,072         | 17,088                       | Children's Social Care  | 117,991           | -25,447         | 92,544                       |
| 108,381           | -79,704         | 28,677                       | Communities   | 34,810            | -19,287         | 15,523                       |
| 24,412            | -16,150         | 8,262                        | Corporate Resources   | 95,862            | -60,181         | 35,681                       |
| 25,030            | -2,231          | 22,798                       | Economic Growth and Housing                                   | 24,185            | -17,074         | 7,111                        |
| 241,508           | -212,938        | 28,570                       | Education Excellence  | 23,317            | -2,213          | 21,104                       |
| 21,157            | -28,021         | -6,864                       | Education Excellence - Schools                                | 251,423           | -217,396        | 34,027                       |
| 26,178            | -10,110         | 16,068                       | Health and Wellbeing  | 20,836            | -29,645         | -8,809                       |
| 39,677            | -16,933         | 22,745                       | Highways and Public Protection                                | 25,644            | -9,814          | 15,830                       |
| 12,711            | -1,378          | 11,333                       | Operational In-House Services                                 | 41,818            | -17,208         | 24,610                       |
| 11,352            | -3,034          | 8,398                        | Property and Building Services                                | 9,108             | -3,586          | 5,522                        |
|                   |                 |                              | Corporate Unallocated Costs                                   | 12,826            | -2,567          | 10,259                       |
| <b>852,896</b>    | <b>-504,782</b> | <b>348,114</b>               | <b>Net Cost of Services</b>                                   | <b>867,673</b>    | <b>-502,636</b> | <b>365,037</b>               |
|                   |                 |                              | <u>Other Operating Income and Expenditure</u>                 |                   |                 |                              |
|                   |                 | 1,474                        | Precepts paid to Parish Councils                              |                   |                 | 1,587                        |
|                   |                 | 37,385                       | Levies  |                   |                 | 37,844                       |
|                   |                 | 35,346                       | 45 Loss / Gain (-) on the disposal of non-current assets      |                   |                 | 2,906                        |
|                   |                 | -792                         | 8 Other Operating Income                                      |                   |                 | -2,303                       |
|                   |                 | 73,413                       |   |                   |                 | 40,034                       |
|                   |                 |                              | <u>Financing and Investment Income &amp; Expenditure</u>      |                   |                 |                              |
|                   |                 | 7,398                        | 9 Interest payable and similar charges                        |                   |                 | 11,563                       |
|                   |                 | -1,224                       | 49 Net Interest on the Net Pension Defined Benefit Liability  |                   |                 | 90                           |
|                   |                 | -1,690                       | 52 Interest Receivable  |                   |                 | -2,286                       |
|                   |                 | -2,310                       | 20 Income and Expenditure on Investment Properties            |                   |                 | -1,917                       |
|                   |                 | 607                          | 20 Changes in the Fair Value of Investment Properties         |                   |                 | 961                          |
|                   |                 | -98                          | 52 Changes in the Fair Value of Financial Instruments         |                   |                 | 0                            |
|                   |                 | 2,683                        |   |                   |                 | 8,411                        |
|                   |                 |                              | <u>Taxation and Non-specific Grant Income</u>                 |                   |                 |                              |
|                   |                 | -173,784                     | Income from Council Tax                                       |                   |                 | -183,919                     |
|                   |                 | -66,323                      | Non-Domestic Rates Income                                     |                   |                 | -70,386                      |
|                   |                 | -64,139                      | 17 Non-Ringfenced Government Grants                           |                   |                 | -80,986                      |
|                   |                 | -34,227                      | 17 Capital Grants and Contributions                           |                   |                 | -55,234                      |
|                   |                 | -338,473                     |   |                   |                 | -390,525                     |
|                   |                 | <b>85,737</b>                | <b>5 Surplus (-) / Deficit on Provision of Services</b>       |                   |                 | <b>22,957</b>                |
|                   |                 | -16,319                      | 37 Surplus (-) / Deficit on Revaluation of non-current assets |                   |                 | -23,456                      |
|                   |                 | 27,815                       | 39 Re-measurement of the Net Defined Benefit Liability        |                   |                 | 5,351                        |
|                   |                 | 11,496                       | <b>Other Comprehensive Income and Expenditure</b>             |                   |                 | -18,105                      |
|                   |                 |                              |   |                   |                 |                              |
|                   |                 | <b>97,232</b>                | <b>Total Comprehensive Income and Expenditure</b>             |                   |                 | <b>4,852</b>                 |

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#### 4 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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The 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 movements in the year following those adjustments.

| <b>Movements in Reserves in 2025/2026</b>   | General Fund Balance | Earmarked Reserves Account | Total General Fund Revenue Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves (Notes 37 to 42) | Total Authority Reserves |
|---|----------------------|----------------------------|-------------------------------------|--------------------------|--------------------------|-----------------------|------------------------------------|--------------------------|
|   | £000                 | £000                       | £000                                | £000                     | £000                     | £000                  | £000                               | £000                     |
| <b>Balance at 1 April 2025</b>  | -28,827              | -20,788                    | -49,615                             | -2,088                   | -47,370                  | <b>-99,073</b>        | -257,363                           | <b>-356,436</b>          |
| <b>Movements in Year</b>  |                      |                            |                                     |                          |                          |                       |                                    |                          |
| <b>Total Comprehensive Income and Expenditure</b>                                 | 22,957               | 0                          | 22,957                              | 0                        | 0                        | <b>22,957</b>         | -18,105                            | <b>4,852</b>             |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | 4,089                | 0                          | 4,089                               | -1,980                   | -4,476                   | <b>-2,367</b>         | 2,367                              | <b>0</b>                 |
| <b>Net Increase before Transfers to Earmarked Reserves</b>                        | 27,046               | 0                          | 27,046                              | -1,980                   | -4,476                   | <b>20,590</b>         | -15,738                            | <b>4,852</b>             |
| Transfers to / from Earmarked Reserves (Note 34)                                  | -17,614              | 17,614                     | 0                                   | 0                        | 0                        | <b>0</b>              | 0                                  | <b>0</b>                 |
| <b>Decrease / Increase (-) in Year</b>  | <b>9,432</b>         | <b>17,614</b>              | <b>27,046</b>                       | <b>-1,980</b>            | <b>-4,476</b>            | <b>20,590</b>         | <b>-15,738</b>                     | <b>4,852</b>             |
| <b>Balance at 31 March 2026</b>   | -19,395              | -3,174                     | -22,569                             | -4,068                   | -51,846                  | <b>-78,483</b>        | -273,101                           | <b>-351,584</b>          |

| <b>Movements in Reserves in 2024/2025</b>   | General Fund Balance | Earmarked Reserves Account | Total General Fund Revenue Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves (Notes 37 to 42) | Total Authority Reserves |
|---|----------------------|----------------------------|-------------------------------------|--------------------------|--------------------------|-----------------------|------------------------------------|--------------------------|
|   | £000                 | £000                       | £000                                | £000                     | £000                     | £000                  | £000                               | £000                     |
| <b>Balance at 1 April 2024</b>  | -36,675              | -32,680                    | -69,355                             | -12,449                  | -51,254                  | <b>-133,058</b>       | -313,853                           | <b>-446,912</b>          |
| <b>Restatement of Opening Balances - Initial Recognition of ROU Assets</b>        | 0                    | 0                          | 0                                   | 0                        | 0                        | <b>0</b>              | -6,756                             | <b>-6,756</b>            |
| <b>Restated Balance at 1 April 2024</b>   | -36,675              | -32,680                    | -69,355                             | -12,449                  | -51,254                  | <b>-133,058</b>       | -320,609                           | <b>-453,668</b>          |
| <b>Movements in Year</b>  |                      |                            |                                     |                          |                          |                       |                                    |                          |
| <b>Total Comprehensive Income and Expenditure</b>                                 | 85,737               | 0                          | 85,737                              | 0                        | 0                        | <b>85,737</b>         | 11,496                             | <b>97,232</b>            |
| Adjustments between accounting basis and funding basis under regulations (Note 7) | -65,995              | 0                          | -65,995                             | 10,361                   | 3,884                    | <b>-51,750</b>        | 51,750                             | <b>0</b>                 |
| <b>Net Increase before Transfers to Earmarked Reserves</b>                        | 19,740               | 0                          | 19,740                              | 10,361                   | 3,884                    | <b>33,986</b>         | 63,246                             | <b>97,232</b>            |
| Transfers to / from Earmarked Reserves (Note 34)                                  | -11,892              | 11,892                     | 0                                   | 0                        | 0                        | <b>0</b>              | 0                                  | <b>0</b>                 |
| <b>Decrease / Increase (-) in Year</b>  | <b>7,848</b>         | <b>11,892</b>              | <b>19,740</b>                       | <b>10,361</b>            | <b>3,884</b>             | <b>33,986</b>         | <b>63,246</b>                      | <b>97,232</b>            |
| <b>Balance at 31 March 2025</b>   | -28,827              | -20,788                    | -49,615                             | -2,088                   | -47,370                  | <b>-99,073</b>        | -257,363                           | <b>-356,436</b>          |

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## 5 BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| 31 March<br>2025<br>£000s |  | Note | 31 March<br>2026<br>£000s |
|---------------------------|--|------|---------------------------|
| 506,338                   | Property, Plant and Equipment          | 18   | 554,549                   |
| 13,150                    | Heritage Assets                        | 19   | 13,149                    |
| 26,817                    | Investment Property                    | 20   | 26,407                    |
| 2,059                     | Intangible Assets                      | 21   | 1,736                     |
| 11,599                    | Long Term Investments                  | 23   | 14,119                    |
| 8,752                     | Long Term Debtors                      | 24   | 11,119                    |
| <b>568,714</b>            | <b>Long-Term Assets</b>                |      | <b>621,079</b>            |
| 10,939                    | Assets Held for Sale                   | 25   | 13,019                    |
| 533                       | Inventories                            |      | 629                       |
| 74,182                    | Short Term Debtors                     | 26   | 85,425                    |
| 13,772                    | Prepayments                            | 26   | 18,055                    |
| 18,933                    | Cash and Cash Equivalents              | 27   | 43,007                    |
| <b>118,360</b>            | <b>Current Assets</b>                  |      | <b>160,135</b>            |
| -14,791                   | Cash Overdrawn                         | 27   | -10,959                   |
| -51,309                   | Current Portion of Long-Term Borrowing | 52   | -103,139                  |
| -67,725                   | Short Term Creditors                   | 28   | -58,612                   |
| -17,546                   | Receipts in Advance                    | 29   | -18,173                   |
| -1,972                    | Deferred Liabilities                   | 31   | -1,170                    |
| <b>-153,342</b>           | <b>Current Liabilities</b>             |      | <b>-192,053</b>           |
| -6,057                    | Provisions                             | 30   | -5,828                    |
| -154,002                  | Long Term Borrowing                    | 52   | -217,200                  |
| -3,293                    | Deferred Liabilities                   | 31   | -1,816                    |
| -13,944                   | Pensions Liability                     | 49   | -12,735                   |
| <b>-177,297</b>           | <b>Long Term Liabilities</b>           |      | <b>-237,578</b>           |
| <b>356,435</b>            | <b>Net Assets</b>                      |      | <b>351,584</b>            |

| 31 March<br>2025<br>£000s | Balance Sheet (Continued)                  | Note | 31 March<br>2026<br>£000s |
|---------------------------|--|------|---------------------------|
|                           | <b>Reserves</b>                            |      |                           |
|                           | <u>Usable Reserves</u>                     |      |                           |
| -18,391                   | General Fund - Delegated Schools           | 33   | -19,386                   |
| -10,436                   | General Fund - Non-Delegated Services      | 33   | -9                        |
| -20,788                   | Earmarked Reserves                         | 34   | -3,174                    |
| -2,088                    | Capital Receipts Reserve                   | 35   | -4,068                    |
| -47,370                   | Capital Grants and Contributions Unapplied | 36   | -51,846                   |
| -99,073                   |  |      | -78,483                   |
|                           | <u>Unusable Reserves</u>                   |      |                           |
| -108,117                  | Revaluation Reserve                        | 37   | -129,337                  |
| -228,738                  | Capital Adjustment Account                 | 38   | -255,771                  |
| 118                       | Financial Instruments Adjustment Account   |      | 87                        |
| -169                      | Pooled Investment Funds Adjustment Account |      | -169                      |
| -2,232                    | Deferred Capital Receipts                  |      | -2,265                    |
| 13,944                    | Pensions Reserve                           | 39   | 12,735                    |
| -2,349                    | Collection Fund Adjustment Account         | 40   | -7,366                    |
| 5,380                     | Accumulated Absences Account               | 41   | 4,953                     |
| 64,801                    | Dedicated Schools Grant Adjustment Account | 42   | 104,033                   |
| -257,362                  |  |      | -273,101                  |
| <b>-356,435</b>           | <b>Total Reserves</b>                      |      | <b>-351,584</b>           |

The Notes on pages 33 to 112 form part of the financial statements.

## 6 CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting year. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

| <u>2024/2025</u><br>£000s |   | Note | <u>2025/2026</u><br>£000s |
|---------------------------|---|------|---------------------------|
|                           | <b><u>Operating Activities</u></b>  |      |                           |
| 85,737                    | Net deficit on the provision of services  |      | 22,957                    |
| -43,412                   | Adjustments to net surplus or deficit on the provision of services for non-cash movements   | 45   | 706                       |
| -295                      | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 45   | 54,528                    |
| 42,030                    | Net cash flows from Operating Activities  |      | 78,191                    |
|                           | <b><u>Investing Activities</u></b>  |      |                           |
| 51,282                    | Purchase of property, plant and equipment, investment property and intangible assets  |      | 60,440                    |
| 401                       | Purchase of short-term and long-term investments  |      | 2,520                     |
| -3,821                    | Proceeds from the sale of property, plant and equipment, investment property and intangible assets                                    |      | -2,647                    |
| 0                         | Proceeds from short-term and long-term investments  |      | 0                         |
| -30,032                   | Capital Grants and Contributions  |      | -54,985                   |
| -9                        | Other receipts from investing activities  |      | -54                       |
| 17,821                    | Net cash flows from Investing Activities  |      | 5,274                     |
|                           | <b><u>Financing Activities</u></b>  |      |                           |
| -75,497                   | Cash receipts of short- and long-term borrowing   |      | -190,000                  |
| -136                      | Other receipts from financing activities  |      | -25                       |
| 477                       | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts          |      | 1,132                     |
| 9,464                     | Repayments of short- and long-term borrowing  |      | 77,206                    |
| 122                       | Other payments for financing activities   |      | 316                       |
| -65,570                   | Net cash flows from Financing Activities  | 45   | -111,371                  |
| <b>-5,719</b>             | <b>Net decrease / (increase) in cash and cash equivalents</b>   |      | <b>-27,906</b>            |
| 1,577                     | Cash and cash equivalents at the beginning of the reporting period  |      | -4,142                    |
| <b>-4,142</b>             | <b>Cash and cash equivalents at the end of the reporting period</b>   | 27   | <b>-32,048</b>            |

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## 7 NOTES TO THE FINANCIAL STATEMENTS - EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It 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.

| <b>2025/2026</b>                                  | <b>Outturn Expenditure against Budget for Monitoring Purposes</b> | <b>Adjustments for Internal Recharges / Earmarked Reserves</b> | <b>Net Expenditure Chargeable to General Fund Balances</b> | <b>Adjustments between the Funding and Accounting Basis (Note 6)</b> | <b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b> |
|---|---|--|--|--|--|
| Strategic Management                              | 4,091   | -2,914   | 1,177  | -26  | 1,151  |
| Adult Social Care                                 | 139,913   | -4,015   | 135,898  | -25,414  | 110,484  |
| Children's Social Care                            | 114,265   | -3,358   | 110,907  | -18,363  | 92,544   |
| Communities                                       | 15,268  | -1,606   | 13,662   | 1,861  | 15,523   |
| Corporate Resources                               | 17,460  | 18,660   | 36,120   | -439   | 35,681   |
| Economic Growth and Housing                       | 7,538   | -1,071   | 6,467  | 644  | 7,111  |
| Education Excellence                              | 21,934  | -227   | 21,707   | -603   | 21,104   |
| Education Excellence - Schools                    | 38,248  | -41,818  | -3,570   | 37,597   | 34,027   |
| Health and Wellbeing                              | 19,595  | -2,551   | 17,044   | -25,853  | -8,809   |
| Highways and Public Protection                    | 9,835   | -2,153   | 7,682  | 8,148  | 15,830   |
| Operational In-House Services                     | 22,486  | -358   | 22,128   | 2,482  | 24,610   |
| Property and Building Services                    | 613   | 3,269  | 3,882  | 1,640  | 5,522  |
| Corporate Unallocated Costs                       | -51,213   | 55,744   | 4,531  | 5,728  | 10,259   |
| <b>Net Cost of Services</b>                       | <b>360,033</b>  | <b>17,602</b>  | <b>377,635</b>   | <b>-12,598</b>   | <b>365,037</b>   |
| Other Operating Income and Expenditure            | 39,336  | 0  | 39,336   | 698  | 40,034   |
| Financing and Investment Income & Expenditure     | 8,875   | 0  | 8,875  | -464   | 8,411  |
| Taxation and Non-specific Grant Income            | -398,800  | 0  | -398,800   | 8,275  | -390,525   |
| <b>Other Income and Expenditure</b>               | <b>-350,589</b>   | <b>0</b>   | <b>-350,589</b>  | <b>8,509</b>   | <b>-342,080</b>  |
| <b>Deficit/(Surplus) on Provision of Services</b> | <b>9,444</b>  | <b>17,602</b>  | <b>27,046</b>  | <b>-4,089</b>  | <b>22,957</b>  |

|   |                |
|---|----------------|
| <b>Opening General Fund Balance</b>       | <b>-49,615</b> |
| Plus: Deficit in the Year                 | 27,046         |
| <b>Closing General Fund Balance</b>       | <b>-22,569</b> |
| Analysis of Closing General Fund Balance: |                |
| General Fund - Delegated Schools          | -19,386        |
| General Fund - Non-Delegated Services     | -9             |
| Earmarked Reserves                        | -3,174         |
| <b>Closing General Fund Balance</b>       | <b>-22,569</b> |

The following table shows the comparative information for 2024/2025:

| <b>2024/2025</b>                                  | <b>Outturn Expenditure against Budget for Monitoring Purposes</b> | <b>Adjustments for Internal Recharges / Earmarked Reserves</b> | <b>Net Expenditure Chargeable to General Fund Balances</b> | <b>Adjustments between the Funding and Accounting Basis (Note 6)</b> | <b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b> |
|---|---|--|--|--|--|
| Strategic Management                              | 4,036   | -2,914   | 1,122  | 12   | 1,134  |
| Adult Social Care                                 | 128,586   | -4,102   | 124,484  | 2,197  | 126,681  |
| Children's Social Care                            | 101,063   | -2,879   | 98,184   | 361  | 98,545   |
| Communities                                       | 13,593  | 121  | 13,714   | 3,374  | 17,088   |
| Corporate Resources                               | 9,303   | 18,655   | 27,958   | 719  | 28,677   |
| Economic Growth and Housing                       | 7,820   | -1,330   | 6,490  | 1,772  | 8,262  |
| Education Excellence                              | 20,314  | -252   | 20,062   | 2,736  | 22,798   |
| Education Excellence - Schools                    | 30,863  | -31,987  | -1,124   | 29,694   | 28,570   |
| Health and Wellbeing                              | 19,909  | -2,446   | 17,463   | -24,327  | -6,864   |
| Highways and Public Protection                    | 9,497   | -2,347   | 7,150  | 8,918  | 16,068   |
| Operational In-House Services                     | 19,443  | -88  | 19,355   | 3,390  | 22,745   |
| Property and Building Services                    | -340  | 4,161  | 3,821  | 7,513  | 11,334   |
| Corporate Unallocated Costs                       | -31,912   | 37,102   | 5,190  | 3,127  | 8,317  |
| <b>Net Cost of Services</b>                       | <b>332,175</b>  | <b>11,694</b>  | <b>343,869</b>   | <b>39,486</b>  | <b>383,355</b>   |
| Other Operating Income and Expenditure            | 38,765  | 0  | 38,765   | 34,648   | 73,413   |
| Financing and Investment Income & Expenditure     | 8,583   | 0  | 8,583  | -5,900   | 2,683  |
| Taxation and Non-specific Grant Income            | -371,477  | 0  | -371,477   | -2,237   | -373,714   |
| <b>Other Income and Expenditure</b>               | <b>-324,129</b>   | <b>0</b>   | <b>-324,129</b>  | <b>26,511</b>  | <b>-297,618</b>  |
| <b>Deficit/(Surplus) on Provision of Services</b> | <b>8,046</b>  | <b>11,694</b>  | <b>19,740</b>  | <b>65,995</b>  | <b>85,737</b>  |

|   |                |
|---|----------------|
| <b>Opening General Fund Balance</b>       | <b>-69,355</b> |
| Plus: Deficit in the Year                 | 19,740         |
| <b>Closing General Fund Balance</b>       | <b>-49,615</b> |
| Analysis of Closing General Fund Balance: |                |
| General Fund - Delegated Schools          | -18,391        |
| General Fund - Non-Delegated Services     | -10,436        |
| Earmarked Reserves                        | -20,788        |
| <b>Closing General Fund Balance</b>       | <b>-49,615</b> |

## **8 OTHER NOTES TO THE FINANCIAL STATEMENTS**

### **1 PRIOR PERIOD COMPARATORS / ADJUSTMENTS**

There have been no adjustments to the prior period's figures.

### **2 ACCOUNTING STANDARDS ISSUED BUT HAVE NOT YET BEEN ADOPTED**

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. This included further guidance on how to determine whether an asset meets the definition of a heritage asset and the requirements for leases of heritage assets.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. This includes amendments relating to settling financial liabilities using an electronic payment system, assessing contractual cash flow characteristics of financial assets, and amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. This included minor amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instrument Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. The IASB issued targeted amendments to enable better reporting of the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs).

In most cases these amendments will not result in any changes to the 2026/27 Accounting Code so are not expected to have an impact on the Council's single entity statements or group statements. Amendments to IFRS 9 and IFRS 7 have resulted in additional disclosure requirements being introduced in the 2026/27 Accounting Code which may increase the level of disclosures in respect of financial instruments in future years; however, Sefton does not currently have any Nature-dependent Electricity Contracts.

### **3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 54, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government (see Narrative Report). However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has a material interest in Sefton New Directions Limited, an entity which conducts some of the Council's adult and social care activities. It has been deemed that Sefton New Directions Limited is a subsidiary of the Council and group accounts are required to be prepared.
- The Council has a material interest in Sandway Homes Limited, an entity which engages in housebuilding activity. It has been deemed that Sandway Homes Limited is a subsidiary of the Council and group accounts are required to be prepared.
- The Council has a material interest in Sefton Hospitality Operations Limited, an entity which engages in hospitality activity. It has been deemed that Sefton Hospitality Operations Limited is a subsidiary of the Council and group accounts are required to be prepared.

- The Council has given a number of warranties, from the date of transfer, for up to 17 years (One Vision Housing Limited) and 35 years (M&G Trustee Company Limited formerly Prudential Trustee Company Limited) in respect of statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, way leaves, telecommunications and works undertaken. In addition, warranties for 20 years have been given to both parties in respect of claims for asbestos and a warranty not exceeding £100,500,000 for up to 20 years in respect of environmental pollution has been given to One Vision Housing Limited. There is currently no liability relating to the warranties so the Council has chosen not to make provision any potential costs that may arise at a future date. As there is a potential for claims to be made against the warranties at a future date, the Council has determined this should be treated as a Contingent Liability. Should any claims be made then the Council will assess whether a provision is required.
- The Council does not recognise Voluntary Aided, Academies or Free schools on its Balance Sheet. All other types of school are recognised on the Council's Balance Sheet.

#### 4 **ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements requires management to make judgements, estimates and assumptions that amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying of assets and liabilities within the next financial year are as follows (note that the percentages quoted are for illustrative purposes only and are not an indication of the potential impact):

| Item                                 | Uncertainties  | Effect if Actual Results Differ from Assumptions  |
|--------------------------------------|--|---|
| <b>Property, Plant and Equipment</b> | <p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>The total value of PP&amp;E as at 31 March 2026 is £554.549m.</p> <p>Indices have been adopted to revalue assets which are not part of the five-year revaluation cycle, to uplift their value, per 2025/26 CIPFA Code.</p> | <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>A 10% reduction in Net Book Value would equate to £55m</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for assets would increase by about £1m for every year that useful lives had to be reduced.</p> |

|                                  |  |   |
|----------------------------------|--|---|
| <p><b>Pensions Liability</b></p> | <p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>As at 31 March 2026 the value of assets was £1,320.431m and liabilities was £1,048.823m. However, an asset ceiling has been applied (£281.603m), therefore the net deficit accounted for is £12.735m.</p>  | <p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>The impact of changes in individual assumptions are shown in Note 49, as required by the Code of Practice.</p> |
| <p><b>Arrears</b></p>            | <p>At 31 March 2026, Sefton had a net balance of sundry debtor accounts issued by the Authority but not yet paid of £34.968m. A review of significant balances suggested that an impairment of doubtful debts of approximately 15% (£5.191m) was appropriate for these accounts.</p> <p>At 31 March 2026, Sefton had a balance of Council Tax arrears (including Court Costs) of £51.968m (Sefton's share only). A review of significant balances suggested that an impairment of doubtful debts of approximately 69% (£35.820m) was appropriate for these accounts.</p> <p>At 31 March 2026, Sefton had a balance of NNDR arrears (including Court Costs) of £6.567m (Sefton's share only). A review of significant balances suggested that an impairment of doubtful debts of approximately 52% (£3.396m) was appropriate for these accounts.</p> <p>At 31 March 2026, Sefton had a balance of Housing Benefit arrears of £5.248m. A review of significant balances suggested that an impairment of doubtful debts of approximately 33% (£1.724m) was appropriate for these accounts.</p> <p>However, in the current economic climate it is possible that such allowances would not be sufficient.</p> | <p>If collection rates were to deteriorate, an increase of 10% in the amount of the impairment of doubtful debts would require an additional £3.5m to be set aside as an allowance.</p>                                 |

5 **EXPENDITURE AND INCOME ANALYSED BY NATURE**

| 2024/2025<br>£000s |  | 2025/2026<br>£000s |
|--------------------|--|--------------------|
|                    | <u>Expenditure</u>   |                    |
| 265,166            | Employee benefit expenses  | 261,615            |
| 559,995            | Other service expenses   | 569,915            |
| 46,127             | Depreciation, amortisation and impairment  | 38,492             |
| 7,400              | Interest Payments  | 11,565             |
| 20,874             | Precepts and Levies  | 37,844             |
| 35,856             | (Gain) / Loss on Disposal of Non-Current Assets and Changes in Fair Value of Investment Properties and Financial Instruments | 3,867              |
| 0                  | Net Interest on the Net Pension Defined Benefit Liability  | 90                 |
| <b>935,418</b>     | <b>Total Expenditure</b>   | <b>923,388</b>     |
|                    | <u>Income</u>  |                    |
| -88,707            | Fees, charges and other service income   | -95,032            |
| -2,477             | Interest and Investment Income   | -2,975             |
| -240,108           | Income from council tax and non-domestic rate income   | -254,305           |
| -517,165           | Government Grants and Contributions  | -548,119           |
| -1,224             | Net Interest on the Net Pension Defined Benefit Liability  | 0                  |
| <b>-849,681</b>    | <b>Total Income</b>  | <b>-900,431</b>    |
| <b>85,737</b>      | <b>Surplus (-) / Deficit on the Provision of Services</b>  | <b>22,957</b>      |

6 **NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

Adjustments between Funding and Accounting Basis in 2025/2026

| Adjustments from General Fund to<br>Arrive at the Comprehensive Income<br>and Expenditure Statement amounts. | Adjustments<br>for Capital<br>Purposes | Net change<br>for the<br>Pensions<br>Adjustment | Other<br>Differences | Total<br>Adjustments |
|--|--|---|----------------------|----------------------|
|  | £000                                   | £000  | £000                 | £000                 |
| Strategic Management   | 0                                      | -27   | 1                    | -26                  |
| Adult Social Care  | -131                                   | -553  | -24,730              | -25,414              |
| Children's Social Care   | 250                                    | -687  | -17,926              | -18,363              |
| Communities  | 2,214                                  | -299  | -54                  | 1,861                |
| Corporate Resources  | 396                                    | -644  | -191                 | -439                 |
| Economic Growth and Housing  | 1,129                                  | -257  | -228                 | 644                  |
| Education Excellence   | -416                                   | -194  | 7                    | -603                 |
| Education Excellence - Schools   | 68                                     | -1,140  | 38,669               | 37,597               |
| Health and Wellbeing   | 0                                      | -28   | -25,825              | -25,853              |
| Highways and Public Protection   | 9,416                                  | -187  | -1,081               | 8,148                |
| Operational In-House Services  | 5,122                                  | -819  | -1,821               | 2,482                |
| Property and Building Services   | 2,035                                  | -102  | -293                 | 1,640                |
| Corporate Unallocated Costs  | 9,098                                  | -1,713  | -1,657               | 5,728                |
| <b>Net Cost of Services</b>  | <b>29,181</b>                          | <b>-6,650</b>                                   | <b>-35,129</b>       | <b>-12,598</b>       |
| Other Income and Expenditure   | -60,466                                | 90  | 68,885               | 8,509                |
| <b>Surplus (-) or Deficit</b>  | <b>-31,285</b>                         | <b>-6,560</b>                                   | <b>33,756</b>        | <b>-4,089</b>        |

Adjustments between Funding and Accounting Basis in 2024/2025

| Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts. | Adjustments for Capital Purposes | Net change for the Pensions Adjustment | Other Differences | Total Adjustments |
|--|----------------------------------|--|-------------------|-------------------|
|  | £000                             | £000                                   | £000              | £000              |
| Strategic Management   | 0                                | 11                                     | 1                 | 12                |
| Adult Social Care  | 1,970                            | 212                                    | 15                | 2,197             |
| Children's Social Care   | 92                               | 250                                    | 19                | 361               |
| Communities  | 3,307                            | 123                                    | -56               | 3,374             |
| Corporate Resources  | 444                              | 257                                    | 18                | 719               |
| Economic Growth and Housing  | 1,893                            | 107                                    | -228              | 1,772             |
| Education Excellence   | 2,651                            | 79                                     | 6                 | 2,736             |
| Education Excellence - Schools   | 730                              | 534                                    | 28,430            | 29,694            |
| Health and Wellbeing   | 0                                | 10                                     | -24,337           | -24,327           |
| Highways and Public Protection   | 9,728                            | 74                                     | -884              | 8,918             |
| Operational In-House Services  | 4,395                            | 330                                    | -1,336            | 3,389             |
| Property and Building Services   | 7,473                            | 37                                     | 2                 | 7,512             |
| Corporate Unallocated Costs  | 6,697                            | -1,916                                 | -1,653            | 3,127             |
| <b>Net Cost of Services</b>  | <b>39,380</b>                    | <b>108</b>                             | <b>-3</b>         | <b>39,485</b>     |
| Other Income and Expenditure   | -8,441                           | -1,224                                 | 36,176            | 26,510            |
| <b>Surplus (-) or Deficit</b>  | <b>30,939</b>                    | <b>-1,116</b>                          | <b>36,173</b>     | <b>65,995</b>     |

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing** and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **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.

Change for the Pensions Adjustments

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 allowed 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

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the 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.

In addition, this includes differences between how expenditure and income is reported to management and how it needs to be shown in the Income and Expenditure Account, e.g. Public Health Grant, Prudential Borrowing costs charged to Services and internal recharges between services and reserve adjustments.

### **Segmental Analysis of Revenues from External Customers**

| <u>2024/2025</u><br>£000s |   | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| 0                         | Strategic Management                        | 0                         |
| -30,788                   | Adult Social Care                           | -34,430                   |
| -401                      | Children's Social Care                      | -229                      |
| -9,823                    | Communities                                 | -10,689                   |
| -3,448                    | Corporate Resources                         | -3,483                    |
| -4,720                    | Economic Growth and Housing                 | -4,722                    |
| -1,665                    | Education Excellence                        | -1,640                    |
| -5,263                    | Education Excellence - Schools              | -4,956                    |
| 0                         | Health and Wellbeing                        | 0                         |
| -9,543                    | Highways and Public Protection              | -9,314                    |
| -15,954                   | Operational In-House Services               | -16,179                   |
| -1,239                    | Property and Building Services              | -2,067                    |
| -2,425                    | Corporate Unallocated Costs                 | -2,339                    |
| -85,269                   | <b>Net Cost of Services</b>                 | -90,048                   |
| -3,438                    | Other Income and Expenditure                | -4,984                    |
| <b>-88,707</b>            | <b>Surplus on the Provision of Services</b> | <b>-95,032</b>            |

7

### **ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Descriptions of the reserves that the adjustments are made against can be found in the relevant notes for each reserve.

| <b>Adjustments in 2025/2026</b>   | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|---|------------------------------|----------------------------------|----------------------------------|---------------------------|
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                              |                                  |                                  |                           |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>   |                              |                                  |                                  |                           |
| Charges for depreciation of non-current assets  | -22,578                      |                                  |                                  | 22,578                    |
| Revaluation gains / losses on non-current assets  | -4,549                       |                                  |                                  | 4,549                     |
| Movements in the market value of Investment Properties  | -961                         |                                  |                                  | 961                       |
| Amortisation of intangible assets   | -1,531                       |                                  |                                  | 1,531                     |
| Capital grants and contributions applied  | 36,146                       |                                  |                                  | -36,146                   |
| Revenue expenditure funded from capital under statute - Gross   | -9,833                       |                                  |                                  | 9,833                     |
| Revenue expenditure funded from capital under statute – Related Capital Grants and Contributions  | 9,664                        |                                  |                                  | -9,664                    |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement                                      | -3,316                       |                                  |                                  | 3,316                     |
| Amortisation of Deferred Income re. Crosby PFI Scheme   | 107                          |                                  |                                  | -107                      |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>  |                              |                                  |                                  |                           |
| Statutory provision for the financing of capital investment   | 6,380                        |                                  |                                  | -6,380                    |
| Capital expenditure charged against the General Fund  | 22                           |                                  |                                  | -22                       |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>  |                              |                                  |                                  |                           |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement   | 27,947                       |                                  | -27,947                          |                           |
| Reversal of capital grants and contributions unapplied previously credited to the Comprehensive Income and Expenditure Statement  | -8,860                       |                                  | 8,860                            |                           |
| Application of grants to capital financing transferred to the Capital Adjustment Account  |                              |                                  | 14,611                           | -14,611                   |
| <b>Adjustments primarily involving the Capital Receipts Reserve:</b>  |                              |                                  |                                  |                           |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement  | 409                          | -409                             |                                  |                           |
| Transfers to Usable Capital Receipts not relating to the disposal of assets   | 2,237                        | -2,237                           |                                  |                           |
| Use of the Capital Receipts Reserve to finance new capital expenditure  |                              | 634                              |                                  | -634                      |
| Transfers from Usable Capital Receipts  |                              | 32                               |                                  | -32                       |
| <b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>   |                              |                                  |                                  |                           |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | 31                           |                                  |                                  | -31                       |
| <b>Adjustment primarily involving the Pooled Investment Funds Adjustment Account:</b>   |                              |                                  |                                  |                           |
| Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.   | 0                            |                                  |                                  | 0                         |
| <b>Adjustments primarily involving the Pensions Reserve:</b>  |                              |                                  |                                  |                           |

| <b>Adjustments in 2025/2026 (continued)</b>  | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------|
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement  | -18,197                      |                                  |                                  | 18,197                    |
| Employer's pensions contributions and direct payments to pensioners payable in the year  | 24,757                       |                                  |                                  | -24,757                   |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>   |                              |                                  |                                  |                           |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates income calculated for the year in accordance with statutory requirements | 5,018                        |                                  |                                  | -5,018                    |
| <b>Adjustment primarily involving the Accumulated Absences Account:</b>  |                              |                                  |                                  |                           |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements                | 428                          |                                  |                                  | -428                      |
| <b>Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:</b>  |                              |                                  |                                  |                           |
| Transfer of Dedicated Schools Grant (DSG) over to the DSG Adjustment Account   | -39,232                      |                                  |                                  | 39,232                    |
| <b>Total Adjustments</b>   | <b>4,089</b>                 | <b>-1,980</b>                    | <b>-4,476</b>                    | <b>2,367</b>              |

| <b>Adjustments in 2024/2025</b>  | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------|
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>   |                              |                                  |                                  |                           |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>  |                              |                                  |                                  |                           |
| Charges for depreciation of non-current assets   | -21,233                      |                                  |                                  | 21,233                    |
| Revaluation gains / losses on non-current assets   | -15,891                      |                                  |                                  | 15,891                    |
| Movements in the market value of Investment Properties   | -607                         |                                  |                                  | 607                       |
| Amortisation of intangible assets  | -1,681                       |                                  |                                  | 1,681                     |
| Capital grants and contributions applied   | 22,770                       |                                  |                                  | -22,770                   |
| Revenue expenditure funded from capital under statute - Gross  | -7,323                       |                                  |                                  | 7,323                     |
| Revenue expenditure funded from capital under statute – Related Capital Grants and Contributions   | 7,150                        |                                  |                                  | -7,150                    |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -38,438                      |                                  |                                  | 38,438                    |
| Amortisation of Deferred Income re. Crosby PFI Scheme  | 107                          |                                  |                                  | -107                      |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>   |                              |                                  |                                  |                           |
| Statutory provision for the financing of capital investment  | 8,742                        |                                  |                                  | -8,742                    |
| Capital expenditure charged against the General Fund   | 88                           |                                  |                                  | -88                       |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>   |                              |                                  |                                  |                           |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement  | 18,549                       |                                  | -18,549                          |                           |

| <b>Adjustments in 2024/2025 (continued)</b>  | General Fund Balance<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|--|------------------------------|----------------------------------|----------------------------------|---------------------------|
| Reversal of capital grants and contributions unapplied previously credited to the Comprehensive Income and Expenditure Statement   | -7,092                       |                                  | 7,092                            |                           |
| Application of grants to capital financing transferred to the Capital Adjustment Account   |                              |                                  | 15,341                           | -15,341                   |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement   | 3,092                        | -3,092                           |                                  |                           |
| Transfers to Usable Capital Receipts not relating to the disposal of assets  | 729                          | -729                             |                                  |                           |
| Use of the Capital Receipts Reserve to finance new capital expenditure   |                              | 592                              |                                  | -592                      |
| Transfers from Usable Capital Receipts   |                              | 13,590                           |                                  | -13,590                   |
| <b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>  |                              |                                  |                                  |                           |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements  | 30                           |                                  |                                  | -30                       |
| <b>Adjustment primarily involving the Pooled Investment Funds Adjustment Account:</b>  |                              |                                  |                                  |                           |
| Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.  | 98                           |                                  |                                  | -98                       |
| <b>Adjustments primarily involving the Pensions Reserve:</b>   |                              |                                  |                                  |                           |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement  | -23,364                      |                                  |                                  | 23,364                    |
| Employer's pensions contributions and direct payments to pensioners payable in the year  | 24,480                       |                                  |                                  | -24,480                   |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>   |                              |                                  |                                  |                           |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates income calculated for the year in accordance with statutory requirements | -7,650                       |                                  |                                  | 7,650                     |
| <b>Adjustment primarily involving the Accumulated Absences Account:</b>  |                              |                                  |                                  |                           |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements                | 127                          |                                  |                                  | -127                      |
| <b>Adjustment primarily involving the Dedicated Schools Grant Adjustment Account:</b>  |                              |                                  |                                  |                           |
| Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account  | -28,681                      |                                  |                                  | 28,681                    |
| <b>Total Adjustments</b>   | <b>-65,995</b>               | <b>10,361</b>                    | <b>3,884</b>                     | <b>51,750</b>             |

**8 OTHER OPERATING INCOME**

An analysis of amounts of Other Income not included in the Net Cost of Services but credited to the Comprehensive Income and Expenditure Statement is shown below:

| <u>2024/2025</u><br>£000s | <u>Other Income</u>   | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| -725                      | Capital Receipts re. Former Council Dwellings                         | -2,237                    |
| -4                        | Other Capital Receipts not relating to the Disposal of Council Assets | 0                         |
| -63                       | Sefton's share of a VAT Shelter Agreement with One Vision Housing     | -66                       |
| <b>-792</b>               |   | <b>-2,303</b>             |

**9 INTEREST PAYABLE AND SIMILAR CHARGES**

Charges to the Comprehensive Income and Expenditure Account during the year were as follows:

| <u>2024/2025</u><br>£000s |                                       | <u>2025/2026</u><br>£000s |
|---------------------------|---------------------------------------|---------------------------|
| 6,937                     | External Interest Charges             | 11,248                    |
| 220                       | Finance Charge re. Leasing Agreements | 122                       |
| 243                       | Finance Charge re. PFI Schemes        | 193                       |
| <b>7,400</b>              | <b>Total</b>                          | <b>11,563</b>             |

**10 POOLED BUDGETS**

Under section 75 of the National Health Service Act 2006, local authority and NHS bodies are able to enter into joint working arrangements with the NHS. Pooled funds, with resources provided by local and health authorities, offer the opportunity for the provision of seamless health and social services. Partners remain accountable for their services that are part of the pooled budget. A key feature of the pool is that the use of resources will be dictated by the needs of clients, rather than respective contributions.

Provision of intensive care packages for service users with a learning disability

Sefton Council has a joint working arrangement with Cheshire & Merseyside ICB in Sefton for the provision of intensive care packages for service users with a learning disability. Contributions of £1.917m from Cheshire & Merseyside ICB (£1.843m in 2024/2025) and £1.578m from Sefton Council (£1.622m in 2024/2024), £3.495m in total (£3.465m in 2024/2025), have been fully expended on purchasing of care packages to meet the health and social care needs of this client group. Sefton's contribution has been financed from within the Adult Social Care budget and is included in the Comprehensive Income and Expenditure Statement under this heading.

Provision of an Integrated Community Equipment Service

Sefton has a joint working arrangement with Cheshire & Merseyside ICB for the provision of an Integrated Community Equipment Service, providing an appropriate range of equipment to meet assessed needs and to support intermediate care, hospital discharge, rehabilitation and independent living in the community. Contributions of £1.033m from Cheshire & Merseyside ICB (£0.984m in 2024/2025) and £1.032m from Sefton Council (£0.932m in 2024/2025); £2.065m in total (£1.916m in 2024/25), have been fully expended on the provision of this service. Sefton's contribution has been financed from within the Adult Social Care budget and is included in the Comprehensive Income and Expenditure Statement under this heading.

Better Care Fund

The Council operates a pooled fund in partnership with Cheshire & Merseyside ICB. The fund is hosted by the Council.

The Better Care Fund creates a local single pooled budget to incentivise the integration of health and social care and encourage the NHS and Local Government to work more closely together around people, placing their well-being as the focus of health and care services. The eight themes underpinning the agreement are:

- Integrated Community Care - building on the existing Virtual Ward and Care Closer to Home initiatives to have a comprehensive, fully integrated model of care built around the communities in localities.
- Long Term Adult Social Care –supporting packages of care and personal budgets and providing additional capacity in social work
- Intermediate Care and Reablement – seeking to reduce hospital admissions and re-admissions, reduce the need for ongoing care and support by assisting with regaining of independence and to reduce the number of long term residential and nursing care placements
- Early Years.
- Early Intervention and Prevention.
- Ageing Well
- Integration & Transformation
- Hospital Discharge - previously Government Grant but from 25/26 ICB schemes now part of their minimum contribution
- Local Authority Better Care Fund Grant - 25/26 combined the Council's Discharge Grant & Improved Better Care Fund Grant (iBCF). Used to Protect Social Care, Rapid Response Reablement Service & Council's Hospital Discharge schemes .

Financial performance in the year was as follows:

| <u>2024/2025</u><br>£'000 |                             | <u>2025/2026</u><br>£'000 |
|---------------------------|-----------------------------|---------------------------|
|                           | <u>Contributions</u>        |                           |
| -33,961                   | Cheshire and Merseyside ICB | -39,745                   |
| -22,235                   | Sefton Council              | -26,418                   |
| -6,393                    | Discharge Grant             | 0                         |
| <b>-62,589</b>            | <b>Total Contributions</b>  | <b>-66,163</b>            |
|                           |                             |                           |
| <b>63,954</b>             | <b>Total Expenditure</b>    | <b>67,343</b>             |
|                           |                             |                           |
| <b>1,365</b>              | <b>Variance</b>             | <b>1,180</b>              |

The additional spend of £1.180m relates capital expenditure in the pooled fund arrangement utilising surplus Disabled Facilities Grant from prior years. Total spend of £7.587m in year against 2025/2026 grant allocation of £5.985m plus additional received in year of £0.421m. The remaining prior years surplus will be carried forward to be used in future years as part of 3-year Capital programming.

## 11 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection were charged to the Comprehensive Income and Expenditure Account.

| <u>2024/2025</u><br>£000 |  | <u>2025/2026</u><br>£000 |
|--------------------------|--|--------------------------|
| 425                      | Fees for external audit services carried out by the appointed auditors | 405                      |
| 51                       | Fees payable for the certification of grant returns                    | 51                       |
| 0                        | Fees payable in respect of any other services                          | 13                       |
| <b>476</b>               | <b>Total</b>   | <b>469</b>               |

**12 MEMBERS' ALLOWANCES**

The Council has a Cabinet style management structure with a scheme for Members' Allowances. The Council is made up of 65 Members. There were 67 Members who were paid allowances in 2025/26 as some were only for part of the year (78 members in 2024/25) as shown below:

| <u>2024/2025</u><br>£000s |                                   | <u>2025/2026</u><br>£000s |
|---------------------------|-----------------------------------|---------------------------|
| 747                       | Basic Allowances                  | 795                       |
| 239                       | Special Responsibility Allowances | 250                       |
| 52                        | Other Expenses and Allowances     | 34                        |
| 1,038                     | <b>Total</b>                      | 1,079                     |

No Members were paid a salary in either year.

**13 EXIT PACKAGES / TERMINATION BENEFITS**

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the tables below:

Exit Packages in 2025/26

| <u>Exit Package Cost Band</u> | <u>Number of Compulsory Redundancies</u> | <u>Number of Other Departures Agreed</u> | <u>Total Number of Exit Packages by Cost Band</u> | <u>Total Cost of Exit Packages in each Band</u> |
|-------------------------------|--|--|---|---|
| £0 - £20,000                  | 4  | 19                                       | 23  | £0.229m   |
| £20,001 - £40,000             | 0  | 7  | 7   | £0.203m   |
| Total                         | 4  | 26                                       | 30  | £0.432m   |

Exit Packages in 2024/25

| <u>Exit Package Cost Band</u> | <u>Number of Compulsory Redundancies</u> | <u>Number of Other Departures Agreed</u> | <u>Total Number of Exit Packages by Cost Band</u> | <u>Total Cost of Exit Packages in each Band</u> |
|-------------------------------|--|--|---|---|
| £0 - £20,000                  | 5  | 24                                       | 29  | £0.166m   |
| £20,001 - £40,000             | 1  | 7  | 8   | £0.234m   |
| £100,000 - £150,000           | 0  | 1  | 1   | £0.124m   |
| Total                         | 6  | 32                                       | 38  | £0.524m   |

**14 EMPLOYEES' EMOLUMENTS IN EXCESS OF £50,000**

The Accounts and Audit (England) Regulations require the Authority to disclose the number of employees (including teaching staff) whose remuneration in the year was £50,000 or more in bands of £5,000. The definition of remuneration excludes employer pension contributions but includes:

- (i) all taxable amounts paid to, or receivable by, employees, including sums due by way of expenses allowances;
- (ii) the estimated money value of all other benefits received by employees, otherwise than in cash; and,
- (iii) redundancy payments paid to employees who have left the employment of the Authority during the year.

Note that the tables below excludes Senior Officers' remuneration, which is also captured in Note 15.

| <b>Teaching Staff (including Voluntary Aided Schools)</b> |                             |                          |                             |                             |
|---|-----------------------------|--------------------------|-----------------------------|-----------------------------|
| <u>2024/2025</u>  |                             | <u>Remuneration Band</u> | <u>2025/2026</u>            |                             |
| <u>Employed on 31/03/25</u>                               | <u>Left during the year</u> |                          | <u>Employed on 31/03/26</u> | <u>Left during the year</u> |
| 152   | 1                           | £50,000 - £54,999        | 230                         | 0                           |
| 64  | 2                           | £55,000 - £59,999        | 92                          | 1                           |
| 39  | 1                           | £60,000 - £64,999        | 69                          | 1                           |
| 26  | 3                           | £65,000 - £69,999        | 20                          | 0                           |
| 11  | 0                           | £70,000 - £74,999        | 20                          | 1                           |
| 19  | 0                           | £75,000 - £79,999        | 11                          | 0                           |
| 19  | 0                           | £80,000 - £84,999        | 19                          | 0                           |
| 2   | 0                           | £85,000 - £89,999        | 18                          | 0                           |
| 7   | 0                           | £90,000 - £94,999        | 4                           | 0                           |
| 2   | 0                           | £95,000 - £99,999        | 4                           | 0                           |
| 1   | 0                           | £100,000 - £104,999      | 1                           | 0                           |
| 0   | 0                           | £105,000 - £109,999      | 2                           | 0                           |
| 2   | 0                           | £110,000 - £114,999      | 0                           | 0                           |
| 0   | 0                           | £115,000 - £119,999      | 2                           | 0                           |
| 1   | 0                           | £120,000 - £124,999      | 1                           | 0                           |

| <b>Non-Teaching Staff (including schools)</b> |                             |                          |                             |                             |
|---|-----------------------------|--------------------------|-----------------------------|-----------------------------|
| <u>2024/2025</u>                              |                             | <u>Remuneration Band</u> | <u>2025/2026</u>            |                             |
| <u>Employed on 31/03/25</u>                   | <u>Left during the year</u> |                          | <u>Employed on 31/03/26</u> | <u>Left during the year</u> |
| 165   | 3                           | £50,000 - £54,999        | 196                         | 1                           |
| 41  | 2                           | £55,000 - £59,999        | 56                          | 2                           |
| 31  | 2                           | £60,000 - £64,999        | 27                          | 0                           |
| 13  | 3                           | £65,000 - £69,999        | 27                          | 1                           |
| 11  | 0                           | £70,000 - £74,999        | 9                           | 1                           |
| 7   | 1                           | £75,000 - £79,999        | 11                          | 0                           |
| 5   | 0                           | £80,000 - £84,999        | 3                           | 1                           |
| 0   | 0                           | £85,000 - £89,999        | 5                           | 0                           |
| 0   | 0                           | £90,000 - £94,999        | 2                           | 0                           |
| 0   | 0                           | £95,000 - £99,999        | 0                           | 0                           |
| 0   | 0                           | £100,000 - £104,999      | 0                           | 0                           |
| 1   | 0                           | £105,000 - £109,999      | 1                           | 0                           |
| 0   | 0                           | £110,000 - £114,999      | 0                           | 0                           |
| 0   | 0                           | £115,000 - £119,999      | 0                           | 0                           |
| 0   | 0                           | £120,000 - £124,999      | 0                           | 0                           |
| 0   | 0                           | £125,000 - £129,999      | 0                           | 0                           |
| 1   | 0                           | £130,000 - £134,999      | 0                           | 0                           |

**15 SENIOR OFFICERS' REMUNERATION**

The following tables provide details of the remuneration paid to senior officers as defined in the Accounts and Audit Regulations. The pension contribution shown in the tables is the employer's contribution to the local government pension scheme.

Senior Officers remuneration in 2025/26:

| Post holder Information   | Notes | Salary (Including fees and allowances)<br>£ | Expense Allowances<br>£ | Compensation for loss of office<br>£ | Total Remuneration excluding pension contributions<br>£ | Pension Contributions<br>£ | Total Remuneration including pension contributions<br>£ |
|---|-------|---|-------------------------|--------------------------------------|---|----------------------------|---|
| Chief Executive – Phil Porter   |       | 183,928                                     | 0                       | 0                                    | 183,928   | 30,959                     | 214,887   |
| Executive Director – Operations and Partnerships                                | a)    | 133,329                                     | 0                       | 0                                    | 133,329   | 22,525                     | 155,854   |
| Executive Director – Regeneration   | b)    | 133,329                                     | 0                       | 0                                    | 133,329   | 22,371                     | 155,700   |
| Executive Director of Adult Social Care and Health                              | c)    | 74,815                                      | 0                       | 0                                    | 74,815  | 11,843                     | 86,658  |
| Executive Director of Adult Social Care and Health                              | d)    | 77,775                                      | 0                       | 0                                    | 77,775  | 13,128                     | 90,903  |
| Executive Director of Children's Social Care and Education                      | e)    | 111,791                                     | 0                       | 0                                    | 111,791   | 17,539                     | 129,330   |
| Executive Director of Children's Social Care and Education                      | f)    | 15,716                                      | 0                       | 0                                    | 15,716  | 2,577                      | 18,293  |
| Executive Director of Corporate Resources and Customer Services                 | g)    | 10,155                                      | 0                       | 0                                    | 10,155  | 3,162                      | 13,317  |
| Executive Director of Corporate Resources and Customer Services                 | h)    | 8,371                                       | 0                       | 0                                    | 8,371   | 1,373                      | 9,744   |
| Director of Public Health   | i)    | 75,461                                      | 0                       | 0                                    | 75,461  | 11,020                     | 86,481  |
| Director of Public Health   | j)    | 32,642                                      | 0                       | 0                                    | 32,642  | 5,467                      | 38,109  |
| Assistant Director Community Recovery   |       | 73,445                                      | 0                       | 0                                    | 73,445  | 12,371                     | 85,816  |
| Assistant Director Corporate Resources and Customer Services                    |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,521                     | 114,448   |
| Assistant Director of Adult Social Care   | k)    | 40,803                                      | 0                       | 0                                    | 40,803  | 6,887                      | 47,690  |
| Assistant Director of Commissioning   |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,449                     | 114,376   |
| Assistant Director of Children's Social Care – Cared for Children               | l)    | 37,898                                      | 0                       | 0                                    | 37,898  | 6,353                      | 44,251  |
| Assistant Director of Corporate Parenting, Support & Protect                    | m)    | 34,285                                      | 0                       | 40,000                               | 74,285  | 514                        | 74,799  |
| Assistant Director of Children's Social Care – Safeguarding & Quality Assurance | n)    | 0   | 0                       | 0                                    | 0   | 0                          | 0   |
| Assistant Director of Children's Services - Education                           |       | 101,812                                     | 0                       | 0                                    | 101,812   | 17,230                     | 119,042   |
| Assistant Director of People – Communities                                      |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,537                     | 114,464   |
| Assistant Director of Place - Economic Growth and Housing                       |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,489                     | 114,416   |
| Assistant Director of Place - Highways and Public Protection                    |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,528                     | 114,455   |
| Assistant Director of People - Operational In-House Services                    |       | 97,927                                      | 0                       | 0                                    | 97,927  | 15,914                     | 113,841   |
| Assistant Director of Place – Commercial Development                            |       | 97,927                                      | 0                       | 0                                    | 97,927  | 16,521                     | 114,448   |
| Assistant Director of Property and Strategic Asset Management                   |       | 88,450                                      | 0                       | 0                                    | 88,450  | 14,828                     | 103,278   |
| Chief Legal and Democratic Officer  |       | 96,023                                      | 0                       | 0                                    | 96,023  | 16,156                     | 112,179   |

a) Post title changed from Executive Director – People

b) Post title changed from Executive Director – Place

c) Post holder left 30/09/25

d) New post holder started 01/09/25

e) Post holder left 11/01/26

f) New post holder started 17/02/26

g) Post holder left 27/04/25

h) New post holder started 09/03/26

i) Post holder left 31/12/25

j) New post holder started 01/12/25

k) Left post 31/08/25

l) Post temporarily occupied by agency staff.

m) Post was previously called Assistant Director - Help & Protection. Temporarily occupied by agency staff.

n) Post temporarily occupied by agency staff.

## Senior Officers remuneration in 2024/25:

| Post holder Information   | Notes | Salary (Including fees and allowances)<br>£ | Expense Allowances<br>£ | Compensation for loss of office<br>£ | Total Remuneration excluding pension contributions<br>£ | Pension Contributions<br>£ | Total Remuneration including pension contributions<br>£ |
|---|-------|---|-------------------------|--------------------------------------|---|----------------------------|---|
| Chief Executive – Phil Porter   |       | 178,224                                     | 0                       | 0                                    | 178,224   | 29,609                     | 207,833   |
| Executive Director - People   |       | 129,195                                     | 0                       | 0                                    | 129,195   | 21,989                     | 151,184   |
| Executive Director - Place  |       | 129,195                                     | 0                       | 0                                    | 129,195   | 21,671                     | 150,866   |
| Executive Director of Adult Social Care and Health                              |       | 137,812                                     | 0                       | 0                                    | 137,812   | 23,345                     | 161,157   |
| Executive Director of Children's Social Care and Education                      |       | 136,419                                     | 0                       | 0                                    | 136,419   | 22,791                     | 159,210   |
| Executive Director of Corporate Resources and Customer Services                 |       | 129,195                                     | 0                       | 0                                    | 129,195   | 21,746                     | 150,941   |
| Assistant Director Corporate Resources and Customer Services                    | a)    | 94,890                                      | 0                       | 0                                    | 94,890  | 16,003                     | 110,893   |
| Assistant Director Corporate Resources and Customer Services                    | a)    | 32,750                                      | 0                       | 28,404                               | 61,154  | 6,769                      | 67,923  |
| Assistant Director of Adult Social Care   |       | 105,510                                     | 0                       | 0                                    | 105,510   | 17,917                     | 123,427   |
| Assistant Director of Children's Social Care – Cared for Children               | d)    | 19,567                                      | 0                       | 124,735                              | 144,301   | 3,719                      | 148,021   |
| Assistant Director of Help & Protection   |       | 94,890                                      | 0                       | 0                                    | 94,890  | 16,090                     | 110,980   |
| Assistant Director of Children's Social Care – Safeguarding & Quality Assurance | e)    | 56,215                                      | 0                       | 0                                    | 56,215  | 9,219                      | 65,434  |
| Assistant Director of People – Communities                                      |       | 94,890                                      | 0                       | 0                                    | 94,890  | 16,018                     | 110,908   |
| Assistant Director of Place - Economic Growth and Housing                       |       | 94,890                                      | 0                       | 0                                    | 94,890  | 15,972                     | 110,862   |
| Assistant Director of Children's Services - Education                           | f)    | 63,260                                      | 0                       | 0                                    | 63,260  | 10,701                     | 73,961  |
| Assistant Director Community Recovery   | b)    | 61,985                                      | 0                       | 0                                    | 61,985  | 10,437                     | 72,422  |
| Head of Health and Wellbeing (Director of Public Health)                        |       | 97,496                                      | 0                       | 0                                    | 97,496  | 14,238                     | 111,734   |
| Assistant Director of Place - Highways and Public Protection                    |       | 94,890                                      | 0                       | 0                                    | 94,890  | 16,009                     | 110,899   |
| Assistant Director of People - Operational In-House Services                    |       | 95,630                                      | 0                       | 0                                    | 95,630  | 15,914                     | 111,544   |
| Assistant Director of Place – Commercial Development                            |       | 94,890                                      | 0                       | 0                                    | 94,890  | 16,002                     | 110,892   |
| Assistant Director of Commissioning   | c)    | 20,345                                      | 0                       | 0                                    | 20,345  | 3,336                      | 23,681  |
| Assistant Director of Commissioning   | c)    | 8,031                                       | 0                       | 0                                    | 8,031   | 1,317                      | 9,348   |
| Chief Legal and Democratic Officer  | g)    | 56,934                                      | 0                       | 0                                    | 56,934  | 9,618                      | 66,552  |

a) Former post holder left on 31/08/2024 and new post holder was acting up between May 2024 and January 2025 and permanently started on 07/01/2025

b) Post holder started on 06/08/2024

c) Former post holder left on 16/06/2024 and the new post holder started on 01/03/2025

d) Post holder left on 31/05/2024

e) Post holder left on 31/10/2024

f) Post holder started on August 2024

g) Post holder was part time and left on 31/03/25

**16 DEDICATED SCHOOLS' GRANT**

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2015. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/2026 are as follows:

|  | <u>Central<br/>Expenditure</u><br>£000s | <u>Individual<br/>Schools<br/>Budget</u><br>£000s | <u>Total</u><br>£000s |
|--|---|---|-----------------------|
| Final DSG for 2025/26 before academy and high needs recoupment |   |   | 322,351               |
| Academy and high needs figure recouped for 2025/26             |   |   | -134,981              |
| Total DSG after Academy and high needs recoupment for 2024/25  |   |   | 187,370               |
| Plus: Brought forward from 2024/25                             |   |   | 0                     |
| Less: Carry forward to 2026/27 agreed in advance               |   |   | 0                     |
| Agreed initial budgeted distribution in 2025/26                | 38,492                                  | 148,878   | 187,370               |
| In year adjustments  |   | -1,099  | -1,099                |
| Final budgeted distribution for 2025/26                        | 38,492                                  | 147,779   | 186,271               |
| Actual central expenditure                                     | 77,724                                  |   | 77,724                |
| Actual ISB deployed to schools                                 |   | 147,779   | 147,779               |
| Local authority contributions in 2025/26                       | 0                                       | 0   | 0                     |
| <b>In Year Carry forward to 2026/27</b>                        | <b>-39,232</b>                          | <b>0</b>  | <b>-39,232</b>        |
| Carry forward to 2026/27 agreed in advance                     |   |   | 0                     |
| DSG unusable reserve at end of 2024/25                         |   |   | -64,801               |
| Addition to DSG unusable reserve at end of 2025/26             |   |   | -39,232               |
| Total of DSG unusable reserve at end of 2025/26                |   |   | -104,033              |
| <b>Net DSG position at the end of 2025/26</b>                  |   |   | <b>-104,033</b>       |

**17 GRANT INCOME**Grants and contributions credited to the Comprehensive Income and Expenditure Statement

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

| 2024/2025<br>£000s | Credited to Taxation and Non-specific Grant Income | 2025/2026<br>£000s |
|--------------------|--|--------------------|
|                    | <u>Non-Ringfenced Government Grants</u>            |                    |
| -26,174            | Non-Domestic Rates Top-Up Grant                    | -30,211            |
| -143               | New Homes Bonus                                    | -1,436             |
| -29,428            | Business Rates Relief - S31 Grant                  | -27,933            |
| 0                  | Recovery Grant                                     | -5,609             |
| 0                  | Extended Producer Responsibility                   | -4,219             |
| 0                  | Employer Contributions NI Grant                    | -2,339             |
| 0                  | Capacity Building Funding                          | -2,000             |
| -453               | Services Grant                                     | -0                 |
| -6,671             | Market Sustainability                              | -6,671             |
| -1,269             | Other Non-Ringfenced Government Grants             | -568               |
| -64,140            |  | -80,986            |

| 2024/2025<br>£000s | Credited to Taxation and Non-specific Grant Income   | 2025/2026<br>£000s |
|--------------------|--|--------------------|
|                    | <u>Capital Grants and Contributions</u>  |                    |
| -14,994            | Liverpool City Region Combined Authority – Transport Grants  | -17,716            |
| 0                  | MHCLG – Local Regeneration Fund  | -14,042            |
| 0                  | Liverpool City Region Combined Authority – Maritime Corridor   | -7,689             |
| -3,953             | Department for Education Capital Grants  | -7,220             |
| 0                  | Liverpool City Region Combined Authority – Southport Eastern Approach  | -6,800             |
| -5,985             | Better Care Fund   | -6,406             |
| 0                  | Environment Agency – Flood & Coastal Erosion Risk Management   | -1,314             |
| 0                  | MHCLG – Local Authority Housing Fund   | -1,001             |
| -10,003            | DLUHC – Levelling Up Fund  | 0                  |
| -1,306             | Environment Agency - Northwest Regional Coastal Monitoring Grant   | 0                  |
| -2,644             | DEFRA Food Waste Collection  | 0                  |
| -2,433             | Other Capital Grants and Contributions   | -1,906             |
| 7,092              | Reversal of capital grants and contributions unapplied previously credited to the Comprehensive Income and Expenditure Statement | 8,860              |
| -34,227            |  | -55,234            |

| 2024/2025<br>£000s | Grants Credited to Services                              | 2025/2026<br>£000s |
|--------------------|--|--------------------|
|                    | <u>Revenue Grants</u>                                    |                    |
| -183,839           | Dedicated Schools Grant                                  | -190,552           |
| -65,441            | Housing Benefit Subsidy                                  | -52,507            |
| -24,339            | Public Health Grant                                      | -25,826            |
| -8,362             | Pupil Premium  | -7,208             |
| -4,870             | Household Support Fund                                   | -4,297             |
| -3,170             | Supplemental Substance Misuse Treatment & Recovery Grant | -3,134             |
| -2,541             | Post 16 6 <sup>th</sup> Form Grant                       | -2,583             |
| -2,969             | Universal Infant Free School Meals                       | -2,436             |
| -1,395             | Unaccompanied Asylum Seeking Children                    | -1,601             |
| -1,333             | Supporting Families Programme                            | -1,431             |
| -1,304             | Resettlement   | -1,287             |
| 0                  | Children's Services Prevention Grant                     | -1,261             |
| -1,024             | Holiday Activity Fund                                    | -1,110             |
| -1,326             | UKSPF Ways To Work                                       | -930               |
| -880               | LCRCA – Adult Education & Community Learning             | -909               |
| -773               | New Burdens - Homelessness                               | -780               |
| -491               | Police & Crime Commissioner                              | -545               |
| -236               | Vulnerable Victims                                       | -563               |
| -561               | PFI Grant  | -561               |
| -442               | Youth Justice Board                                      | -549               |
| -                  | Youth Guarantee Trailblazer                              | -534               |

|                 |   |                 |
|-----------------|---|-----------------|
| -499            | Supported Accommodation   | -499            |
| -495            | Discretionary Housing Payments  | -495            |
| -718            | Arts Council  | -451            |
| -374            | Rough Sleeper Initiative  | -374            |
| -546            | UKSPF Other Grants  | -364            |
| -124            | EY Wraparound LA Support Fund   | -300            |
| -296            | Business Rates Admin Grant  | -298            |
| -               | Pride In Place Programme  | -285            |
| -               | Warm Homes Grant – Combined Authority   | -282            |
| -               | Rural Payments Authority – Countryside Stewardship                                    | -269            |
| -164            | IWS Smoking & Tobacco   | -260            |
| -594            | Homes for Ukraine   | -235            |
| -395            | Domestic Abuse – New Burdens  | -223            |
| -205            | Homelessness Prevention   | -206            |
| -               | Mayoral Community Environment Fund  | -200            |
| -185            | DWP Funded Schemes  | -155            |
| -149            | Staying Put   | -149            |
| -               | Best Start In Life  | -147            |
| -145            | Individual Placement & Support Grant  | -133            |
| -118            | DfE LAC Social Worker Grant   | -115            |
| -130            | Healthy Homes Project   | -33             |
| -21,081         | Additional Social Care Funding – ASC  | -24,749         |
| -14,160         | Additional Social Care Funding – CSC  | -16,690         |
| -6,393          | Discharge Grant   | 0               |
| -11,055         | Other Revenue Grants – received 24/25 but not 25/26                                   | 0               |
| -227            | Other Revenue Grants  | -3,277          |
| -363,834        |   | -350,793        |
|                 | <b>Capital Grants</b>   |                 |
| -7,150          | Capital Grants utilised to fund Revenue Expenditure Funded from Capital Under Statute | -9,664          |
|                 | <b>Contributions</b>  |                 |
| -38,971         | Health Contributions  | -41,119         |
| -1,825          | School Contributions and Donations  | -3,894          |
| -1,580          | Other Local Authorities   | -1,687          |
| -5,439          | Other Contributions   | -4,742          |
| -47,816         |   | -51,442         |
| <b>-517,165</b> | <b>Total Revenue and Capital Grants</b>   | <b>-548,120</b> |

## 18 **PROPERTY PLANT AND EQUIPMENT**

An analysis of the Net Book Value of Property, Plant and Equipment is shown below:

|                                      | <u>2024/2025</u><br>£000s | <u>2025/2026</u><br>£000s |
|--------------------------------------|---------------------------|---------------------------|
| Other Land and Buildings             | 231,405                   | 252,200                   |
| Right of Use Assets                  | 24,488                    | 23,509                    |
| Vehicles, Plant and Equipment        | 6,365                     | 7,411                     |
| Community Assets                     | 23,833                    | 23,938                    |
| Surplus Assets                       | 5,013                     | 4,015                     |
| Assets Under Construction            | 12,929                    | 14,968                    |
| Infrastructure Assets                | 202,304                   | 228,508                   |
| <b>Net Book Value as at 31 March</b> | <b>506,338</b>            | <b>554,549</b>            |

An analysis of the movements in Property, Plant and Equipment (excluding Infrastructure Assets) is shown below.

| Movements in 2025/2026  | Other Land and Buildings (OL&B) | Right of Use Assets | Vehicles Plant and Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total          |
|---|---------------------------------|---------------------|------------------------------|------------------|----------------|---------------------------|----------------|
|   | £000s                           | £000s               | £000s                        | £000s            | £000s          | £000s                     | £000s          |
| <b><u>Cost or Valuation</u></b>   |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2025   | 263,289                         | 31,085              | 17,435                       | 23,835           | 5,013          | 26,496                    | 367,090        |
| Additions   | 12,135                          | 452                 | 4,838                        | 115              | 133            | 4,310                     | 21,981         |
| Revaluations - recognised in the Revaluation Reserve                          | 23,403                          | 7                   |                              |                  | 47             |                           | 23,457         |
| Revaluations – recognised in the Surplus/Deficit on the Provision of Services | -17,568                         | 200                 |                              |                  | -42            |                           | -17,409        |
| Derecognition – Other   | -4,231                          | -953                | -3,198                       | -9               | -64            |                           | -8,456         |
| Reclassifications:  |                                 |                     |                              |                  |                |                           |                |
| -To Other Land & Buildings  |                                 |                     |                              |                  |                | -2,271                    | -2,271         |
| -To Assets Held for Sale  | -1,357                          |                     |                              |                  | -1,072         |                           | -2,429         |
| -To Investment Properties   | -430                            |                     |                              |                  |                |                           | -430           |
| -From Assets Under Construction   | 2,271                           |                     |                              |                  |                |                           | 2,271          |
| -From Investment Properties   | 22                              |                     |                              |                  |                |                           | 22             |
| <b>At 31 March 2026</b>   | <b>277,532</b>                  | <b>30,791</b>       | <b>19,074</b>                | <b>23,941</b>    | <b>4,015</b>   | <b>28,535</b>             | <b>383,888</b> |
| <b><u>Accumulated Depreciation and Impairment</u></b>                         |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2025   | -31,884                         | -6,534              | -11,070                      | -2               |                | -13,567                   | -63,056        |
| Depreciation Charge   | -7,481                          | -1,096              | -3,792                       | -1               |                |                           | -12,370        |
| Revaluations – recognised in the Surplus/Deficit on the Provision of Services | 13,020                          | 180                 |                              |                  |                |                           | 13,200         |
| Accumulated Depreciation written out upon impairment                          |                                 |                     |                              |                  |                |                           | 0              |
| Derecognition – Other   | 1,004                           | 167                 | 3,198                        |                  |                |                           | 4,370          |
| Reclassifications:  |                                 |                     |                              |                  |                |                           |                |
| To Assets Held For Sale   | 8                               |                     |                              |                  |                |                           | 8              |
| <b>At 31 March 2026</b>   | <b>-25,333</b>                  | <b>-7,283</b>       | <b>-11,663</b>               | <b>-3</b>        | <b>0</b>       | <b>-13,567</b>            | <b>-57,848</b> |
| <b><u>Net Book Value</u></b>  |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2025   | 231,405                         | 24,551              | 6,365                        | 23,833           | 5,013          | 12,929                    | 304,096        |
| At 31 March 2026  | 252,200                         | 23,509              | 7,411                        | 23,938           | 4,015          | 14,968                    | 326,040        |

| Movements in 2024/2025  | Other Land and Buildings (OL&B) | Right of Use Assets | Vehicles Plant and Equipment | Community Assets | Surplus Assets | Assets Under Construction | Total          |
|---|---------------------------------|---------------------|------------------------------|------------------|----------------|---------------------------|----------------|
|   | £000s                           | £000s               | £000s                        | £000s            | £000s          | £000s                     | £000s          |
| <b>Cost or Valuation</b>  |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2024   | 317,327                         |                     | 20,538                       | 23,516           | 11,851         | 22,123                    | 395,355        |
| Adjustment for ROU assets IFRS16  | -24,403                         | 34,562              |                              |                  |                |                           | 10,159         |
| <b>Adjusted 1 April 2024</b>  | <b>292,924</b>                  | <b>34,562</b>       | <b>20,538</b>                | <b>23,516</b>    | <b>11,851</b>  | <b>22,123</b>             | <b>405,514</b> |
| Additions   | 16,694                          | 1,134               | 4,332                        | 388              | 161            | 4,232                     | 26,941         |
| Revaluations - recognised in the Revaluation Reserve                          | 14,803                          |                     |                              |                  | 1,677          |                           | 16,480         |
| Revaluations – recognised in the Surplus/Deficit on the Provision of Services | -19,344                         |                     |                              |                  | -452           |                           | -19,796        |
| Derecognition – Other   | -41,853                         | -4,675              | -7,436                       | -61              | -5             |                           | -54,031        |
| Reclassifications:  |                                 |                     |                              |                  |                |                           |                |
| -To Other Land & Buildings  |                                 |                     |                              | -8               |                |                           | -8             |
| -To Assets Held for Sale  |                                 |                     |                              |                  | -8,700         |                           | -8,700         |
| -To Community Assets  | -1                              |                     |                              |                  |                |                           | -1             |
| -To Assets Under Construction   | -141                            |                     |                              |                  |                |                           | -141           |
| -From Other Land & Buildings  |                                 |                     |                              | 1                |                | 141                       | 141            |
| -From Assets Held For Sale  |                                 |                     |                              |                  | 482            |                           | 482            |
| -From Community Assets  | 8                               |                     |                              |                  |                |                           | 8              |
| -From Investment Properties   | 200                             |                     |                              |                  |                |                           | 200            |
| <b>At 31 March 2025</b>   | <b>263,289</b>                  | <b>31,022</b>       | <b>17,435</b>                | <b>23,836</b>    | <b>5,013</b>   | <b>26,496</b>             | <b>367,090</b> |
| <b>Accumulated Depreciation and Impairment</b>                                |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2024   | -42,185                         |                     | -15,155                      | -2               |                | -13,567                   | -70,908        |
| IFRS 16 Adjustments   | 8,406                           | -8,407              |                              |                  |                |                           | -1             |
| Adjusted 1 April 2024   | -33,779                         | -8,407              |                              |                  |                |                           | -70,909        |
| Depreciation Charge   | -7,375                          | -1,358              | -3,351                       |                  |                |                           | -12,084        |
| Accumulated Depreciation written out upon impairment                          | 4,338                           |                     |                              |                  |                |                           | 4,338          |
| Derecognition – Other   | 4,931                           | 3,232               | 7,436                        |                  |                |                           | 15,599         |
| <b>At 31 March 2025</b>   | <b>-31,884</b>                  | <b>-6,534</b>       | <b>-11,070</b>               | <b>-2</b>        | <b>0</b>       | <b>-13,567</b>            | <b>-63,056</b> |
| <b>Net Book Value</b>   |                                 |                     |                              |                  |                |                           |                |
| At 1 April 2024   | 259,145                         | 26,155              | 5,383                        | 23,514           | 11,851         | 8,556                     | 334,604        |
| At 31 March 2025  | 231,405                         | 24,488              | 6,365                        | 23,833           | 5,013          | 12,929                    | 304,034        |

### Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. As communicated by MHCLG in February 2025, the override will be extended until 1<sup>st</sup> April 2029.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

| <b>Infrastructure Assets</b>         | <b>2024/2025</b><br>£000s | <b>2025/2026</b><br>£000s |
|--------------------------------------|---------------------------|---------------------------|
| Net Book Value at 1 April            | 187,312                   | 202,304                   |
| Additions                            | 24,140                    | 36,413                    |
| Depreciation                         | -9,149                    | -10,209                   |
| <b>Net Book Value as at 31 March</b> | <b>202,304</b>            | <b>228,508</b>            |

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### **Depreciation**

Depreciation is provided for on the straight-line basis over an asset's estimated useful life as detailed below:

| <b>Asset Type</b>  | <b>Basis</b>    | <b>Estimated Life</b> |
|--|-----------------|-----------------------|
| Other Land and Buildings                                 | Straight-line   | 10 to 75 Years        |
| Vehicles, Plant and Equipment (Computers)                | Straight-line   | 5 Years               |
| Vehicles, Plant and Equipment (Other)                    | Straight-line   | 5 to 10 Years         |
| Infrastructure Assets (Capitalised Highways Maintenance) | Straight-line   | 10 Years              |
| Infrastructure Assets (Other)                            | Straight-line   | 40 Years              |
| Community Assets   | Not Depreciated | -                     |
| Surplus Assets   | Not Depreciated | -                     |
| Assets Under Construction                                | Not Depreciated | -                     |

The usual estimated useful life of different categories of Other Land and Buildings assets are detailed below. For individual assets the valuer may determine that a lower estimated useful life is more appropriate for that asset:

| <b>Asset Type</b>                        | <b>Estimated Life</b> |
|--|-----------------------|
| Southport Cultural Centre (The Atkinson) | 75 Years              |
| Schools and Educational Establishments   | 50 Years              |
| Civic Buildings                          | 50 Years              |
| Social Care Establishments               | 40 to 50 Years        |
| Libraries                                | 40 Years              |
| Leisure Facilities                       | 30 Years              |
| Garages / Depots                         | 10 Years              |

### **Capital Commitments**

At 31 March 2026, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2026/2027 and future years which are budgeted to cost £6.348m. Similar commitments at 31 March 2025 were £23.361m. The major commitments are:

| Scheme                                  | Expenditure approved and contracted at 31 March 2026<br>£000s |
|---|---|
| Short Term Assessment Unit              | 2,193   |
| Dunes Splashworld - Replacement Boilers | 281   |
| Marine Lake Events Centre               | 1,203   |
| The Strand – Repurposing Programme      | 515   |
| Southport Pier Decking                  | 214   |
| CERMS 2022-2026                         | 144   |
| Warm Homes Local Grant                  | 1,798   |

### **Revaluations**

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three. Sefton Council carries out valuations as part of a rolling programme over a five-year cycle.

The 2025/26 CIPFA Code requires Local Authorities to adopt indices to uplift the value of assets which are not revalued in the current year as part of the five-year revaluation cycle. The indices and calculation method chosen for Direct Replacement Cost (DRC) is the BICS All-in Tender Price Index (TPI). The indexation factor adopted sits within the range which is felt by Avison Young's Building Surveyors and Quantity Surveyors to be reflective of the construction market at this point, and the use of the TPI is in line with the suggested potential route for indexation noted in the recent FReM application guidance issued by HM Treasury. The land value elements of DRC valuations are assessed on a comparable market-based approach, with assets of a non-specialised nature or surplus assets also approached on a comparable market basis. For Non-Specialised Commercial Assets, the index selected is Morgan Stanley Capital International (MSCI). Avison Young is of the opinion that the most extensively reported indices in the UK commercial property market are those published by MSCI.

All freehold and leasehold land and properties which have been revalued this year within the rolling programme have been valued by Mr Andrew Watson (MRICS) who works for external valuation company Avison Young. This includes the Strand Shopping Centre.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

All valuers have considered valuation uncertainty and market instability insofar as those properties valued this year are concerned and reflected any changes in the valuations supplied.

To assist users' understanding, the revaluations note present assets revalued through full valuations in the year they are performed, with a separate line for those adjusted using indexation.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

The table below will show the dates and amounts of valuations for each class of Property, Plant and equipment included in the balance sheet:

|                                    | Other Land<br>and Buildings | Right Of Use<br>Assets | Vehicles Plant<br>and Equipment | Community<br>Assets | Surplus Assets | Assets Under<br>Construction | Total   |
|------------------------------------|-----------------------------|------------------------|---------------------------------|---------------------|----------------|------------------------------|---------|
|                                    | £000s                       | £000s                  | £000s                           | £000s               | £000s          | £000s                        | £000s   |
| <b>Cost or Valuation</b>           |                             |                        |                                 |                     |                |                              |         |
| <u>Valued at Current Value in:</u> |                             |                        |                                 |                     |                |                              |         |
| 2025/2026                          | 43,795                      | 620                    |                                 |                     |                |                              | 44,416  |
| 2024/2025                          | 7,935                       |                        |                                 |                     | 829            |                              | 8,764   |
| 2023/2024                          | 3,406                       | 313                    |                                 |                     | 445            |                              | 4,163   |
| 2022/2023                          | 879                         |                        |                                 |                     | 1,770          |                              | 2,650   |
| 2021/2022                          | 25,999                      |                        |                                 |                     | 407            |                              | 26,406  |
| Revalued by Indexation             | 187,045                     | 3,276                  |                                 |                     | 547            |                              | 190,867 |
| Assets valued at Historic Cost     | 8,473                       | 26,583                 | 19,074                          | 23,941              | 17             | 28,535                       | 106,622 |
| At 31 March 2026                   | 277,532                     | 30,791                 | 19,074                          | 23,941              | 4,015          | 28,535                       | 383,888 |

## Notes:

- The amounts contained in the table above are Gross Book Value.
- Surplus Assets shown as valued at Historic Cost relates to land valued at historic cost upon purchase.

**19 HERITAGE ASSETS**

A heritage asset is an asset that is held due to its historical, artistic, scientific, technological, or environmental qualities, and is maintained principally for its contribution to knowledge and culture.

Movements in Heritage Assets during the year were as follows:

| 2024/2025         |            |               |                                       | 2025/2026         |            |               |
|-------------------|------------|---------------|---------------------------------------|-------------------|------------|---------------|
| Art<br>Collection | Other      | Total         |                                       | Art<br>Collection | Other      | Total         |
| £000s             | £000s      | £000s         |                                       | £000s             | £000s      | £000s         |
| 12,292            | 857        | 13,149        | Balance at the start of the year      | 12,292            | 857        | 13,149        |
| 12                | 0          | 12            | Additions (Expenditure)               | 0                 | 0          | 0             |
| -12               | 0          | -12           | Disposals                             | 0                 | 0          | 0             |
| 0                 | 0          | 0             | Revaluations                          | 0                 | 0          | 0             |
| 0                 | 0          | 0             | Depreciation                          | 0                 | 0          | 0             |
| <b>12,292</b>     | <b>857</b> | <b>13,149</b> | <b>Balance at the end of the year</b> | <b>12,292</b>     | <b>857</b> | <b>13,149</b> |

The Art Collection consists principally of a ceramic collection, a silver collection, works of art and an Egyptology collection and is described in more detail below. Other Heritage Assets consists of several war memorials and the art installation "Another Place".

**CERAMICS**

The Authority owns a large collection of ceramics and china. The collection consists of 163 pieces of Crown Derby "Imari", and 757 pieces of Tuscan Ware, and is mainly held at Bootle Town Hall with further collections at the Atkinson. Due to the age of the collection no accurate records are maintained of how the collection was acquired. An inventory of the collection is made at both Bootle Town Hall and the Atkinson.

A Collection Development Policy is in place which defines the scope of future collecting activity. When assets are bequeathed to the Authority appropriate documentation is completed to transfer the right of

ownership to the Authority. It is not the Authority's policy to dispose of these assets although appropriate procedures and documentation are available for completion should an asset be disposed of. Loans of heritage assets are made to other registered museums and galleries.

Certain items are on public display within Bootle and Southport Town Halls and the Atkinson. Requests to view those items not on public display would require written request to be submitted.

The Authority has a conservation management policy and plan for heritage assets.

#### SILVER

The Authority owns a collection of silverware, consisting of an eclectic mix of cups, salvers, and civic regalia. The collection was principally acquired by donation. An inventory of the collection is held at both Bootle and Southport Town Halls.

The policy for acquisition, disposal, management, and public access of the silver collection is the same as for the ceramic collection. However, those assets in use, such as maces, are regularly reviewed for wear and tear that requires repair.

#### ARTWORKS

The Authority holds approximately 3,500 artworks at the Atkinson with a further 30,000 items of social and natural history. The gallery collection consists of paintings, prints, and sculpture. The museum collection consists of paintings, photographs, postcards, furniture, costume, natural history, archaeology, and Egyptology. The majority of assets were donated to the Authority, although some items were purchased, whilst others were transferred from other museums.

Some records of assets are held on various systems, but an ongoing project is in place to document all items on the Authority's collection management database. This process is documented within the Authority's Documentation Procedural Manual, a copy of which is available from the Authority.

During 2024/25 the Authority received 39 donated art prints from well know British artists such as Lucian Freud, Celia Paul and Frank Auerbach. The prints were donated to The Atkinson as part of the Acceptance in Lieu Scheme which is administered by Arts Council England on behalf of DMCS.

The policy for acquisitions and disposals are contained within the Collection Development Policy for the Atkinson, copies of which are available from the Authority.

The Authority does loan such items to other galleries and museums. In addition, it may receive loans of artworks from other galleries and museums which are insured by the Council.

The Authority has a conservation management policy and plan for heritage assets. An Emergency Plan is in place in case of an incident of fire or flood.

The Art Collection is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuation for the collection of oil paintings was last updated in 2005. The Authority considers that obtaining updated valuations for the collection would involve disproportionate cost. This is because of the diverse nature of the assets and the lack of comparable market values makes valuation expensive. As the valuations are for insurance purposes only, there is an inherent limitation on the precise valuation of Heritage Assets.

## **20 INVESTMENT PROPERTY**

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

| <u>2024/2025</u><br>£000s |  | <u>2025/2026</u><br>£000s |
|---------------------------|--|---------------------------|
| -2,645                    | Rental Income from Investment Property                     | -2,681                    |
| 335                       | Direct operating expenses arising from Investment Property | 764                       |
| <b>-2,310</b>             | <b>Net gain</b>  | <b>-1,917</b>             |

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

At 31 March 2026, the Authority had no contractual obligations for the construction or enhancement of investment property in 2025/2026 and future years. There were also no similar commitments at 31 March 2025.

The following table summarises the movement in fair value of investment properties over the year:

| <u>2024/2025</u><br>£000s |   | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| 27,577                    | Balance at the start of the year  | 26,817                    |
| 57                        | Additions – Subsequent expenditure  | 145                       |
| -10                       | Disposals   | -3                        |
| -607                      | Net gains / losses (-) from fair value adjustments recognised in the Income and Expenditure Statement | -961                      |
| 0                         | Net gains / losses (-) from fair value adjustments recognised in the Revaluation Reserve              | 0                         |
|                           | <u>Reclassifications:</u>   |                           |
| 0                         | - From Other Land and Buildings   | 409                       |
| 0                         | - From Surplus Assets   | 0                         |
| -200                      | - To Other Land and Buildings   | 0                         |
| <b>26,817</b>             | <b>Balance at the end of the year</b>   | <b>26,407</b>             |

#### Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 54 Statement of Accounting Policies (i) for an explanation of the fair value levels).

#### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using inputs other than quoted prices that are observable for the asset, either directly or indirectly, assets being valued using applicable comparative evidence.

In estimating the fair value of the Council's properties, the highest and best use has been considered as part of the valuation process.

## 21 INTANGIBLE ASSETS

Intangible assets held by the Authority relate to software and other related ICT systems and applications, both purchased and developed internally. Expenditure is amortised to the relevant service revenue accounts on a straight-line basis over an estimated economic life of three years.

The amortisation of £1.531m charged to revenue in 2025/2026 (£1.681m in 2024/2025) was charged to the ICT Administration, Adult Social Care and Green Sefton cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

At 31 March 2026, the Authority had no contractual obligations for the construction or enhancement of intangible assets in 2026/2027 and future years (£0.000m at 31 March 2025).

Movements in purchased software licences during the year were as follows:

| <u>2024/2025</u><br>£000s |   | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| 4,590                     | Gross Carrying Amount                           | 6,810                     |
| -3,070                    | Accumulated Amortisation                        | -4,751                    |
| <b>1,520</b>              | <b>Net carrying amount at start of the year</b> | <b>2,059</b>              |
| 2,220                     | Purchases in the year                           | 1,208                     |
| -1,681                    | Amortisation in the year                        | -1,531                    |
| 0                         | Revaluations                                    | 0                         |
| <b>2,059</b>              | <b>Net carrying amount at the year end</b>      | <b>1,736</b>              |
|                           | <u>Comprising:</u>                              |                           |
| 6,810                     | Gross Carrying Amount                           | 8,018                     |
| -4,751                    | Accumulated Amortisation                        | -6,282                    |
| <b>2,059</b>              |   | <b>1,736</b>              |

## 22 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

| <u>2024/2025</u><br>£000s | <b>Capital Financing Requirement</b>                  | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| 229,451                   | Opening Capital Financing Requirement                 | 222,447                   |
|                           | <u>Capital Expenditure</u>                            |                           |
| 21,905                    | Property, Plant and Equipment                         | 58,277                    |
| 24,140                    | Infrastructure  | 0                         |
| 12                        | Heritage Assets                                       | 0                         |
| 57                        | Investment Properties                                 | 145                       |
| 2,220                     | Intangible Assets                                     | 1,208                     |
| 3,901                     | Assets Under Construction                             | 0                         |
| 1,134                     | Right of Use Assets                                   | 117                       |
| 7,323                     | Revenue expenditure funded from capital under statute | 9,833                     |
|                           | <u>Sources of Finance</u>                             |                           |
| -3,839                    | Capital Receipts                                      | -634                      |
| -45,261                   | Grants and Contributions                              | -60,433                   |
| -88                       | Direct Revenue Contributions                          | -11                       |
| 683                       | Adjustments for IFRS 16                               | 63                        |
|                           | <u>Provision for Repayment of Debt</u>                |                           |
| -8,742                    | Statutory Provision for financing capital investment  | -6,380                    |
| -107                      | Amortisation of Deferred Income re. Crosby PFI        | -107                      |
| -10,343                   | Capital Receipts set aside to repay debt              | 0                         |
| 0                         | Amounts written out upon early lease termination      | -772                      |
| <b>222,447</b>            | <b>Closing Capital Financing Requirement</b>          | <b>223,753</b>            |

| <u>2024/2025</u><br>£000s | <b>Explanation of movements in the year</b>                         | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
|                           | <u>Decrease (-) / Increase in underlying need to borrow:</u>        |                           |
| 11,504                    | Increase in underlying need to borrow                               | 8,386                     |
| -19,192                   | Provision for Repayment of Debt                                     | -7,260                    |
| 683                       | Finance Leases and PFI  | 179                       |
| <b>-7,004</b>             | <b>Increase (+) / Decrease (-) in Capital Financing Requirement</b> | <b>1,305</b>              |

**23 LONG TERM INVESTMENTS**

| 31 March<br>2025<br>£000s |  | 31 March<br>2026<br>£000s |
|---------------------------|--|---------------------------|
| 5,169                     | Churches & Charities Local Authority LAMIT Property Fund | 5,169                     |
| 1                         | Sefton New Directions                                    | 1                         |
| 5,718                     | Sandway Homes  | 8,138                     |
| 711                       | Sefton Hospitality Operations Limited                    | 811                       |
| <b>11,599</b>             | <b>Total</b>   | <b>14,119</b>             |

The Long-Term Investment in Sandway Homes relates to loans made to the Company to cover its working capital requirements (as approved by the Council's Cabinet). The Company pays interest on these loans at an agreed commercial rate, and the loans will be repaid across the period of its Business Plan covering Phase 1 of its development programme.

In addition to the shares in Sefton New Directions, the Council is the sole shareholder in Sandway Homes (£100), and Sefton Hospitality Operation Limited (£1). The investments in all three subsidiaries is shown at amortised cost.

**24 LONG TERM DEBTORS**

| 31 March<br>2025<br>£000s |                                  | 31 March<br>2026<br>£000s |
|---------------------------|----------------------------------|---------------------------|
|                           | <u>Transferred Services</u>      |                           |
| 54                        | Merseyside Residuary Body        | 0                         |
| 54                        |                                  | 0                         |
|                           | <u>Other</u>                     |                           |
| 10,822                    | Long Term Sundry Debtor Accounts | 13,244                    |
| 10,822                    |                                  | 13,244                    |
|                           | <u>Less Impairment</u>           |                           |
| -2,125                    | Other Entities and Individuals   | -2,125                    |
| -2,125                    |                                  | -2,125                    |
| <b>8,752</b>              | <b>Total</b>                     | <b>11,119</b>             |

**25 ASSETS HELD FOR SALE**

| 2024/2025<br>£000s | Movements in the year                            | 2025/2026<br>£000s |
|--------------------|--|--------------------|
| 6,019              | Balance Outstanding at start of the year         | 10,939             |
| -2,704             | Disposals  | 0                  |
| -594               | Revaluations                                     | -340               |
|                    | <u>Assets newly classified as held for sale:</u> |                    |
| 0                  | - From Other Land and Buildings                  | 1,349              |
| 8,218              | - From Surplus Assets                            | 1,071              |
|                    | <u>Assets declassified as held for sale:</u>     |                    |
| 0                  | - To Surplus Assets                              | 0                  |
| <b>10,939</b>      | <b>Balance Outstanding at the year-end</b>       | <b>13,019</b>      |

Fair Value Hierarchy

The Council's Assets Held for Sale are valued using the fair value hierarchy for valuation purposes (see Note 54 Statement of Accounting Policies (i) for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Assets Held for Sale

The fair value of Assets Held for Sale has been measured at level 2 using inputs other than quoted prices that are observable for the asset, either directly or indirectly, assets being valued using applicable comparative evidence.

In estimating the fair value of the Council's properties, the highest and best use has been considered as part of the valuation process.

**26 SHORT TERM DEBTORS AND PREPAYMENTS**

| 31 March<br>2025<br>£000s | <b>Short Term Debtors</b>                  | 31 March<br>2026<br>£000s |
|---------------------------|--|---------------------------|
|                           | <u>Amounts Falling Due Within One Year</u> |                           |
| 3,591                     | Central Government Bodies                  | 7,431                     |
| 6,457                     | HM Revenue and Customs                     | 6,715                     |
| 1,872                     | Academies                                  | 1,138                     |
| 12,608                    | Other Local Authorities                    | 13,784                    |
| 11,775                    | NHS Bodies                                 | 12,289                    |
| 45,491                    | Council Tax Payers                         | 51,968                    |
| 6,933                     | NNDR Payers                                | 6,567                     |
| 28,519                    | Other Entities and Individuals             | 29,538                    |
| 117,246                   |  | 129,431                   |
|                           | <u>Less Impairment</u>                     |                           |
| -32,508                   | Council Tax Payers                         | -35,821                   |
| -5,225                    | NNDR Payers                                | -3,396                    |
| -5,330                    | Other Entities and Individuals             | -4,789                    |
| -43,063                   |  | -44,006                   |
|                           |  |                           |
| <b>74,183</b>             | <b>Net Debtors</b>                         | <b>85,425</b>             |

| 31 March<br>2025<br>£000s | <b>Prepayments</b>  | 31 March<br>2026<br>£000s |
|---------------------------|---|---------------------------|
| 4,594                     | Early Years Providers                                       | 7,074                     |
| 2,214                     | ICT Contracts   | 752                       |
| 4,755                     | Direct Payments   | 5,816                     |
| 0                         | Payment of Pension Contributions to Merseyside Pension Fund | 0                         |
| 2,209                     | Other   | 4,413                     |
| <b>13,772</b>             | <b>Net Debtors</b>  | <b>18,055</b>             |

**27 CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

| 31 March<br>2025<br>£000s |   | 31 March<br>2026<br>£000s |
|---------------------------|---|---------------------------|
| 68                        | Cash in hand of officers                              | 63                        |
| 18,594                    | Short-term deposits with banks and building societies | 42,456                    |
| 272                       | Bank current account – cash                           | 488                       |
| <b>18,934</b>             | <b>Cash and Cash Equivalents</b>                      | <b>43,007</b>             |
| -14,791                   | Bank current accounts - overdrawn                     | -10,959                   |
| <b>-14,791</b>            | <b>Total Cash Overdrawn</b>                           | <b>-10,959</b>            |

The Bank Current Accounts balance includes funds held by a third party on the Council's behalf relating to the operation of the Strand Shopping Centre.

## 28 SHORT TERM CREDITORS

| <u>31 March</u><br><u>2025</u><br>£000s |                                | <u>31 March</u><br><u>2026</u><br>£000s |
|---|--------------------------------|---|
| -4,143                                  | HM Revenue and Customs         | -6,045                                  |
| -7,456                                  | Government Departments         | -2,231                                  |
| -3,624                                  | Other Local Authorities        | -3,841                                  |
| -2,039                                  | NHS Bodies                     | -3,158                                  |
| -2,485                                  | Academies                      | -755                                    |
| -3,836                                  | Council Tax Payers             | -3,987                                  |
| -2,487                                  | NNDR Payers                    | -1,853                                  |
| -36,274                                 | Other entities and individuals | -31,789                                 |
| -5,380                                  | Accumulated Absences           | -4,953                                  |
| <b>-67,725</b>                          | <b>Total</b>                   | <b>-58,612</b>                          |

## 29 RECEIPTS IN ADVANCE

| <u>31 March</u><br><u>2025</u><br>£000s |                                 | <u>31 March</u><br><u>2026</u><br>£000s |
|---|---------------------------------|---|
| -10,480                                 | Planning Section 106 Agreements | -10,749                                 |
| -4,340                                  | Rechargeable Works              | -5,084                                  |
| -2,725                                  | Other entities and individuals  | -2,340                                  |
| <b>-17,545</b>                          | <b>Total</b>                    | <b>-18,173</b>                          |

## 30 PROVISIONS

Movements in provisions during 2025/2026 were as follows:

|     |                           | <u>1 April</u><br><u>2025</u><br>£000s | <u>Additions</u><br><u>in Year</u><br>£000s | <u>Applied</u><br><u>In Year</u><br>£000s | <u>Released</u><br><u>In Year</u><br>£000s | <u>31 March</u><br><u>2026</u><br>£000s |
|-----|---------------------------|--|---|---|--|---|
|     | <b>Long-term</b>          |  |   |   |  |   |
| (a) | Internal Insurance Cover  | -2,505                                 | -502  | 1,462                                     | 0  | -1,546                                  |
| (b) | Provision for NDR Appeals | -3,552                                 | -3,309                                      | 2,579                                     | 0  | -4,282                                  |
|     |                           | <b>-6,057</b>                          | <b>-3,811</b>                               | <b>4,041</b>                              | <b>0</b>                                   | <b>-5,828</b>                           |

Movements in provisions during 2024/2025 were as follows:

|     |                           | <u>1 April</u><br><u>2024</u><br>£000s | <u>Additions</u><br><u>in Year</u><br>£000s | <u>Applied</u><br><u>In Year</u><br>£000s | <u>Released</u><br><u>In Year</u><br>£000s | <u>31 March</u><br><u>2025</u><br>£000s |
|-----|---------------------------|--|---|---|--|---|
|     | <b>Long-term</b>          |  |   |   |  |   |
| (a) | Internal Insurance Cover  | -3,733                                 | -413  | 1,640                                     | 0  | -2,505                                  |
| (b) | Provision for NDR Appeals | -5,138                                 | -3,552                                      | 5,138                                     | 0  | -3,552                                  |
|     |                           | <b>-8,871</b>                          | <b>-3,965</b>                               | <b>6,778</b>                              | <b>0</b>                                   | <b>-6,057</b>                           |

(a) **Internal Insurance Cover** - The purpose of the insurance provision is to enable certain known uninsured losses to be met centrally, i.e., losses arising from the excesses that apply to the Authority's main insurance policies (Public Liability, Property, Employers Liability and Motor Insurance). The amount required to cover these uninsured losses is based on claims actually reported as outstanding. The timing of settlement of these claims is uncertain but is likely to be over a number of years. Based on an assessment by Sefton's insurance advisors (Arthur J Gallagher Insurance Brokers), the resources available in the Authority's Insurance Fund are no longer in excess of known liabilities.

Included within this balance is an amount to cover potential liabilities following the announcement on the 13 November 2012 that the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement has now been triggered.

MMI was formed as a limited company by guarantee in 1903 and by 1974 some 90% of local authorities were insured by the company. Due to dramatic increases in claims, coincidental with a fall in the property market and poor investment environment, along with its inability to raise capital because of its mutual status, MMI's net assets fell below the minimum regulatory solvency requirement and the company went into run-off in September 1992.

The amount paid to the Council plus the amount outstanding under this arrangement is £2.505m, and under the Scheme or Arrangement a levy is chargeable on this amount. After the imposition of the levy, the Council is also liable to contribute to each and every subsequent claim paid by MMI on the Council's behalf, thereby creating an on-going financial obligation. The initial levy requested by the scheme administrator from the Council is a percentage of the total sum paid on behalf of the Council by MMI since 30 September 1992, less the first £50,000 of such payments. As a result, and following assessment by a scheme actuary, a levy rate of 25% is being applied creating a liability to the Council of £0.901m (£0.541m of which was paid in January 2014 with £0.360m paid in May 2016). However, there is a possibility that the ultimate levy rate could eventually be higher than this.

The liability upon the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not reported between 1974 and 1992. Whilst the Council has considered the financial impact in producing its Statement of Accounts, by including resources in its Insurance Provision, there is a risk that the Council's financial liability could increase from this level.

(b) **Provision for NDR Appeals** – Following the introduction of business rates retention on 1 April 2013, the Council assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties. The timing of these refunds is uncertain but is expected to be made over several years (which is the reason why the whole provision is treated as long-term). The provision covers the Council's locally retained share of the liability which is currently 99%. This has been estimated at £4.282m at 31 March 2026 (£3.552m on 31 March 2025) based on the rateable value of properties subject to checks, challenges, and appeals on the 2017 and 2023 Rating Lists. The provision made is the Council's best estimate of the actual liability, however, there is a risk that the value of refunds due as a result of checks, challenges, and appeals lodged with the Valuation Office Agency and the Tribunal Service will exceed the provision made in the accounts.

## 31 **DEFERRED LIABILITIES**

| 31 March<br>2025<br>£000s |   | 31 March<br>2026<br>£000s |
|---------------------------|---|---------------------------|
|                           | <b>Short Term</b>                               |                           |
| -438                      | Merseyside Residuary Body                       | 0                         |
| -519                      | Lease Liability – Crosby Baths PFI              | -542                      |
| -908                      | Lease Liability – Property, Plant and Equipment | -521                      |
| -107                      | PFI Deferred Income                             | -107                      |
| <b>-1,972</b>             | <b>Total Short Term</b>                         | <b>-1,170</b>             |
|                           | <b>Long Term</b>                                |                           |
| 0                         | Merseyside Residuary Body                       | 0                         |
| -1,123                    | Lease Liability – Crosby Baths PFI              | -625                      |
| -1,956                    | Lease Liability – Property, Plant and Equipment | -1,083                    |
| -215                      | PFI Deferred Income                             | -108                      |
| <b>-3,294</b>             | <b>Total Long Term</b>                          | <b>-1,816</b>             |

Wirral MBC has managed debt on behalf of the former Merseyside Residuary Body. Sefton MBC (along with the other Merseyside Districts, Precepting and Levying Bodies), as a successor body, inherited debt relating to services transferred to its control. The amount outstanding in respect of Sefton MBC was £nil as at 31 March 2026 (£0.438m at 31 March 2025).

### 32 **TRUST FUNDS**

The Council acts as Sole Trustee of a number of legacies and bequests. Details of the transactions and the Committees controlling the funds are shown below. In compliance with the Code, Trust Funds have been excluded from the Council's Balance Sheet.

| <u>Portfolio and Name of Trust</u>           | <u>Balance at</u><br><u>1 April</u><br><u>2025</u><br>£ | <u>Income</u><br>£ | <u>Expenditure</u><br>£ | <u>Balance at</u><br><u>31 March</u><br><u>2026</u><br>£ |
|--|---|--------------------|-------------------------|--|
| <u>Children's Services</u>                   |   |                    |                         |  |
| Bootle Holiday Camp - Children               | 26,775  | 1,106              | 0                       | 27,881   |
| Wignall Scholarship                          | 14,357  | 590                | 0                       | 14,947   |
| <u>Corporate Services</u>                    |   |                    |                         |  |
| Netherton Green Trust                        | 15,819  | 650                | 0                       | 16,469   |
| <u>Other</u>                                 |   |                    |                         |  |
| Mayor of Sefton's Charity Fund               | 7,122   | 0                  | 0                       | 7,122  |
| Total  | 64,073  | 2,346              | 0                       | 66,419   |
| <u>The balances are invested as follows:</u> |   |                    |                         |  |
| Government Securities                        | 300   |                    |                         | 300  |
| Sefton Cash Balances                         | 63,773  |                    |                         | 66,119   |
| Total  | 64,073  |                    |                         | 66,419   |

#### Children's Services Trust Funds

The Educational Trust Funds aim to help in the advancement of education and training of young people within the Sefton area by providing financial assistance to those who have difficulty in paying fees and by the award of prizes as rewards to deserving students.

#### Netherton Green Trust

The Netherton Green Trust Fund was set up prior to 1974 as a bequest, converted into shares with the former Mersey Docks and Harbour Company. These were subsequently redeemed in 2005/2006. The original sum was applied towards the upkeep of an area within the Borough called Netherton Green.

#### Mayor of Sefton's Charity Fund

This fund has a year-end of 30 June. The opening balance included in the Trust Fund Statement above is therefore as at 1 July 2025. The movements in the year were not available at the time these accounts were issued in June 2026.

### 33 **GENERAL FUND BALANCE**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

General Fund Balances arise due to planned contributions or underspends in previous years. Amounts held by schools are to fund expenditure in future years and as a prudent measure against future

uncertainty. General Fund Balances attributable to the Council are held as a prudent measure against future uncertainty.

| <u>2024/2025</u><br>£000s | <b>Non-School General Fund Balances</b> | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
| -16,300                   | Balance at 1 April                      | -10,436                   |
| 5,863                     | Increase (-) / Decrease in Balances     | 10,427                    |
| <b>-10,436</b>            | <b>Balance at 31 March</b>              | <b>-9</b>                 |

| <u>2024/2025</u><br>£000s | <b>School General Fund Balances</b> | <u>2025/2026</u><br>£000s |
|---------------------------|-------------------------------------|---------------------------|
| -20,375                   | Balance at 1 April                  | -18,391                   |
| 1,984                     | Increase (-) / Decrease in Balances | -995                      |
| <b>-18,391</b>            | <b>Balance at 31 March</b>          | <b>-19,386</b>            |

### 34 **EARMARKED RESERVES**

The movements in earmarked reserves during the last two years are shown below:

|     | <b>Movements in 2025/2026</b>                   | <u>1 April</u><br><u>2025</u><br>£000s | <u>Transfers</u><br><u>in</u><br>£000s | <u>Transfers</u><br><u>Out</u><br>£000s | <u>31 March</u><br><u>2026</u><br>£000s |
|-----|---|--|--|---|---|
| (a) | Environmental Warranty                          | 0                                      | 0                                      | 0                                       | 0                                       |
| (b) | Transforming Sefton                             | 0                                      | 0                                      | 0                                       | 0                                       |
| (c) | Community Transition Fund                       | -127                                   | 0                                      | 65                                      | -62                                     |
| (d) | Contamination Clearance                         |  |  |   |   |
| (e) | Rating Appeals/Reduction in NNDR Income Reserve | -2,715                                 | 0                                      | 2,715                                   | 0                                       |
| (f) | Secondary School Deficit Reserve                | -972                                   | 0                                      | 972                                     | 0                                       |
| (g) | Regeneration Scheme Reserve                     | -449                                   | 0                                      | 449                                     | 0                                       |
| (h) | Revenue Grants and Contributions Unapplied      | -14,402                                | -2,371                                 | 14,569                                  | -2,204                                  |
| (i) | Other Earmarked Reserves                        | -2,122                                 | -741                                   | 1,955                                   | -908                                    |
|     | <b>Total</b>                                    | <b>-20,788</b>                         | <b>-3,112</b>                          | <b>20,726</b>                           | <b>-3,174</b>                           |

|     | <b>Movements in 2024/2025</b>                   | <u>1 April</u><br><u>2024</u><br>£000s | <u>Transfers</u><br><u>in</u><br>£000s | <u>Transfers</u><br><u>Out</u><br>£000s | <u>31 March</u><br><u>2025</u><br>£000s |
|-----|---|--|--|---|---|
| (a) | Environmental Warranty                          | -7,048                                 | -1,952                                 | 9,000                                   | 0                                       |
| (b) | Transforming Sefton                             | -31                                    | 0                                      | 31                                      | 0                                       |
| (c) | Community Transition Fund                       | -196                                   | 0                                      | 69                                      | -127                                    |
| (d) | Contamination Clearance                         | -1,379                                 | 0                                      | 1,379                                   | 0                                       |
| (e) | Rating Appeals/Reduction in NNDR Income Reserve | 0                                      | -5,048                                 | 2,333                                   | -2,715                                  |
| (f) | Secondary School Deficit Reserve                | -877                                   | -95                                    | 0                                       | -972                                    |
| (g) | Regeneration Scheme Reserve                     | -2,122                                 | 0                                      | 1,673                                   | -449                                    |
| (h) | Revenue Grants and Contributions Unapplied      | -15,590                                | -5,215                                 | 6,402                                   | -14,402                                 |
| (i) | Other Earmarked Reserves                        | -5,436                                 | -617                                   | 3,931                                   | -2,122                                  |
|     | <b>Total</b>                                    | <b>-32,680</b>                         | <b>-12,927</b>                         | <b>24,818</b>                           | <b>-20,788</b>                          |

(a) **Environmental Warranty** - The Council has provided a 35-year environmental warranty for the land / property that has been transferred to One Vision Housing Limited. This warranty requires the Council to remediate any environmental contamination found on these sites during the life of the warranty. Resources have previously been set-aside as a prudent measure against a potential cost. However, as some of the warranties have now expired, the risks have now reduced. Council therefore approved the release of the Earmarked Reserve and subsequent addition to General Balances. Funding for any future costs as a result of the warranties will be approved as and when required.

(b) **Transforming Sefton** – The Council is currently undertaking a Transformation Programme to deliver customer focussed services through a high-performance culture whilst achieving significant ongoing savings. A reserve had been created to enable Sefton to progress the previous Programme. Resources required to implement the current Programme will be met from the savings achieved.

(c) **Community Transition Fund** - Council on 28 February 2013 agreed to the establishment of a new one-off Community Transition Fund. The aim of this resource was to facilitate, where possible, the transfer of certain services to become community run and self-sustaining. Cabinet on 3 September 2015 agreed to increase the reserve by £1.000m as a result of the underspend achieved in 2015/2016. Cabinet on 6 December 2018 agreed to increase the reserve by a further £0.500m from a review of uncommitted Earmarked Reserves.

(d) **Contamination Clearance Reserve** - During 2011/2012 it was identified there was a site in the Borough that was contaminated and there could be significant costs associated with clearing the contamination. Resources previously set aside to cover these potential costs have now been released, with future costs instead being met from capital resources.

(e) **Rating Appeals / Reduction in NDR Income Reserve** – This reserve is intended to meet the cost of refunds due to challenges and appeals against current rateable values that are lodged after the year-end and not covered by the provision for NDR Appeals.

(f) **Secondary School Deficit Reserve** – Budget Council in February 2020 approved the creation of a reserve to fund the potential deficits of Secondary Schools should they transfer to academy status.

(g) **Regeneration Scheme Reserve** – The Council received an amount during 2022/23 relating to the surrender of a lease at the Strand Shopping Centre. Council approved the creation of a reserve from the receipt of £2.500m to be utilised in future years to offset the loss of income from the lease surrender.

(h) **Revenue Grants and Contributions Unapplied** – In line with proper accounting practice, the Council credits the Income and Expenditure Account with grants and contributions as and when conditions for claiming the grant or contribution have been met. However, these amounts are required to fund expenditure on specific schemes in future years. They are therefore reserved to offset this future expenditure.

(i) **Other Earmarked Reserves** – There are a number of other earmarked reserves held by the Council.

## 35 **CAPITAL RECEIPTS RESERVE**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

| 2024/2025<br>£000s |   | 2025/2026<br>£000s |
|--------------------|---|--------------------|
| -12,449            | Balance at 1 April  | -2,088             |
|                    | <u>Receipts in the Year</u>   |                    |
| -3,092             | Sale proceeds credited to the Comprehensive Income and Expenditure Account as part of the gain/loss on disposal of non-current assets | -377               |
| 0                  | Capital Receipts from Former Council House Sales  | 0                  |
| -729               | Other Capital Receipts not relating to the Disposal of Council Assets   | -2,237             |
|                    | <u>Applied in the Year</u>  |                    |
| 3,839              | Applied to finance new capital expenditure  | 634                |
| 10,343             | Capital Receipts set aside for the repayment of debt  | 0                  |
|                    | <u>Reclassification</u>   |                    |
| 0                  | Transfer to Deferred Capital Receipts   | 0                  |
| <b>-2,088</b>      | <b>Balance at 31 March</b>  | <b>-4,068</b>      |

### 36 CAPITAL GRANTS AND CONTRIBUTIONS UNAPPLIED

The Capital Grants and Contributions Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

| 2024/2025<br>£000s |  | 2025/2026<br>£000s |
|--------------------|--|--------------------|
| -51,254            | Balance at 1 April   | -47,370            |
| -18,549            | Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement                        | -27,947            |
| 7,092              | Reversal of capital grants and contributions unapplied previously credited to the Comprehensive Income and Expenditure Statement | 8,860              |
| 15,341             | Transferred to the Capital Adjustment Account  | 14,611             |
| <b>-47,370</b>     | <b>Balance at 31 March</b>   | <b>-51,846</b>     |

### 37 REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2024/2025<br>£000s |   | 2025/2026<br>£000s |
|--------------------|---|--------------------|
| -105,824           | <b>Balance at 1 April</b>   | -108,117           |
| -20,299            | Upward revaluation of assets  | -26,484            |
| 3,819              | Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services            | 3,029              |
| -16,480            | Surplus (-) / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services | -23,457            |
| 1,655              | Difference between fair value depreciation and historical cost depreciation   | 2,148              |
| 12,531             | Accumulated gains on assets sold or scrapped  | 88                 |
| 14,187             | Amount written off to the Capital Adjustment Account  | 2,236              |
| -108,117           | <b>Balance at 31 March</b>  | -129,337           |

### 38 CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve and Deferred Capital Receipts Reserve.

| 2024/2025<br>£000s |  | 2025/2026<br>£000s |
|--------------------|--|--------------------|
| -224,748           | <b>Balance at 1 April</b>  | -228,738           |
| -6,756             | Initial Recognition of IFRS16 Assets   | 0                  |
| -231,504           | <b>Revised Balance at 1 April</b>  | -228,738           |
|                    | <u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>                       |                    |
| 21,233             | Depreciation of non-current assets   | 22,578             |
| 15,891             | Revaluation of non-current assets  | 4,549              |
| 1,681              | Amortisation of intangible assets  | 1,531              |
| 172                | Revenue expenditure funded from capital under statute  | 169                |
| 38,438             | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 3,316              |
| -107               | Amortisation of Deferred Income re. Crosby PFI Scheme  | -107               |
| -154,196           |  | 32,036             |
|                    | <u>Amounts written out to the Revaluation Reserve</u>  |                    |
| -1,655             | Difference between fair value depreciation and historical cost depreciation  | -2,148             |
| -12,371            | Accumulated gains on assets sold or scrapped   | -89                |
| -14,026            |  | -2,237             |
|                    | <u>Capital financing applied in the year</u>   |                    |
| -3,839             | Capital receipts applied to finance capital expenditure  | -634               |
| -10,343            | Capital receipts set aside for the repayment of debt   | 0                  |
| -22,770            | Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to finance capital expenditure    | -36,146            |
| -15,341            | Transfer from the Capital Grants and Contributions Unapplied Account to finance capital expenditure  | -14,611            |
| -8,742             | Statutory provision for the financing of capital investment  | -6,380             |
| -88                | Capital expenditure charged to the General Fund  | -22                |
| -61,122            |  | -57,793            |
|                    | <u>Other Movements</u>   |                    |
| 607                | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement                         | 961                |
| 607                |  | 961                |
| -228,738           | <b>Balance at 31 March</b>   | -255,771           |

**39 PENSIONS RESERVE**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2024/2025<br>£000s |  | 2025/2026<br>£000s |
|--------------------|--|--------------------|
| -12,755            | <b>Balance at 1 April</b>  | 13,944             |
| 27,815             | Re-measurements (Liabilities and Assets)   | 5,351              |
| 23,364             | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 18,197             |
| -24,480            | Employer's pensions contributions and direct payments to pensioners payable in the year  | -24,757            |
| <b>13,944</b>      | <b>Balance at 31 March</b>   | <b>12,735</b>      |

**40 COLLECTION FUND ADJUSTMENT ACCOUNT**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| 2024/2025<br>£000s |   | 2025/2026<br>£000s |
|--------------------|---|--------------------|
| -9,999             | <b>Balance at 1 April</b>   | -2,349             |
| 7,650              | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements | -5,017             |
| <b>-2,349</b>      | <b>Balance at 31 March</b>  | <b>-7,366</b>      |

**41 ACCUMULATED ABSENCES ACCOUNT**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2024/2025<br>£000s |   | 2025/2026<br>£000s |
|--------------------|---|--------------------|
| 5,507              | <b>Balance at 1 April</b>   | 5,380              |
|                    | <u>Transactions in Year</u>   |                    |
| -5,507             | Settlement or cancellation of accrual made at the end of the preceding year   | -5,380             |
| 5,380              | Amounts accrued at the end of the current year  | 4,952              |
| -127               | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -427               |
| <b>5,380</b>       | <b>Balance at 31 March</b>  | <b>4,953</b>       |

#### 42 **DEDICATED SCHOOLS GRANT ADJUSTMENT ACCOUNT**

Regulations effective from 1 April 2020 require that a Schools' Budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income, unless permission is sought from the Secretary of State for Education to fund the deficit from the General Fund. They also require that where a local authority has a deficit on its Schools Budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account but instead record any such deficit in a separate account. The Dedicated Schools Grant Adjustment Account has been created for that purpose and the in-year deficit for 2020/21 and cumulative deficit brought forward as at 1 April 2020 have been transferred into that account.

Further details on the deployment of DSG are provided in Note 16.

| 2024/2025<br>£000s |   | 2025/2026<br>£000s |
|--------------------|---|--------------------|
| 36,121             | <b>Balance at 1 April</b>   | 64,801             |
| 28,680             | Reversal of the deficit on the Dedicated Schools Grant within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 39,232             |
| <b>64,801</b>      | <b>Balance at 31 March</b>  | <b>104,033</b>     |

#### 43 **EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Executive Director of Corporate Resources / S151 Officer on 29<sup>th</sup> June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### 44 **RELATED PARTY TRANSACTIONS**

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows an assessment of the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

##### Central Government

The Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., Housing Benefits). Grants received from government departments are set out

Notes to the Financial Statements  
in the analysis in Note 17. In addition, Sefton paid £24.598m to HM Revenue and Customs for Employers' National Insurance Contributions. Amounts owed from and to Central Government at 31 March 2026 are shown in Notes 26 and 28.

#### Members' Interests

Members of the Council have direct control over the Council's financial and operating policies. During 2025/2026, works and services were commissioned from companies in which one or more Members have declared an interest and in addition, grants and payments for goods and services were made to voluntary organisations in which one or more Members have declared an interest. The value of this is £2.331m. The most significant of these are shown in the table below. Contracts were entered into in full compliance with the Council's standing orders. The relevant Members did not take part in any discussion or decision relating to the grants.

| <u>2025/2026</u>                | Income<br>2025/26<br>£000s | Expenditure<br>2025/26<br>£000s | Debtors<br>31/03/2026<br>£000s | Creditors<br>31/03/2026<br>£000s |
|---------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|
| Sefton Women and Children's Aid |                            |                                 |                                |                                  |
| Bosco Society                   | -2                         | 1,004                           | 0                              | 0                                |
| Berry Street Garage             | -4                         | 37                              | 0                              | 0                                |
| Kilter Care Limited             | 0                          | 622                             | 0                              | 0                                |
| Formby Pool Trust               | -20                        | 284                             | 5                              | 0                                |
| Elevate EBP Limited             | -1                         | 32                              | 0                              | -3                               |
| Imagine Formby                  | 0                          | 1                               | 0                              | 0                                |
| Mersey Travel                   | -490                       | 268                             | 58                             | -3                               |
| University of Liverpool         | -3                         | 30                              | 1                              | 0                                |

| <u>2024/2025</u>                | Income<br>2024/25<br>£000s | Expenditure<br>2024/25<br>£000s | Debtors<br>31/03/2025<br>£000s | Creditors<br>31/03/2025<br>£000s |
|---------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|
| Sefton Women and Children's Aid | -6                         | 811                             | 0                              | 0                                |
| Bosco Society                   | -2                         | 962                             | 0                              | 0                                |
| Berry Street Garage             | -4                         | 242                             | 0                              | -19                              |
| Kilter Care Limited             | -16                        | 635                             | 0                              | 0                                |
| Formby Pool Trust               | -24                        | 367                             | 1                              | -49                              |
| Elevate EBP Limited             | 0                          | 74                              | 0                              | 0                                |
| Imagine Formby                  | 0                          | 2                               | 0                              | 0                                |

#### Other Public Bodies

A number of Councillors are nominated to serve as representatives on other public bodies. These include, for example, Merseyside Fire and Rescue Authority, Liverpool City Region Combined Authority, Merseyside Pension Fund, Merseyside Police Authority, Merseyside Recycling and Waste Authority, Sandway Homes, Sefton Council for Voluntary Service and Sefton New Directions.

Significant transactions during the year and balances at year-end with related public bodies included:

| <u>2025/2026</u>   | Income<br>£000s | Expenditure<br>£000s | Debtors<br>£000s | Creditors<br>£000s |
|--|-----------------|----------------------|------------------|--------------------|
| Merseyside Police and Crime Commissioner                 | -126            | 24,847               | 782              | 0                  |
| Merseyside Fire and Rescue Authority                     | -32             | 9,258                | 267              | -31                |
| LCRCA Mayoral Precept                                    | 0               | 2,122                | 60               | 0                  |
| Parish Councils  | 0               | 1,586                | 0                | 0                  |
| Liverpool City Region Combined Authority                 | -490            | 20,788               | 0                | 0                  |
| Merseyside Recycling and Waste Authority                 | -1,624          | 16,691               | 0                | 0                  |
| Merseyside Pensions Authority - Employers' Contributions | 0               | 21,457               | 0                | -2,321             |
| MerseyCare NHS Trust                                     | -128            | 7,087                | 125              | -8                 |
| NHS Cheshire & Merseyside ICB                            | -25,650         | 1,343                | 6,703            | -121               |
| Sefton New Directions Limited                            | -247            | 10,514               | 112              | 0                  |
| Sandway Homes  |                 |                      | 2,660            | 0                  |
| Sefton CVS   | -4              | 2,355                | 0                | 0                  |
| Sefton Carers Centre                                     | -177            | 1,287                | 110              | 0                  |
| Southport Flower Show                                    | -4              | 100                  | 0                | -1                 |
| One Vision Housing Limited                               | -267            | 176                  | 27               | -2                 |

| <u>2024/2025</u>   | Income<br>£000s | Expenditure<br>£000s | Debtors<br>£000s | Creditors<br>£000s |
|--|-----------------|----------------------|------------------|--------------------|
| Merseyside Police and Crime Commissioner                 | -305            | 23,134               | 0                | 0                  |
| Merseyside Fire and Rescue Authority                     | 0               | 8,752                | 6                | -44                |
| LCRCA Mayoral Precept                                    | 0               | 1,656                | 52               | 0                  |
| Parish Councils  | 0               | 1,474                | 0                | 0                  |
| Liverpool City Region Combined Authority                 | -327            | 20,518               | 62               | 0                  |
| Merseyside Recycling and Waste Authority                 | -1,275          | 16,510               | 145              | 0                  |
| Merseyside Pensions Authority - Employers' Contributions | 0               | 21,381               | 0                | -2,243             |
| MerseyCare NHS Trust                                     | -93             | 7,182                | 2                | -585               |
| NHS Cheshire & Merseyside ICB                            | 0               | 1,004                | 7,865            | -76                |
| Sefton New Directions Limited                            | -200            | 9,705                | 3                | -10                |
| Sandway Homes  | -185            | 0                    | 2,394            | 0                  |
| Sefton CVS   | -1              | 2,075                | 0                | -133               |
| Sefton Carers Centre                                     | -35             | 1,275                | 3                | 0                  |
| Southport Flower Show                                    | -3              | 101                  | 0                | 0                  |
| One Vision Housing Limited                               | 192             | 140                  | 26               | 2                  |

The amounts owed by the Merseyside Police Authority and Merseyside Fire and Rescue Authority are the net amounts of Council Tax outstanding (after allowing for the Provision for Bad and Doubtful Debts) that relates to these bodies. There is no Provision for Bad and Doubtful Debts for amounts due from other bodies as all amounts have been assessed as being fully collectable.

#### Officers' Interests

The current Assistant Director of People (Operational In-House Services) is a Council appointed representative on the Formby Pool Trust Board, and the Assistant Director of Place (Economic Growth & Housing) is a Board Director for the Southport Flower Show. There are no other senior officer relationships. Any significant financial transactions for any relevant organisations would be disclosed in the table above under Other Public Bodies.

There are no senior officer car loans outstanding at the end of 2025/2026.

#### Subsidiary and associated companies

Details of the Council's interest in companies is set out in Note 46.

Note: If organisations are no longer related parties in 2025/2026, they are not shown in 2024/2025.

**45 CASH FLOW STATEMENT**OPERATING ACTIVITIES

The surplus or deficit on the provision of services has been adjusted for the following items:

| <u>2024/2025</u><br>£000s |  | <u>2025/2026</u><br>£000s |
|---------------------------|--|---------------------------|
|                           | <u>Adjustments to net surplus or deficit on the provision of services for non-cash movements</u>   |                           |
| -21,232                   | Depreciation charged to CIES   | -22,578                   |
| -15,890                   | Revaluation Gains / Losses (-) charged to CIES   | -4,549                    |
| -607                      | Movements in the Market Value of Investment Properties   | -961                      |
| -1,681                    | Amortisation of Intangible Assets  | -1,531                    |
| 1,116                     | Reversal of non-cash items relating to retirement benefits debited to the CIES   | 6,560                     |
| -266                      | Movement in Long-Term Debtors  | 2,421                     |
| -129                      | Movement in Inventories  | 96                        |
| -8,756                    | Movement in Short-term Debtors   | 10,678                    |
| 2,823                     | Movement in Prepayments  | 4,283                     |
| -381                      | Borrowing (Interest Accrual)   | -1,759                    |
| -870                      | Movement in Short-term Creditors   | 8,444                     |
| -353                      | Movement in Receipts in Advance  | -627                      |
| 2,814                     | Movement in Provisions (Long-Term)   | 229                       |
| <b>-43,412</b>            |  | <b>706</b>                |
|                           | <u>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</u> |                           |
| -35,349                   | Gain (+) / Loss (-) on Sale of Fixed Assets  | -2,909                    |
| 34,227                    | Capital Grants and Contributions credited to the CIES  | 55,233                    |
| 729                       | Capital receipts not related to disposals  | 2,237                     |
| 0                         | Capital Receipts Deferred  | -33                       |
| 98                        | Pooled Investment Fund Adjustment Account  | 0                         |
| <b>-295</b>               |  | <b>54,528</b>             |

The cash flows for operating activities include the following items:

| <u>2024/2025</u><br>£000s | The cash flows for operating activities include the following items: | <u>2025/2026</u><br>£000s |
|---------------------------|--|---------------------------|
| 7,398                     | Interest Paid  | 9,767                     |
| -1,700                    | Interest received  | -2,286                    |

FINANCING ACTIVITIES

The following table provides a reconciliation between the movements on the Balance Sheet during the year and net cash flows from financing activities in the Cash Flow Statement:

| <u>2025/2026</u>                       | <u>31 March</u><br><u>2025</u><br>£000s | Financing<br>Cash Flows<br>£000s | Acquisitions<br>£000s | Other non-<br>financing<br>Cash Flows<br>£000s | <u>31 March</u><br><u>2026</u><br>£000s |
|--|---|----------------------------------|-----------------------|--|---|
| Current Portion of Long-term Borrowing | -51,309                                 | -50,034                          | 0                     | -1,796   | -103,139                                |
| Long-term Borrowing                    | -154,002                                | -63,198                          | 0                     | 0  | -217,200                                |
| Short-term Deferred Liabilities        | -1,972                                  | 653                              | 0                     | 149  | -1,170                                  |
| Long-term Deferred Liabilities         | -3,293                                  | 917                              | 0                     | 560  | -1,816                                  |
| Short-Term Debtors                     | 74,182                                  | 316                              | 0                     | 10,927   | 85,425                                  |
| Short-Term Creditors                   | -67,725                                 | -25                              | 0                     | 9,138  | -58,612                                 |
| <b>Total</b>                           | <b>-204,119</b>                         | <b>-111,371</b>                  | <b>0</b>              | <b>18,978</b>                                  | <b>-296,512</b>                         |

The movements in short-term debtors and short-term creditors shown under Financing Cash Flows relate to the net amounts owed to or from the Government and Major Preceptors in respect of their share of council tax and business rates balances which are accounted for on an agency basis. The movements recorded under Other Cash Flows relate to operating and investing activities.

| <u>2024/2025</u>                       | <u>31 March 2024</u> | Financing Cash Flows | Acquisitions | Other non-financing Cash Flows | <u>31 March 2025</u> |
|--|----------------------|----------------------|--------------|--------------------------------|----------------------|
|  | £000s                | £000s                | £000s        | £000s                          | £000s                |
| Current Portion of Long-term Borrowing | -10,506              | -40,422              | 0            | -381                           | -51,309              |
| Long-term Borrowing                    | -127,953             | -26,049              | 0            | 0                              | -154,002             |
| Short-term Deferred Liabilities        | -1,105               | -257                 | 0            | -610                           | -1,972               |
| Long-term Deferred Liabilities         | -4,392               | 1,173                | 0            | -74                            | -3,293               |
| Short-Term Debtors                     | 78,879               | -136                 | 0            | -4,561                         | 74,182               |
| Short-Term Creditors                   | -64,888              | 122                  | 0            | -2,959                         | -67,725              |
| <b>Total</b>                           | <b>-129,965</b>      | <b>-65,569</b>       | <b>0</b>     | <b>-8,585</b>                  | <b>-204,119</b>      |

#### 46 **INTEREST IN COMPANIES**

Sefton New Directions Limited, Sandway Homes and Sefton Hospitality Operations Ltd have a deadline to file their accounts by 31 December 2026, so the figures incorporated into the Council's Group accounts are based on their draft accounts. Once all accounts have been audited, they will be incorporated into the Council's audited Group Accounts.

#### 47 **LEASES**

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial, particularly as the Administrative Building which was previously within a finance lease arrangement has ended following purchase.

##### **IFRS 16 Leases**

IAS 17 was replaced by IFRS 16 from the 1st of April 2024. The new standard requires operating leases to be added to the balance sheet in the same manner as Finance leases. The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

##### **Right of use assets**

Right of use assets are held on the Balance Sheet within Property, Plant and Equipment.

This table shows the change in value of right of use assets held under leases by the authority:

|                                 | Land & Buildings<br>£000 | Vehicles,<br>Plant &<br>Equipment<br>£000 | Total<br>£000 |
|---------------------------------|--------------------------|---|---------------|
| Balance at 1 April 2025         | 22,947                   | 1,604                                     | 24,551        |
| Additions                       | 335                      | 117                                       | 452           |
| Revaluations                    | 387                      | 0   | 387           |
| Depreciation & Amortisation     | -533                     | -563                                      | -1,096        |
| Disposals                       | 0                        | -785                                      | -785          |
| <b>Balance at 31 March 2026</b> | <b>23,136</b>            | <b>373</b>                                | <b>23,509</b> |

**Transactions under leases**

The authority incurred the following expenses and cash flows in relation to leases:

|  | 2025/26    |
|--|------------|
| <b>Comprehensive Income &amp; Expenditure Statement</b>                  |            |
| Interest expense on lease liabilities                                    | 122        |
| Expense relating to short term leases                                    | 634        |
| Expense relating to exempt leases of low value items                     | 316        |
| Variable lease payments not included in the measure of lease liabilities | 0          |
| Income from subletting right of use assets                               | 0          |
| Gains or losses arising from sale and leaseback transactions             | 0          |
| <b>Cashflow Statement</b>  |            |
| Minimum lease payments   | <b>726</b> |

**Maturity analysis of lease liabilities**

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

|                                       | 31 March 2025 | 31 March 2026 |
|---------------------------------------|---------------|---------------|
| Less than one year                    | 832           | 367           |
| One to five years                     | 1,605         | 751           |
| More than five years                  | 1,912         | 1,839         |
| <b>Total undiscounted liabilities</b> | <b>4,348</b>  | <b>2,957</b>  |

**Authority as Lessor**

The Authority did not lease out any properties on finance leases in 2025/2026 (none in 2024/25).

The Council leases a number of properties to third parties under operating lease agreements. The assets leased include shops, offices, land and other commercial properties. These property leases are for economic development purposes to provide suitable affordable accommodation for local businesses. During 2024/2025 lease rentals received from these operating lease agreements totalled £3.105m (£3.367m in 2024/2025).

The value of the assets which generate this income include £12.257m of Other Land and Building assets and £7.983m Investment Properties.

The future lease payments receivable under non-cancellable leases in future years are:

| <u>31 March</u><br><u>2025</u><br><u>£000s</u> |   | <u>31 March</u><br><u>2026</u><br><u>£000s</u> |
|--|---|--|
| 3,257  | Not later than one year                           | 3,012  |
| 9,258  | Later than one year and not later than five years | 9,094  |
| 107,654  | Later than five years                             | 99,815   |
| <b>120,168</b>                                 |   | <b>111,921</b>                                 |

**48 PFI AGREEMENT / SERVICE CONCESSION****Crosby Leisure Centre**

On 18 September 2001, the Council entered into an agreement under a Private Finance Initiative with Waterfront Leisure (Crosby) Limited for the provision and operation of a leisure centre in Crosby. Under the terms of the agreement Waterfront Leisure constructed the centre and will operate it for a period of 25 years in accordance with the Council's specification. The contractor has the obligation to maintain the building to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the leisure centre. The building and any plant and equipment installed will be transferred to the Council at the end of the 25-year contract for nil consideration. The Council only has the right to terminate the contract if it pays within three months:

1. the senior cost;
2. any redundancy payments of the contractor that have been reasonably incurred;
3. all amounts shown in the base financial model as payable by the contractor from the termination date.

**Payments**

The Council will pay an annual unitary charge for the serviced facility. At the start of the contract it was estimated this would total £23.860m over the life of the concession period (25 years). The figure is subject to inflationary increases with potential reductions should the service provided fall below specified standards. The charge is also eligible for government grant. The centre was opened on 17 February 2003. Payments to the contractor in 2024/2025 were £1.536m (£1.486m in 2024/2025) with government grants of £0.561m received in the year (£0.561m in 2024/2025).

The outstanding commitments (Unitary Payments) due to be made to Waterfront Leisure (Crosby) Limited each year until the end of the contract in 2028 are required to be brought into the Comprehensive Income and Expenditure Statement. In addition to this unitary payment, Waterfront Leisure generates income through the provision of goods and services, which has enabled a lower unitary payment charge.

The table below shows the outstanding commitment for the PFI contract and has been split between the key elements. It should be noted that the outstanding commitment has been inflated using the inflationary factors included within the original contract.

| Commitments under PFI Contract | Reimbursement of Capital Expenditure<br>£000s | Interest<br>£000s | Service Charge<br>£000s |
|--------------------------------|---|-------------------|-------------------------|
| Contract Payments in 2026/2027 | 539   | 127               | 895                     |
| Contract Payments in 2027/2028 | 628   | 58                | 901                     |

**Liabilities**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. With the adoption of IFRS16, the contingent rent has ceased and has resulted in an increase to the liability. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

| <u>2024/2025</u><br>£000s |                                      | <u>2025/2026</u><br>£000s |
|---------------------------|--------------------------------------|---------------------------|
| -1,456                    | Balance outstanding at start of year | -1,641                    |
| -632                      | IFRS 16 Adjustment                   | -63                       |
| 447                       | Payments during the year             | 537                       |
| -1,641                    | Balance outstanding at the year-end  | -1,167                    |

Property Plant and Equipment

The assets used to provide services at Crosby Leisure Centre are recognised on the Council's Balance Sheet. The following table shows the value of assets held under Crosby Leisure Centre PFI scheme at each Balance Sheet date and an analysis of the movement in those values:

| <u>2024/2025</u><br>£000s | <u>Other Land &amp; Buildings: PFI Assets</u> | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
|                           | <u>Cost or Valuation</u>                      |                           |
| 11,441                    | Opening Balance at 1 April                    | 12,073                    |
| 632                       | IFRS 16 Adjustment                            | 63                        |
| 0                         | Additions                                     | 0                         |
| 0                         | Revaluations                                  | -982                      |
| 12,073                    | Closing Balance at 31 March                   | 11,154                    |
|                           | <u>Depreciation and Impairments</u>           |                           |
| -425                      | Opening Balance at 1 April                    | -895                      |
| -470                      | Depreciation Charge                           | -320                      |
| 0                         | Revaluations                                  | 1,215                     |
| -895                      | Closing Balance at 31 March                   | 0                         |

| <u>2024/2025</u><br>£000s | <u>Other Land &amp; Buildings: PFI Assets</u> | <u>2025/2026</u><br>£000s |
|---------------------------|---|---------------------------|
|                           | <u>Balance Sheet Amount</u>                   |                           |
| 11,648                    | Opening Balance at 1 April                    | 11,178                    |
| 11,178                    | Closing Balance at 31 March                   | 11,154                    |

**49 PARTICIPATION IN PENSION SCHEMES**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although retirement benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in three pension schemes:

**Pension Schemes Accounted for as Defined Contribution Schemes**Teachers' Pension Scheme (TPS)

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. It provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs of making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has approximately 12,911 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2026, the Authority's own contributions equate to approximately 0.17%.

In 2025/2026, the Council paid £14.876m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of teachers' pensionable pay. The figures for 2024/2025 were £16.029m and 28.68%. Contributions of £1.237m remained payable at the year-end. The contributions due to be paid in 2025/2026 are estimated to be £14.914m.

In cases of redundancy or early retirement in the interests of the efficiency of the service, the Authority is responsible for the cost of any additional benefits awarded that are outside the terms of the teachers' scheme. In 2025/2026 these contributions amounted to £0.617m, representing 1.19% of teachers' pensionable pay. The figures for 2024/2025 were £0.688m and 1.23%.

#### NHS Pension Scheme

As a result of the transfer of responsibility for Public Health to local authorities in April 2013, a number of staff also transferred who are members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health. It provides staff with specified benefits upon their retirement, and the Authority contributes towards the costs of making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The scheme is unfunded, and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has approximately 7,770 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the NHS Pension Scheme during 2025/2026, the Authority's own contributions equate to less than 0.001%.

In 2025/2026, the Council paid £0.059m to NHS Pensions in respect of retirement benefits, representing 15.00% of the employees' pensionable pay. The figures for 2024/2025 were £0.035m and 15.00%. Contributions of £0.002m remained payable at 31 March 2025 (£0.003m at 31 March 2025).

#### Defined Benefit Schemes

##### Local Government Pension Scheme (LGPS)

All employees not eligible to join the Teachers' Pension Scheme or the NHS Pension Scheme are, subject to certain qualifying criteria, eligible to join the Local Government Pension Scheme. Wirral Metropolitan Borough Council acts as the administering authority of the LGPS as lead authority for the Merseyside councils' scheme, the Merseyside Pension Fund (MPF). This is a funded defined benefit final salary scheme (career average revalued earnings scheme from 1 April 2014), meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2025/2026, the Council paid £25.4932m to the MPF in respect of retirement benefits, representing 18.18% of employees' pensionable pay. The figures for 2024/2025 were £22.872m and 16.66%. Contributions of £2.243m remained payable at 31 March 2025 (£1.461m at 31 March 2024).

In cases of redundancy or early retirement in the interests of the efficiency of the service, the cost of any added years awarded is borne by the Council and not the Local Government Pension Scheme. In 2025/2026 these contributions amounted to £1.291m representing 0.92% of pensionable pay. The figures for 2024/2025 were £1.329m and 0.97%.

The principal risks of the scheme to the Authority are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute, as described in the accounting policies note.

Under IFRS Accounting Standards, there is a limitation on the value of the net pension asset that can be recorded on the balance sheet.

#### Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits are reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

| 2024/2025     |   | <b>Comprehensive Income and Expenditure Statement</b>  | 2025/2026     |   |
|---------------|---|--|---------------|---|
| LGPS<br>£000s | TPS<br>Unfunded<br>Liabilities<br>£000s |  | LGPS<br>£000s | TPS<br>Unfunded<br>Liabilities<br>£000s |
| 23,901        | 0                                       | <u>Cost of Services:</u>   | 17,093        | 0                                       |
| 1             | 0                                       | Current Service Cost   | 32            | 0                                       |
| 686           | 0                                       | Curtailment Cost   | 982           | 0                                       |
| 0             | 0                                       | Administration Expenses  | 0             | 0                                       |
| 0             | 0                                       | Effect of Settlements  | 0             | 0                                       |
|               |   | Past Service Cost  | 0             | 0                                       |
|               |   | <u>Financing and Investment Income and Expenditure:</u>                                      |               |   |
| -1,401        | 177                                     | Net Interest Cost  | -9,954        | 175                                     |
| 0             | 0                                       | Interest on Asset Ceiling  | 9,869         | 0                                       |
| 23,187        | 177                                     | Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 18,022        | 175                                     |
| -142,231      | -108                                    | Re-measurement of the Net Defined Benefit Liability  | -96,016       | -213                                    |
| -119,044      | 69                                      | Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement  | -77,994       | -38                                     |

| 2024/2025     |   | <b>Movement in Reserves Statement</b>  | 2025/2026     |   |
|---------------|---|--|---------------|---|
| LGPS<br>£000s | TPS<br>Unfunded<br>Liabilities<br>£000s |  | LGPS<br>£000s | TPS<br>Unfunded<br>Liabilities<br>£000s |
| -23,187       | -177                                    | Reversal of net charges made to the Deficit for the Provision of Services for post-employment benefits in accordance with the Code                         | -18,022       | -175                                    |
|               |   | <u>Actual amount charged against the General Fund for pensions in the year:</u>  |               |   |
| 23,792        | 688                                     | <ul style="list-style-type: none"> <li>employers' contributions payable to the scheme</li> <li>retirement benefits payable direct to pensioners</li> </ul> | 28,139        | 588                                     |

### **Assets and Liabilities in Relation to Retirement Benefits**

#### **Pensions Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

| 2024/2025  |                               |   | 2025/2026  |                               |
|------------|-------------------------------|---|------------|-------------------------------|
| LGPS       | TPS                           |   | LGPS       | TPS                           |
| £000s      | Unfunded Liabilities<br>£000s |   | £000s      | Unfunded Liabilities<br>£000s |
| -1,027,336 | -3,345                        | Present Value of the Defined Benefit Obligation                   | -1,048,823 | -2,740                        |
| 1,186,891  | 0                             | Fair Value of Plan Assets   | 1,320,431  | 0                             |
| -170,153   | 0                             | Impact of Asset Ceiling   | -281,603   | 0                             |
| -10,599    | -3,345                        | Net Asset / Liability (-) arising from defined benefit obligation | -9,995     | -2,740                        |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| 2024/2025 |                               |  | 2025/2026 |                               |
|-----------|-------------------------------|--|-----------|-------------------------------|
| LGPS      | TPS                           |  | LGPS      | TPS                           |
| £000s     | Unfunded Liabilities<br>£000s |  | £000s     | Unfunded Liabilities<br>£000s |
| 1,142,046 | 3,964                         | Opening Balance at 1 April   | 1,027,336 | 3,345                         |
| 23,901    | 0                             | Current Service Cost   | 17,093    | 0                             |
| 55,038    | 177                           | Interest Cost on Pension Liabilities                                       | 58,400    | 175                           |
| 8,632     | 0                             | Contributions from scheme participants                                     | 8,968     | 0                             |
| -3,502    | 15                            | Remeasurement Gains (-) and Losses:  | -8,938    | -11                           |
| -153,868  | -123                          | - Actuarial Gains / Losses arising from changes in demographic assumptions | -13,645   | -11                           |
| 1,419     | 0                             | - Actuarial Gains / Losses arising from changes in financial assumptions   | 9,471     | -191                          |
| -46,331   | -688                          | - Experience Gains / Losses  | -49,894   | -567                          |
| 1         | 0                             | Benefits paid  | 32        | 0                             |
| 0         | 0                             | Curtailment Cost   | 0         | 0                             |
| 0         | 0                             | Settlements  | 0         | 0                             |
| 0         | 0                             | Past Service Cost  | 0         | 0                             |
| 1,027,336 | 3,345                         | Closing Balance at 31 March  | 1,048,823 | 2,740                         |

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

| 2024/2025 |                               |   | 2025/2026 |                               |
|-----------|-------------------------------|---|-----------|-------------------------------|
| LGPS      | TPS                           |   | LGPS      | TPS                           |
| £000s     | Unfunded Liabilities<br>£000s |   | £000s     | Unfunded Liabilities<br>£000s |
| 1,158,765 | 0                             | Opening Balance at 1 April  | 1,186,891 | 0                             |
| 56,439    | 0                             | Interest Income   | 68,354    | 0                             |
| -13,720   | 0                             | Remeasurement Gains / Losses (-):   | 82,904    | 0                             |
| 23,792    | 688                           | - The return on plan assets, excluding the amount included in the net operating expense | 24,190    | 567                           |
| 8,632     | 0                             | Contributions from Employer   | 8,968     | 0                             |
| -46,331   | -688                          | Contributions from Employees into the Scheme  | -49,894   | -567                          |
| -686      | 0                             | Benefits paid   | -982      | 0                             |
|           |                               | Administration Expenses   |           |                               |
| 1,186,891 | 0                             | Closing Balance at 31 March   | 1,320,431 | 0                             |

Local Government Pension Scheme Assets Comprised:

| 2024/2025       |                   |   | 2025/2026       |                   |
|-----------------|-------------------|---|-----------------|-------------------|
| Quoted<br>£000s | Unquoted<br>£000s |   | Quoted<br>£000s | Unquoted<br>£000s |
| <b>16,300</b>   | <b>0</b>          | Cash and Cash Equivalents               | <b>60,872</b>   | <b>0</b>          |
|                 |                   | Equities:                               |                 |                   |
| 152,316         | 3,255             | - UK                                    | 147,096         | 3,433             |
| 302,548         | 190,069           | - Global                                | 324,694         | 211,797           |
| <b>454,864</b>  | <b>193,324</b>    |   | <b>471,790</b>  | <b>215,230</b>    |
|                 |                   | Bonds:                                  |                 |                   |
| 5,468           | 0                 | - Overseas Government                   | 19,146          | 0                 |
| 55              | 0                 | - Collateralised Bonds                  | 0               | 0                 |
| 12,586          | 0                 | - UK Government                         | 27,729          | 0                 |
| 7,041           | 0                 | - UK Corporate                          | 15,449          | 0                 |
| 30,383          | 0                 | - UK Index Linked                       | 67,342          | 0                 |
| 6,819           | 0                 | - Overseas Corporate                    | 15,581          | 0                 |
| 5,728           | 0                 | - Derivative Contracts                  | -396            | 0                 |
| <b>68,080</b>   | <b>0</b>          |   | <b>144,851</b>  | <b>0</b>          |
|                 |                   | Property:                               |                 |                   |
| 12,087          | 51,683            | - UK Direct Property                    | 20,203          | 47,668            |
| 1,172           | 30,073            | - Property Managed (UK)                 | 528             | 29,974            |
| 0               | 33,067            | - Property Managed (Global)             | 0               | 27,333            |
| <b>13,259</b>   | <b>114,823</b>    |   | <b>20,731</b>   | <b>104,975</b>    |
|                 |                   | Alternatives:                           |                 |                   |
| 0               | 62,879            | - Private Equity (UK)                   | 0               | 62,324            |
| 781             | 49,861            | - Private Equity (Global)               | 1,188           | 40,273            |
| 0               | 130               | - Other Alternatives (UK)               | 0               | 132               |
| 0               | 31,505            | - Other Alternatives (Global)           | 0               | 29,578            |
| 0               | 66,785            | - Infrastructure (UK)                   | 0               | 63,381            |
| 0               | 37,233            | - Infrastructure (Global)               | 0               | 40,009            |
| 0               | 16,664            | - Private Credit (UK)                   | 0               | 17,958            |
| 1,823           | 47,387            | - Private Credit (Global)               | 924             | 40,141            |
| 0               | 4,947             | - Multi Asset                           | 0               | 0                 |
| 0               | 6,249             | - Goodhart                              | 0               | 6,074             |
| <b>2,604</b>    | <b>323,640</b>    |   | <b>2,112</b>    | <b>299,870</b>    |
| <b>555,107</b>  | <b>631,787</b>    | <b>Total Assets (Quoted / Unquoted)</b> | <b>700,356</b>  | <b>620,075</b>    |
|                 | <b>1,186,894</b>  | <b>Total Assets</b>                     |                 | <b>1,320,431</b>  |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Teachers' Pension Scheme Unfunded Liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

| 2024/2025 |   | 2025/2026 |
|-----------|---|-----------|
|           | <u>Mortality assumptions (years):</u>         |           |
|           | Local Government Pension Scheme:              |           |
| 20.8      | Longevity at 65 for current pensioners: Men   | 20.6      |
| 23.5      | Longevity at 65 for current pensioners: Women | 23.3      |
| 22.1      | Longevity at 65 for future pensioners: Men    | 21.8      |
| 25.2      | Longevity at 65 for future pensioners: Women  | 24.8      |

|      |  |      |
|------|--|------|
|      | Teachers' Pension Scheme Unfunded Liabilities:                     |      |
| 20.8 | Longevity at 65 for current pensioners – aged 65: Men              | 20.6 |
| 23.5 | Longevity at 65 for current pensioners – aged 65: Women            | 23.3 |
| 12.5 | Longevity at 65 for current pensioners – aged 75: Men              | 12.3 |
| 14.5 | Longevity at 65 for current pensioners – aged 75: Women            | 14.4 |
|      | <u>Other assumptions</u>   |      |
| 2.6  | Rate of Inflation – CPI  | 2.9  |
| 4.1  | Rate of increase in salaries                                       | 4.4  |
| 2.7  | Rate of increase in pensions                                       | 3.0  |
| 5.8  | Rate for discounting scheme liabilities (LGPS)                     | 6.2  |
| 5.8  | Rate for discounting scheme liabilities (TPS Unfunded Liabilities) | 6.0  |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions are interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e., on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|  | Impact on the Defined Benefit Obligation in the Scheme |                        |
|--|--|------------------------|
|  | Increase in Assumption                                 | Decrease in Assumption |
|  | £000s  | £000s                  |
| <b><u>Local Government Pension Scheme</u></b>                          |  |                        |
| Longevity (increase or decrease in 1 year)                             | 21,775   | -21,775                |
| Rate of Inflation (increase or decrease by 0.25%)                      | 32,734   | -32,734                |
| Rate of Increase in Salaries (increase or decrease by 0.25%)           | 4,255  | -4,255                 |
| Rate for Discounting Scheme Liabilities (increase or decrease by 0.5%) | 62,526   | -62,526                |
| Investment Returns (increase or decrease by 1%)                        | -13,121  | 13,121                 |
|  |  |                        |
|  | Impact on the Defined Benefit Obligation in the Scheme |                        |
|  | Increase in Assumption                                 | Decrease in Assumption |
|  | £000s  | £000s                  |
| <b><u>Teachers' Additional Unfunded Pensions</u></b>                   |  |                        |
| Longevity (increase or decrease in 1 year)                             | 167  | -167                   |
| Rate of Inflation (increase or decrease by 0.25%)                      | 27   | -27                    |
| Rate for Discounting Scheme Liabilities (increase or decrease by 0.5%) | -53  | 53                     |

### **Impact on the Authority's Cash Flows**

The objectives of the Local Government Pension Scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The most recent triennial valuation took place on 31 March 2022 and has set contributions levels for 2023/2024 to 2025/2026.

The triennial valuation took place on 31 March 2025 and has set contribution levels for 2026/2027 to 2028/2029. Contribution levels will be reduced during this period as the Scheme now has a funding level of over 100%. Should the Scheme remain in surplus then contribution levels will continue to be reduced for the following 10 years as well. It should be noted that the Pension Asset shown in the Statement of Accounts is calculated differently from the triennial valuation, so contribution levels won't necessarily reflect the value of the Pension Asset.

#### Virgin Media Limited v NTL Pension Trustees

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling was subsequently appealed and, in a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. The ruling will form part of case law and is therefore expected to apply across other pension schemes.

Per the June 2025 update, the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Scheme obligations will otherwise be unaffected and the Government will continue to maintain its robust framework for the funding of defined benefit pension schemes in order to protect people's hard-earned pensions.

## 50 CONTINGENT LIABILITIES

### Collateral warranty by the Council in favour of the Security Trustee (Prudential Trustee Company Limited)

The Council has given a number of warranties for up to 35 years in respect of environmental pollution, statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, wayleaves, telecommunications and works undertaken.

In addition, the following specific warranties have been given from the date of transfer (30 October 2006):

- Unlimited warranty for up to 35 years in respect of vires claims
- Warranty for up to 20 years in respect of claims in relation to asbestos, except that this shall not apply in respect of the first £10,685,780 of costs and expenses incurred in aggregate on asbestos works.

In aggregate, the value of these warranties is limited to £100,500,000 plus any costs associated with interest and loan breakage costs due under the One Vision Loan Agreement.

### Collateral warranty by the Council in favour of One Vision Housing Limited

The Council had given a number of warranties for up to 17 years in respect of statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, wayleaves, telecommunications and works undertaken. These warranties have now expired.

In addition, the following specific warranties have been given from the date of transfer (30 October 2006):

- Warranty not exceeding £100,500,000 for up to 20 years in respect of environmental pollution.
- Warranty for up to 20 years in respect of claims in relation to asbestos, except that this shall not apply in respect of the first £8,439,750 of costs and expenses incurred in aggregate on asbestos works.
- Unlimited warranty for up to 17 years in respect of vires claims (now expired).

Contamination Costs: During 2011/2012, it was identified there was a site in the Borough that was contaminated and there would be significant costs associated with clearing the contamination. Sefton has capital resources of £1.380m to cover potential costs associated with clearing the contamination.

There is a potential further liability if the costs of clearing the contamination are greater than currently envisaged.

**Merseyside Pension Fund - Contractor Admission Bodies:** The Council provides guarantees for any potential unfunded liabilities on the Merseyside Pension Fund for Sefton New Directions Limited and Agilisys Limited. The most recently notified value of the guarantees was nil for Sefton New Directions Limited and £1.924m for Agilisys Limited. The values are highly dependent on market conditions at the time of the valuation and can vary significantly between valuations.

**Legal Claims Against the Council:** The Council is aware of potential liabilities relating to its activities, including in relation to potential future claims from current and former employees. The Council can't reliably estimate the potential financial effect, when these might occur or the likelihood that it will occur.

## 51 **CONTINGENT ASSETS**

**Receipts from Former Council House Sales:** The Council agreed to share any proceeds of former council house sales if they were subsequently sold by One Vision Housing Limited. The arrangement lasts until 31 March 2037, and the amount received will depend on the number of sales each year.

**VAT Sharing Arrangement:** As part of the voluntary stock transfer an agreement was reached with One Vision Housing Limited to share their VAT that they can claim from HM Revenue and Customs. This arrangement is unique to councils and registered social landlords upon transfer. This arrangement was due to end on 30 October 2016 but has now been extended until 2027. Sefton's share of reclaimable VAT is estimated to be in the region of £0.1m until the end of the arrangement.

## 52 **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments include trade creditors and borrowings (liabilities) and investments and trade debtors (assets).

Financial Instruments in so far as the Authority is concerned relate to investments, cash and cash equivalents, loans receivable, borrowings, trade creditors and debtors.

The following categories of financial instrument are carried in the Balance Sheet:

| <b>FINANCIAL ASSETS</b>                  | Long Term           |                     | Current             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31/03/2025<br>£000s | 31/03/2026<br>£000s | 31/03/2025<br>£000s | 31/03/2026<br>£000s |
| <b>Fair Value through Profit or Loss</b> |                     |                     |                     |                     |
| Investments                              | 11,599              | 14,118              | 0                   | 0                   |
| <b>Amortised Cost</b>                    |                     |                     |                     |                     |
| Debtors                                  | 8,752               | 11,119              | 67,592              | 61,223              |
| Cash and cash equivalents                | 0                   | 0                   | 18,933              | 42,519              |
| <b>Total Financial Assets</b>            | <b>20,350</b>       | <b>25,237</b>       | <b>86,525</b>       | <b>103,742</b>      |
| Non-financial assets – Debtors           | 0                   | 0                   | 58,573              | 19,319              |
| <b>Total</b>                             | <b>20,350</b>       | <b>25,237</b>       | <b>145,098</b>      | <b>123,061</b>      |

| <b>FINANCIAL LIABILITIES</b>                      | Long Term           |                     | Current             |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31/03/2025<br>£000s | 31/03/2026<br>£000s | 31/03/2025<br>£000s | 31/03/2026<br>£000s |
| <b>Amortised Cost</b>                             |                     |                     |                     |                     |
| Borrowing   | 154,002             | 217,200             | 51,309              | 103,139             |
| Creditors   | 0                   | 0                   | 67,725              | 52,771              |
| Service Concessions and Finance Lease Liabilities | 3,097               | 1,588               | 1,511               | 1,561               |
| Cash & Cash Equivalents – overdraft               | 0                   | 0                   | 14,791              | 10,959              |

|                                       |         |         |         |         |
|---------------------------------------|---------|---------|---------|---------|
| <b>Total Financial Liabilities</b>    | 157,099 | 218,788 | 135,336 | 168,430 |
| Non-Financial Liabilities - Creditors | 0       | 0       | 7,091   | 5,841   |
| <b>Total</b>                          | 157,099 | 218,788 | 142,427 | 174,271 |

### Designated to fair value through profit and loss and statutory override

The Council holds a £5m pooled investment in a property fund. As a result of the change in accounting standards for 2018/2019, under IFRS 9, this investment had been reclassified as Fair Value through Profit and Loss. To avoid any impact on the General Fund balance, the Ministry of Housing, Communities and Local Government have agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments. This override commenced on the 1st April 2018 and was originally due to last for five years and was subsequently extended to March 2025.

MHCLG confirmed in February 2025 that transitional arrangements will be implemented which will be for legacy investments already in place at the end of the previous financial year (1st April 2024). The override will continue to apply for these investments until 1st April 2029. Any new investments taken out after 1st April 2024 will be subject to IFRS 9 compliance and will require fair value movements to be accounted for.

The Council will use the statutory override to account for any changes in the fair value on its pooled investments.

### Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to the above financial instruments are made up as follows:

|  | 31 March 2026  |   |                |
|--|--|---|----------------|
|  | Surplus or Deficit on the Provision of Services<br>£000s | Other Comprehensive Income and Expenditure<br>£000s | Total<br>£000s |
| <b>Net Gains/ Losses on:</b>                                   |  |   |                |
| Financial assets measured at fair value through profit or loss | 0  | 0   | 0              |
| <b>Total net gains/ losses (-)</b>                             | <b>0</b>   | <b>0</b>  | <b>0</b>       |
| <b>Interest Revenue</b>  |  |   |                |
| Financial assets measured at fair value through profit or loss | -2,286   | 0   | -2,286         |
| <b>Total Interest Revenue</b>                                  | <b>-2,286</b>  | <b>0</b>  | <b>-2,286</b>  |
| <b>Interest Expense</b>  | <b>-2,286</b>  | <b>0</b>  | <b>-2,286</b>  |

Comparative figures for the previous financial year are made up as follows:

|  | 31 March 2025  |   |                |
|--|--|---|----------------|
|  | Surplus or Deficit on the Provision of Services<br>£000s | Other Comprehensive Income and Expenditure<br>£000s | Total<br>£000s |
| <b>Net Gains/ Losses on:</b>                                   |  |   |                |
| Financial assets measured at fair value through profit or loss | 98   | 0   | 98             |
| <b>Total net gains/ losses (-)</b>                             | <b>98</b>  | <b>0</b>  | <b>98</b>      |
| <b>Interest Revenue</b>  |  |   |                |
| Financial assets measured at fair value through profit or loss | -1,690   | 0   | -1,690         |
| <b>Total Interest Revenue</b>                                  | <b>-1,690</b>  | <b>0</b>  | <b>-1,690</b>  |
| <b>Interest Expense</b>  | <b>-1,592</b>  | <b>0</b>  | <b>-1,592</b>  |

### Fair Value of Assets and Liabilities.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

### CCLA

The Churches and Charities Local Authority LAMIT Property Fund asset is measured in the balance sheet (Long Term Investments) at fair value on a recurring basis.

| Recurring Fair Value Measurements | Input level in Fair Value Hierarchy | Valuation technique used to measure Fair Value                  | 31 March 2025<br>£000s | 31 March 2026<br>£000s |
|-----------------------------------|-------------------------------------|---|------------------------|------------------------|
| Financial Instruments – CCLA      | Level 1                             | Unadjusted quoted prices in active markets for identical shares | 5,169                  | 5,169                  |

### The Fair Values of Financial Assets and Liabilities that are not measured at Fair Value but require a Fair Value disclosure.

Financial liabilities and financial assets represented by loans and debtors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2 Input – inputs other than quoted prices that are observable for the financial asset/ liability). We have used the following assumptions:

- The discount rate used in the net present value calculation is equal to the current rate in relation to the same instrument from a comparable lender. This rate will be the rate applicable in the market on the date of valuation (31<sup>st</sup> March 2025), for an instrument of the same duration.
- For PWLB debt the new borrowing rate has been used, as opposed to the premature repayment rate.

The fair value calculation has been based on the comparable new borrowing / deposit rate for the same financial instruments from a comparable lender. A consistent approach has been applied to assets and liabilities.

The purpose of the fair value valuation is to allow evaluation quantitatively of the Authority's financial position and performance with regard to each class of financial instrument, and also to indicate the extent of the Authority's risk exposure arising as a result of these transactions. The fair value also indicates the cost / benefits to the Council of retaining fixed interest borrowings and investments to maturity.

The fair values calculated are as follows:

| <b>FINANCIAL LIABILITIES</b>                        | 31 March 2025            |                     | 31 March 2026            |                     |
|---|--------------------------|---------------------|--------------------------|---------------------|
|   | Carrying amount<br>£000s | Fair value<br>£000s | Carrying amount<br>£000s | Fair value<br>£000s |
| <b>Financial Liabilities held at amortised cost</b> |                          |                     |                          |                     |
| Borrowing-PWLB                                      | 164,282                  | 143,402             | 268,960                  | 247,543             |
| Borrowing – LA                                      | 40,669                   | 40,761              | 51,156                   | 51,086              |
| Borrowing-Other                                     | 361                      | 363                 | 198                      | 192                 |
| Short-term Creditors                                | 67,725                   | 67,725              | 53,087                   | 52,771              |
| PFI and finance lease liabilities                   | 4,607                    | 4,607               | 3,149                    | 3,149               |
| Cash & Cash Equivalents - overdraft                 | 14,791                   | 14,791              | 10,959                   | 10,959              |
| <b>Total</b>  | <b>292,435</b>           | <b>271,649</b>      | <b>387,509</b>           | <b>365,700</b>      |

The fair value is less than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date.

| <b>FINANCIAL ASSETS</b>   | 31 March 2025            |                     | 31 March 2026            |                     |
|---------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                           | Carrying amount<br>£000s | Fair value<br>£000s | Carrying amount<br>£000s | Fair value<br>£000s |
| Cash and Cash Equivalents | 18,933                   | 18,933              | 42,519                   | 42,343              |
| Short-term Debtors        | 67,592                   | 67,592              | 61,223                   | 61,223              |
| Long-term Debtors         | 8,752                    | 8,752               | 11,119                   | 11,119              |
| <b>Total</b>              | <b>95,277</b>            | <b>95,277</b>       | <b>114,861</b>           | <b>114,685</b>      |

No fixed rate investments were held at the Balance Sheet date and therefore the fair value is the same as the carrying amount as all investments are at current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of the value.

### 53 **NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Authority is required to disclose information, which enables the user of these statements of accounts to evaluate the nature and extent of any risk arising from Financial Instruments.

The Authority's activities expose it to a variety of financial risks:

- i) Credit risk – the possibility that other parties may fail to pay amounts due to the Authority;
- ii) Liquidity risk – the possibility that the Authority may not have funds available to meet its commitments to make payments;
- iii) Market risk – the possibility that financial loss may arise for the Authority as a result of changes in such measures as interest rates or stock market movements.

The Treasury Management Policy and Strategy documents approved by Council annually seek to limit the risk of potential adverse effects on resources available to fund services arising due to the impact of unpredictable movements in the financial markets on treasury management activity undertaken by the in-house team.

## Credit Risk

The main element of credit risk the Authority is exposed to arises from deposits with banks, building societies and money market funds, as well as credit exposures to the Authority's customers.

This risk is managed through the Authority's Treasury Management Policy and Strategy documents approved by Council annually. These documents set out the limits in terms of value and duration over which investment can be made with the various Banks and Building Societies included on the Authority's Counter Party lending list. This counter party list is made up of the institutions that have been rated using the Fitch scoring methodologies and any changes to the institutions rating that result in a non-compliance with the minimum criteria will see the institution taken off the counter party list.

Credit rating agencies such as Fitch rate institutions depending upon:

- Long term ability to meet all of their most senior financial obligations on a timely basis
- Short term ability to meet financial obligations within a relatively short time period
- Viability rating attempts to assess how a bank would be viewed if it was entirely independent of any external support
- Sovereign rating reflects the strength of a country's economy, and hence the ability of a country's Government to support its financial institutions.

The credit criteria in respect of Financial Assets held by the Authority is as detailed below:

| Financial Asset Category         | Criteria  | Maximum Investment   |
|----------------------------------|---|--|
| Deposits with banks              | Sovereign rating: AA-<br>Short Term: F1<br>Long Term: A-<br>Viability rating: A<br>Active in sterling markets | £25m (the Authority currently operates an operational limit of £10m) |
| Deposits with building societies | Short Term: F1 (Fitch) / P-1 (Moody)<br>Active in sterling markets<br>Minimum total assets: £2,000m           | £25m (the Authority currently operates an operational limit of £10m) |
| Deposits with money market funds | Sovereign rating: AAA   | £15m   |

The above table demonstrates that the Authority will only invest in institutions that have the highest credit rating scores. For Banks, a risk score of F1+ (exceptionally strong credit quality), A- (High credit quality - low credit risk and very strong capacity to pay financial commitments), Building Societies that have a risk score of F1 (highest credit quality), P-1 (low risk) and Money Market Funds rating of AAA (highest credit quality).

The following analysis summarises the Authority's potential maximum exposure to credit risk at the balance sheet date. The figures represent the actual investment made and, based on experience of default and uncollectability over the last 15 financial years, adjusted to reflect current market conditions:

| Estimated maximum exposure at 31/03/25 |                            | Amount at 31/03/26 | Historical experience of default | Historical experience adjusted for market conditions at 31/03/26 | Estimated maximum exposure to default & uncollectability at 31/03/26 |
|--|----------------------------|--------------------|----------------------------------|--|--|
| £000s                                  |                            | £000s              |                                  |  | £000s (A x C)  |
| 0                                      | Deposits with Banks        | 0                  | 0                                | 0  | 0  |
| 18,500                                 | Deposits with Money Market | 42,280             | 0                                | 0  | 0  |
| 0                                      | Deposits Other             | 0                  | 0                                | 0  | 0  |
| 30,083                                 | Customers                  | 34,968             | 2.74%                            | 2.74%  | 958  |
| <b>48,583</b>                          |                            |                    |                                  |  | <b>958</b>   |

The Authority has no history of non-repayment of investments. There were no instances of counterparties failing to meet contractual obligations in relation to deposits during the financial year, and whilst no guarantee can be given against default, the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority also reduces its exposure of credit risk by limiting the number of investments with a maturity period of between 1 and 5 years to a maximum of 40% of our total investments. This ensures that the Authority does not tie up all its funds for a long period of time, increasing the risk of a bank running into financial problems.

As mentioned previously, the Authority has changed its investment policy with banks and when investing in banks it now only invests with extremely highly rated ones (with a Sovereign rating: AA+) that are backed by the Government in which the bank is situated. The Authority currently has no investments with banks. The Council does have an investment with the Churches & Charities Local Authority LAMIT Property Fund (CCLA) – this investment is in accordance with the Council's Treasury Management Policy.

The profile of investments by country is shown below:

|                      | Total Investments at<br>31 March 2025<br>£000s | Total Investments at<br>31 March 2026<br>£000s |
|----------------------|--|--|
| United Kingdom Banks | 0  | 0  |
| Other: CCLA          | 5,169  | 5,169  |
|                      | 5,169  | 5,169  |

Although the Authority does not generally allow credit for customers, £28.473m of the £34.968m balance is past its due date for payment. The total debt amount can be analysed by age as follows:

|                          | 31 March 2025<br>£000s | 31 March 2026<br>£000s |
|--------------------------|------------------------|------------------------|
| Less than three months   | 16,932                 | 12,057                 |
| Three months to one year | 1,842                  | 9,174                  |
| More than one year       | 11,309                 | 13,737                 |
|                          | 30,083                 | 34,968                 |

A provision for bad debts relating to customers exists which totals £5.191m at 31 March 2026 (£5.649m at 31 March 2025). This provision relates to a wide variety of assets of which none are individually significant. The provision was increased by £0.000m in 2025/2026 (£0.790m in 2024/2025) and £0.458m was written-off during the year (£0.451m in 2024/2025).

Of this debt £11.664m is secured against properties at 31 March 2025 (£9.242m as at 31 March 2025). These properties are held as collateral but cannot be pledged or resold unless the owner defaults.

### Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loans Board (PWLB) and Money Markets as a result of the annual Treasury Management Policy and Strategy documents approved by Council. The authority has set an affordable borrowing limit that reflects its underlying need to borrow for a capital purpose, and this includes an allowance for exceptional cash flow movements. There is thus no significant risk that the Authority will be unable to raise finance to meet its commitments.

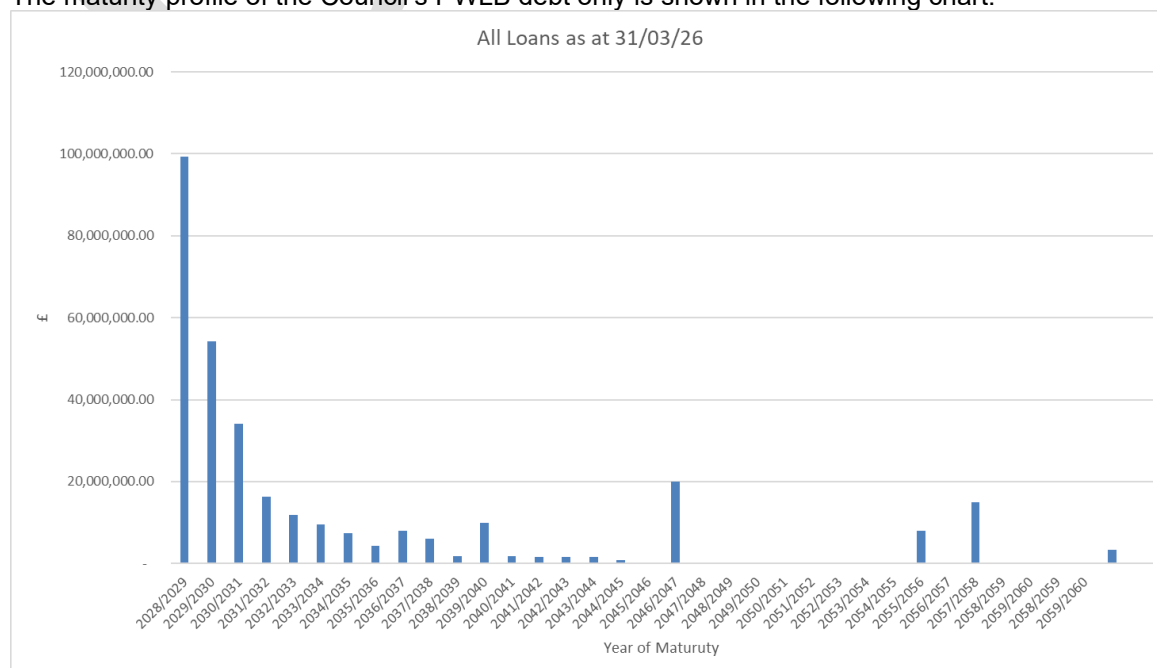
The risk for the Authority is that it will need to replace its borrowings at a time when interest rates are unfavourable, leading to additional ongoing financing costs. The strategy for the Council is to ensure that by careful planning of the repayment date for new and replacement loans, and (when economic to do so) the restructuring of debt, the maturity profile of its fixed rate loans do not exceed or fall below the limits for the periods set out below. These limits also ensure that the Authority does not have significant amounts of variable borrowing in the long term, exposing itself to major movements in interest rates. Analyses of the Council's debt by type and maturity are shown in the following tables.

| <u>Without Interest 31 March 2025</u><br>£000s | <u>With Interest Due 31 March 2025</u><br>£000s | <b>Analysis of Loans by Type:</b> | Range of Interest Rates Payable (%) | <u>Without Interest 31 March 2026</u><br>£000s | <u>With Interest Due 31 March 2026</u><br>£000s |
|--|---|-----------------------------------|-------------------------------------|--|---|
| 164,282  | 239,305   | Public Works Loan Board           | 2.22 – 4.94                         | 268,985  | 346,667   |
| 40,669   | 42,161  | Other Local Authorities           | 4.10-4.40                           | 51,156   | 53,263  |
| 341  | 384   | Local Company                     | 4.257                               | 178  | 192   |
| 0  | 0   | Money Market                      |                                     | 0  | 0   |
| 16   | 16  | Individuals                       | 0.00                                | 16   | 16  |
| 0  | 0   | Other Local Authorities           |                                     | 0  | 0   |
| 4  | 4   | Other                             | 0.00 – 6.50                         | 4  | 4   |
| <b>205,312</b>                                 | <b>281,870</b>                                  | <b>Total</b>                      |                                     | <b>320,339</b>                                 | <b>400,142</b>                                  |

| <u>Without Interest 31 March 2025</u><br>£000s | <u>With Interest Due 31 March 2025</u><br>£000s | <b>Analysis of Loans by Maturity:</b> | <u>Without Interest 31 March 2026</u><br>£000s | <u>With Interest Due 31 March 2026</u><br>£000s |
|--|---|---------------------------------------|--|---|
| 51,329   | 59,264  | Maturing within one year              | 103,159  | 112,083   |
| 8,303  | 14,398  | Maturing in 1-2 years                 | 54,164   | 59,462  |
| 35,630   | 50,831  | Maturing in 2-5 years                 | 62,387   | 70,514  |
| 38,434   | 54,956  | Maturing in 5-10 years                | 35,028   | 43,880  |
| 21,142   | 31,698  | Maturing in 10-15 years               | 16,747   | 21,918  |
| 24,114   | 32,561  | Maturing in 15-20 years               | 22,496   | 32,811  |
| 0  | 5,608   | Maturing in 20-25 years               | 0  | 0   |
| 8,000  | 13,062  | Maturing in 25-30 years               | 23,000   | 51,235  |
| 18,358   | 19,491  | Maturing in 30-35 years               | 3,358  | 8,239   |
| 0  | 0   | Maturing in 35-40 years               | 0  | 0   |
| 0  | 0   | Maturing in 40-45 years               | 0  | 0   |
| 0  | 0   | Maturing in more than 45 years        | 0  | 0   |
| <b>205,312</b>                                 | <b>281,870</b>                                  | <b>Total</b>                          | <b>320,339</b>                                 | <b>400,142</b>                                  |

The Analysis of Loans by Maturity shows the total of loans that are due to be repaid within one year (shown as Current Portion of Long-term Borrowing on the Balance Sheet) and those due to be repaid in more than one year (shown as Long-Term Borrowing on the Balance Sheet).

The maturity profile of the Council's PWLB debt only is shown in the following chart.



All trade and other creditors are due to be repaid within one year.

## Market Risk

### a) Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

### b) Price Risk

Price risk arises on financial assets because of changes in commodity prices or equity prices. The Authority's holdings in the CCLA Local Authority Property Fund are held on the Balance Sheet at bid price. This is the expected return if the Authority decided to sell its holdings. The asset value will reflect fluctuations in Property Values and rents and are therefore exposed to risk arising from movements in the price of such assets due to changes in general economic conditions. The property fund is classified at fair value through profit or loss, meaning that all movements in price will impact on gains and losses recognised in the surplus or deficit on the provision of services. However, for a five-year period commencing the 1<sup>st</sup> April 2018, there was a statutory override to avoid such an impact. MHCLG confirmed in February 2025 that transitional arrangements will be implemented for legacy investments already in place at 1<sup>st</sup> April 2024, whereby the override will continue to be in place until 1<sup>st</sup> April 2029. Any new investments taken out after 1st April 2024 will be subject to IFRS 9 compliance and will require fair value movements to be accounted for.

### c) Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. As an example of this, a rise in interest rate has the following effects:

- i) Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise;
- ii) Borrowings at fixed rates – the fair value of the loan will fall;
- iii) Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise;
- iv) Investments at fixed rates – the fair value of the investment will fall.

Borrowings are carried at amortised cost on the Balance Sheet not fair value, and so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in variable rates on borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The annual Treasury Management Policy and Strategy documents approved by Council contain a number of strategies for managing interest rate risk.

During periods of falling interest rates, and where economic circumstances make it favourable, the Authority will look to reschedule its loans in order to limit its exposure to losses and so reduce its capital financing costs.

The in-house Treasury Management team receives professional advice and has an active strategy for assessing interest rate exposure via the use of indicators. This is used to establish and monitor the budget for capital financing costs, allowing any adverse changes to be accommodated. The monitoring of interest rate exposure assists with the decision as to whether new borrowing or investment undertaken is fixed or variable.

Based on the assessment strategy for interest rate risk if interest rates had been 1% higher with all other variables held constant on 31 March, the financial effect would be (note that the percentages quoted are for illustrative purposes only and are not an indication of the likely change):

| 31 March<br>2025<br>£000s |  | 31 March<br>2026<br>£000s |
|---------------------------|--|---------------------------|
| 303                       | Increase in interest receivable on variable rate investments (and resultant impact on the Surplus or Deficit on the Provision of Services) | 303                       |
| 32,221                    | Decrease in fair value of fixed rate loans (no impact on Other Comprehensive Income and Expenditure)                                       | 10,405                    |
| 0                         | Increase in fair value of fixed rate investments (impact on Other Comprehensive Income and Expenditure)                                    | 0                         |
| 0                         | Increase in fair value of financial liabilities (no impact on Other Comprehensive Income and Expenditure)                                  | 0                         |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The 1% variation chosen for sensitivity analysis can be treated as a flat line change, so a 5% variation will result in amounts totalling five times the amount included in the table above.

The Authority held no loans at variable rate at the Balance Sheet date so any movement in interest rates will have no effect on the Surplus or Deficit on the Provision of Services.

**54 STATEMENT OF SINGLE ENTITY AND GROUP ACCOUNTING POLICIES****(a) GOING CONCERN**

The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.

The accounts are prepared on the expectation that the services and functions of the Council are expected to continue in operational existence for the foreseeable future. Therefore, these financial statements are produced on a going concern basis.

Additionally, management have assessed cash flow modelling through to June 2027 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with appropriate headroom (at least £10m), and identified no significant risks to liquidity within the next twelve months from the date of issue of these financial statements.

The Narrative Report sets out the significant pressures, on both the local economy and on Council finances, as well as the response structures and steps taken to manage the risks and impacts. The Council are experiencing particular pressure on both Adult Social Care and Children's Social Care, as well as the High Needs element of the Dedicated Schools Grant.

Current cash and cash-equivalents have been modelled, using reasonable assumptions regarding service costs, staff costs and income, for 12 months from the final certification of these statements to June 2027, including downside scenarios for cash collection, and the ongoing impact of additional costs for social care and High Needs.

Due to the impact of the High Needs deficit in particular, the Council will need to take account additional borrowing to support cash flow until the Autumn period, at which point Central Government have announced that the Local Authority will receive grant to fund 90% of the accumulated High Needs Deficit to 31<sup>st</sup> March 2026 (with additional support for deficits accruing in 2026/27 and 2027/28 also announced). Borrowing needs will be monitored closely throughout the year. In line with the treasury management strategy of the Council, planned borrowing is also taken out to refinance loans due for repayment. The Council remains within its prudential borrowing limits, however due to the increasing High Needs deficit, the limits may need to be increased later in 2026/27.

The Council budget and medium-term financial strategy identify savings requirements over the next three years. From 2026/27 the Council moved towards General Fund Balances being increased by £6m per year as recommended by the Section 151 officer in the Robustness report to Budget Council. There was no planned use of the Council's General Fund Balances to support the short- or medium-term budgets.

As the cash flow modelling demonstrates that the Council will continue to have liquidity for the next 12 months, to support the continuation of service assumption, management are satisfied that there is no material uncertainty relating to going concern.

**(b) GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year end. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices are set out primarily the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/2026*.

The accounting convention adopted in the Statement of Accounts is primarily historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

**(c) ACCRUALS OF INCOME AND EXPENDITURE**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, in particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**(d) BUSINESS IMPROVEMENT DISTRICTS**

A Business Improvement District (BID) scheme applies to an area in Southport Town Centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

**(e) CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**(f) CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Property, Plant and Equipment and Intangible Assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and

impairment losses are therefore replaced by the contribution in the General Fund Balance (Statutory Provision for the Financing of Capital Investment) by way of an adjusting transaction with the Capital Adjustment Account in the Movement of Reserves Statement for the difference between the two.

**(g) COUNCIL TAX AND NON-DOMESTIC RATES**

Sefton Council as a billing authority acts as an agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (Merseyside Police and Crime Commissioner, Merseyside Fire and Rescue Service, and Liverpool City Region Combined Authority) and, as principal, collecting council tax and NDR for the Council. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted. Sefton is part of the Liverpool City Region Business Rate Retention Pilot scheme currently retains 99% of NDR rates, which includes the 50% that would otherwise be due to central government.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

**(h) EMPLOYEE BENEFITS**

**Benefits payable during employment**

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which the employees render service for the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu), earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year to which the holiday absence occurs.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's appointment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Corporate Unallocated Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

**Post-Employment Benefits**

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme administered by NHS Pensions on behalf of the Department of Health.
- Local Government Pension Scheme (Merseyside Pension Fund) administered by Wirral Metropolitan Borough Council.

These Schemes are defined benefits schemes in that they provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

However, the arrangements for the Teachers' Pension Scheme and NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools and Families - Schools line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions. The Health and Wellbeing line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

**The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of current earnings for current employees.
- Liabilities are discounted to their present value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds (based on a weighted average of 'spot yields' on AA rated corporate bonds). The discount rate used for the year is disclosed in the Participation in Pension Schemes note.
- The assets of Merseyside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted Securities – current bid price,
  - Unquoted securities – professional estimate,
  - Unitised securities- current bid price,
  - Property – market value.
- The change in the net pensions' liability is analysed into the following components:

**Service cost comprising:**

- Current Service Cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- Past Service Cost - the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Unallocated Costs,
- Net Interest on the Net Defined Benefit Liability (Asset), i.e. net interest expense of the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments.

Remeasurements comprising:

- The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Merseyside Pension Fund

- Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve therefore measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than benefits which are earned by employees.

**Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

**(i) EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is **adjusted** to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is **not adjusted** to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the authorisation to issue are not reflected in the Statement of Accounts.

**(j) FAIR VALUE MEASUREMENT**

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

## (k) **FINANCIAL INSTRUMENTS**

### **General Comment**

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability in another. Most straight forward financial assets (debtors, bank deposits, investments etc.) and liabilities (creditors, borrowings etc) are covered by this policy.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the investment. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure in the year of repurchases/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down is spread over the life of the loan by an adjustment to the effective interest rate. This is managed by a transfer to or from the Financial Instruments Adjustment Account in Movement in Reserves Statement.

Where premiums and discounts have been charged to CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium payable or discount receivable when it was repaid.

### **Financial Assets**

Financial assets are classified based upon a classification and measurement approach that reflects the business model for holding financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised costs
- Fair value through profit and loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council does not hold investments that are measured fair value through FVOCI.

**Financial assets measured at amortised cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of a financial instrument and are initially valued at fair value. They are subsequently measured at their amortised costs. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial instrument held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to CIES is the amount receivable for the year in the loan agreement.

**Financial assets measured at fair value through profit and loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurement is based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section (i) Fair Value Measurement.

Churches & Charities Local Authority LAMIT Property Fund:

The Ministry for Housing, Communities and Local Government introduced a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to protect the General Fund. This will be effective for 5 years from the financial year commencing 1 April 2018, and upon expiry all fair value movements will then impact on the General Fund Balance.

**Credit loss model**

The credit risk model allows the authority to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that instrument has increased significantly since initial recognition. To make the assessment the authority compares the risk of a default occurring on the financial instrument. This is carried out with market intelligence supplied by external treasury consultants.

**Warranties and Guarantees**

The Council has entered into a number of Guarantees that are not required to be accounted for as Financial Instruments. These guarantees are reflected in the Statement of Accounts to the extent that at some future date a provision or earmarked reserve may have to be set up. These guarantees relate to:

- Housing stock transfer warranties,
- Pension guarantees related to contractor admissions bodies, such as New Directions.

**(l) FOREIGN CURRENCY TRANSLATION**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

**(m) GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears government grants and third-party contributions and donations are recognised as due to the authority where there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and

- The grants or contributions will be received.

Amounts recognised as due to the Council are recognised immediately in the CIES, except to the extent that the grant or contribution has a condition(s) relating to initial recognition that the Authority has not satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant services line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (Non-Ringfenced Government Grants and Capital Grants and Government Grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustments Account once they have been applied to fund capital expenditure.

#### (n) **HERITAGE ASSETS**

A heritage asset is an asset that is held due to its historical, artistic, scientific, technological, or environmental qualities, and is maintained principally for its contribution to knowledge and culture. The Authority's heritage assets are held in a number of locations, such as Town Halls and the Atkinson Centre.

The collection consists principally of a ceramic collection, a silver collection, works of art, an Egyptology collection, several war memorials, and the art installation "Another Place". The collection is mainly valued on an insurance valuation basis. However, a number of war memorials are held that are valued at a nominal £1.

The assets are felt to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The Authority considers that obtaining valuations for the collection would involve disproportionate cost. This is because of the diverse nature of the assets and the lack of comparable market values.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment (note (q)). The carrying amounts of Heritage Assets would be reviewed where there was evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise about its authenticity. Any impairment would be recognised and measured in accordance with the Authority's general policies on impairment (see Impairment section of note (v)). If any items were disposed of, the proceeds would be accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

**(o) INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licenses) is capitalised when it is expected that the future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Councils goods or services.

Intangible assets are carried at amortised cost. An intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement of Reserves Statement and posted to the Capital Adjustments Account and (if sales proceeds exceed £10,000) the Capital Receipts Reserve.

**(p) INTERESTS IN COMPANIES AND OTHER ENTITIES**

The Council has a material interest in companies that are subsidiaries and is required to prepare group accounts. In the Council's own single entity accounts the interest in the companies is recorded as a long-term investment at cost.

In the group accounts transactions and balances between the Council and subsidiary are netted out on consolidation.

**(q) INVENTORIES AND LONG-TERM CONTRACTS**

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the First-In-First-Out costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

**(r) INVESTMENT PROPERTY**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or the production of goods or is held for sale.

Investment Properties are measured initially at cost. This is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. They are subsequently measured at fair value, based on the market price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued. An annual revaluation of all investment properties is undertaken. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

**(s) JOINT OPERATIONS**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

**(t) LEASES****THE COUNCIL AS A LESSEE**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

**Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

#### Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **THE COUNCIL AS A LESSOR**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

#### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of a gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the balance sheet.

Lease rentals receivable will be apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement is not permitted by Statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future

rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**(u) OVERHEADS AND SUPPORT SERVICES**

The costs of overhead and support services are charged to those services that benefit from them, in accordance with the Council's arrangements for accountability and financial performance.

**(v) PRIOR YEAR ADJUSTMENTS, CHANGES IN ACCOUNTING POLICY AND ESTIMATES AND ERRORS**

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more clear and reliable information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

**(w) PRIVATE FINANCE INITIATIVE AND SIMILAR CONTRACTS**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as Property Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

These non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property plant and equipment owned by the Council.

The amounts payable to the PFI operator each year are analysed into five elements:

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance Cost – An interest charge on the outstanding Balance Sheet Liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent Rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the balance sheet liability towards the PFI operator (the profile of write downs is calculated on the same basis as for a finance lease);
- Lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

**(x) PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PP&E).

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that remains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure, regardless of value, is capitalised if it relates to an existing asset. Expenditure on new assets under £10,000 is not capitalised but treated as Revenue Expenditure Funded from Capital Under Statute (REFCUS), with expenditure over £10,000 being capitalised.

**Measurement**

Assets are initially measured at cost, comprising:

- The purchase price,
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,
- The initial estimate of the costs of dismantling and removing the item and restoring the site upon which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying value of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost,
- Non HRA dwellings and rented property - current value, determined using the basis of existing use,
- Surplus assets - fair value, determined as the amount that would be paid for the asset in its existing use.
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for by;

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the Asset is written down against that balance (up to the amount of accumulated gains),
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the Asset is written down against that balance (up to the amount of accumulated gains),
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, such assets that are not yet available for use (i.e. assets under construction) and assets held for a commercial return (i.e. investment properties).

Where an item of Property Plant or Equipment asset has major components whose cost is significant in relation to the total cost of the item, then the components are depreciated separately.

For those assets that have major components the percentage of the asset that makes up each component is shown below:

| <u>Asset Type</u> | <u>Building</u> | <u>Roof</u> | <u>Services</u> | <u>Externals</u> | <u>Total</u> |
|-------------------|-----------------|-------------|-----------------|------------------|--------------|
| Primary Schools   | 42%             | 9%          | 26%             | 23%              | 100%         |
| Secondary Schools | 50%             | 11%         | 22%             | 17%              | 100%         |
| Sports Centres    | 49%             | 10%         | 23%             | 18%              | 100%         |
| Libraries         | 49%             | 8%          | 28%             | 15%              | 100%         |

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and non-current assets held for sale**

When it becomes apparent that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any losses

previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of the carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

When an asset has been fully depreciated it is assumed, unless otherwise known, that the asset is disposed of or decommissioned in the following year. The gross value of the asset and the matching accumulated depreciation are then written out as disposals in that year.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written off value of disposals is not a charge against council tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustments account from the General Fund Balance in the Movement in Reserves Statement.

### **Revaluations & Indexation**

The 2025/26 CIPFA Code requires Local Authorities to adopt indices to uplift the value of assets which are not revalued in the current year as part of the five year revaluation cycle. The indices and calculation method chosen for Direct Replacement Cost (DRC) is the BICS All-in Tender Price Index (TPI). The indexation factor adopted sits within the range which is felt by Avison Young's Building Surveyors and Quantity Surveyors to be reflective of the construction market at this point, and the use of the TPI is in line with the suggested potential route for indexation noted in the recent FRoM application guidance issued by HM Treasury. The land value elements of DRC valuations are assessed on a comparable market-based approach, with assets of a non-specialised nature or surplus assets also approached on a comparable market basis. For Non-Specialised Commercial Assets, the index selected is Morgan Stanley Capital International (MSCI). Avison Young is of the opinion that the most extensively reported indices in the UK commercial property market are those published by MSCI.

### **Schools**

When a maintained school transfers to Foundation Trust or Academy status the transfer of the school is treated as a disposal. Voluntary Aided and Voluntary Controlled schools are not recognised on the Council's Balance Sheet. The land and building are owned by the trustees of the school and the Council provides educational services under mere licence with no assignment of rights to the property. The trustees can terminate the arrangement at any time and as such the risks and rewards of the asset have not transferred to the school.

## **(y) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. an insurance claim), this is only recognised as income for the relevant service if it is virtually certain the reimbursement will be received if the Council settles the obligation.

Amounts needed to settle any obligation are only discounted where required when included in the accounts.

#### **Internal Insurance Cover**

The Authority has established a provision to cover the potential costs of certain known uninsured losses, i.e., losses arising from excesses that apply to the Authority's main insurance policies. This is accounted for in line with the normal policy above.

#### **Provision for NDR Appeals**

The Authority has established a provision to cover the potential costs for refunding ratepayers who have successfully appealed against the rateable value of their properties. The provision covers the Council's locally retained share (99%) of the cost. This is accounted for in line with the normal policy above.

#### **Contingent liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent Assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefit or service potential.

### **(z) RESERVES**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement of Reserves Statement so that there is no net change against council tax for the expenditure.

Certain reserves are held to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the authority- these reserves are explained in the relevant notes and policies.

**(aa) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

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 has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or from borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

**(bb) SCHOOLS**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

**(cc) VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

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## 9 COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

| 2024/2025                      |                             |                       | <b>INCOME AND EXPENDITURE<br/>ACCOUNT</b>  | Note | 2025/2026                      |                             |                       |
|--------------------------------|-----------------------------|-----------------------|--|------|--------------------------------|-----------------------------|-----------------------|
| <u>Business Rates</u><br>£000s | <u>Council Tax</u><br>£000s | <u>Total</u><br>£000s |  |      | <u>Business Rates</u><br>£000s | <u>Council Tax</u><br>£000s | <u>Total</u><br>£000s |
|                                |                             |                       | <b>INCOME</b>  |      |                                |                             |                       |
| 0                              | -208,977                    | -208,977              | <u>Council Tax</u><br>Income from Council Tax Payers   |      | 0                              | -224,465                    | -224,465              |
| 0                              | -244                        | -244                  | <u>Transfers from the General Fund</u><br>Hardship Relief, Terminal Illness & Care leavers Discounts |      | 0                              | -250                        | -250                  |
| -66,156                        | 0                           | -66,156               | <u>Business Rates</u><br>Income from Business Ratepayers   |      | -71,843                        | 0                           | -71,843               |
| -524                           | 0                           | -524                  | Transitional Protection Receivable   |      | -112                           | 0                           | -112                  |
| 0                              | 0                           | 0                     | <u>Contributions</u><br>Contributions towards previous year's estimated deficit                      | 2    | -2,743                         | 0                           | -2,743                |
| <b>-66,680</b>                 | <b>-209,221</b>             | <b>-275,901</b>       | <b>TOTAL INCOME</b>  |      | <b>-74,698</b>                 | <b>-224,715</b>             | <b>-299,413</b>       |
|                                |                             |                       | <b>EXPENDITURE</b>   |      |                                |                             |                       |
| 0                              | 202,200                     | 202,200               | <u>Distribution of Resources</u><br>Council Tax  | 4    | 0                              | 215,005                     | 215,005               |
| 66,356                         | 0                           | 66,356                | Non-domestic Rates Income  | 5    | 69,961                         | 0                           | 69,961                |
| 296                            | 0                           | 296                   | <u>Transfers to the General Fund</u><br>Cost of Collection Allowance                                 |      | 298                            | 0                           | 298                   |
| 0                              | 0                           | 0                     | Renewable Energy Disregard   |      | 45                             | 0                           | 45                    |
| 0                              | 5                           | 5                     | Council Tax Benefit  |      | 0                              | 10                          | 10                    |
| 993                            | 2,217                       | 3,210                 | <u>Impairment of Debts / Appeals</u><br>Provision for Bad and Doubtful Debts                         | 6    | -176                           | 5,172                       | 4,996                 |
| -1,602                         |                             | -1,602                | Provision for Appeals  | 7    | 737                            | 0                           | 737                   |
| 11,119                         | 1,548                       | 12,667                | <u>Contributions</u><br>Contributions towards previous year's estimated surplus                      | 2    | 0                              | 3,062                       | 3,062                 |
| <b>77,162</b>                  | <b>205,970</b>              | <b>283,132</b>        | <b>TOTAL EXPENDITURE</b>   |      | <b>70,865</b>                  | <b>223,249</b>              | <b>294,114</b>        |
| <b>10,482</b>                  | <b>-3,251</b>               | <b>7,231</b>          | <b>MOVEMENT ON FUND BALANCE</b>  |      | <b>-3,833</b>                  | <b>-1,466</b>               | <b>-5,299</b>         |

| 2024/2025      |               |               | <b>INCOME AND EXPENDITURE ACCOUNT (continued)</b> | Note | 2025/2026      |               |               |
|----------------|---------------|---------------|---|------|----------------|---------------|---------------|
| Business Rates | Council Tax   | Total         |   |      | Business Rates | Council Tax   | Total         |
|                |               |               | <b>COLLECTION FUND BALANCES</b>                   |      |                |               |               |
| -8,473         | -1,920        | -10,393       | Balances Brought Forward                          |      | 2,009          | -5,171        | -3,162        |
| 10,482         | -3,251        | 7,231         | Movement in Year                                  |      | -3,833         | -1,466        | -5,299        |
| <b>2,009</b>   | <b>-5,171</b> | <b>-3,162</b> | <b>BALANCES AT YEAR END</b>                       |      | <b>-1,824</b>  | <b>-6,637</b> | <b>-8,461</b> |
|                |               |               | <b>BALANCES TO BE ALLOCATED</b>                   |      |                |               |               |
| 1,989          | -4,338        | -2,349        | Sefton MBC  |      | -1,805         | -5,561        | -7,366        |
| 0              | -586          | -586          | Police and Crime Commissioner                     |      | 0              | -753          | -753          |
| 20             | -202          | -182          | Fire and Rescue Authority                         |      | -19            | -259          | -278          |
| 0              | -45           | -45           | Combined Authority                                |      | 0              | -64           | -64           |
| <b>2,009</b>   | <b>-5,171</b> | <b>-3,162</b> |   |      | <b>-1,824</b>  | <b>-6,637</b> | <b>-8,461</b> |

## NOTES TO THE COLLECTION FUND

### 1 COUNCIL TAX BASE

The Council's tax base, i.e., the number of chargeable dwellings in each valuation band for 2025/2026 (adjusted for dwellings where discounts apply) converted to a number of band D dwellings, has been calculated as follows:

| <u>Band</u>                                       | <u>Number of Chargeable Dwellings After Discounts</u> | <u>Proportion of Band D Charge</u> | <u>Band D Equivalent Dwellings</u> |
|---|---|------------------------------------|------------------------------------|
| A*  | 76.9  | 5/9                                | 42.7                               |
| A   | 24,268.6  | 6/9                                | 16,179.1                           |
| B   | 21,551.5  | 7/9                                | 16,762.3                           |
| C   | 26,307.3  | 8/9                                | 23,384.3                           |
| D   | 13,851.4  | 9/9                                | 13,851.4                           |
| E   | 7,983.3   | 11/9                               | 9,757.4                            |
| F   | 3,679.5   | 13/9                               | 5,314.8                            |
| G   | 2,495.7   | 15/9                               | 4,159.5                            |
| H   | 235.6   | 18/9                               | 471.1                              |
|   | 100,449.8   |                                    | 89,922.5                           |
| Adjustment for estimated collection rate (97.15%) |   |                                    | -2,562.8                           |
| Adjustment for Ministry of Defence properties     |   |                                    | 8.0                                |
| <b>Council Tax Base</b>                           |   |                                    | <b>87,367.7</b>                    |

\* Properties subject to disabled relief

Band "D" Equivalent is the statutory method of expressing the cost of Council Tax for any given area if all properties are valued as a proportion of a band D property, e.g. band H, which is equivalent to twice the value of band D, would therefore be charged twice the band D equivalent.

## 2 COLLECTION FUND SURPLUS / DEFICIT (-) PAYMENTS IN THE YEAR

The following amounts were paid / recouped (-) during the year in respect of the estimated collection fund surplus / deficit:

| Council Tax                              | <u>2024/2025</u><br>£000 | <u>2025/2026</u><br>£000 |
|--|--------------------------|--------------------------|
| Sefton Council                           | 1,299                    | 2,571                    |
| Merseyside Police and Crime Commissioner | 175                      | 347                      |
| Merseyside Fire and Rescue Service       | 61                       | 119                      |
| Liverpool City region Combined Authority | 13                       | 25                       |
|  | 1,548                    | 3,062                    |

| Business Rates                     | <u>2024/2025</u><br>£000 | <u>2025/2026</u><br>£000 |
|------------------------------------|--------------------------|--------------------------|
| Sefton Council                     | 11,008                   | -2,715                   |
| Merseyside Fire and Rescue Service | 111                      | -28                      |
|                                    | 11,119                   | -2,743                   |

## 3 BUSINESS RATES MULTIPLIER AND RATEABLE VALUE

Under the arrangements for nationally uniform business rates, the Council collects rates for its area, which are based on local rateable values multiplied by a uniform rate. The business rate multipliers applied are shown below:

| Multipliers                       | 2024/2025 | 2025/2026 |
|-----------------------------------|-----------|-----------|
| Standard Business Rate Multiplier | 54.6p     | 55.5p     |
| Small Business Rate Multiplier    | 49.9p     | 49.9p     |

The total non-domestic rateable value on Sefton's 2023 Rating List was £185,037,688 on 31 March 2026 (£185,238,886 on 31 March 2025).

## 4 PRECEPTS AND DEMANDS ON THE COLLECTION FUND

The following precepts and demands have been made on the fund during the year:

| Council Tax                                | <u>2024/2025</u><br>£000 | <u>2025/2026</u><br>£000 |
|--|--------------------------|--------------------------|
| Sefton Council (Including Parish Precepts) | 169,759                  | 180,126                  |
| Merseyside Police and Crime Commissioner   | 22,909                   | 24,373                   |
| Merseyside Fire & Rescue Authority         | 7,889                    | 8,409                    |
| Liverpool City Region Combined Authority   | 1,643                    | 2,097                    |
|  | 202,200                  | 215,005                  |

**5 SHARES OF NON-DOMESTIC RATES INCOME**

Business rates income is shared on the following basis:

| Business Rates                     | Share % | 2024/2025<br>£000 | 2025/2026<br>£000 |
|------------------------------------|---------|-------------------|-------------------|
| Sefton Council                     | 99%     | 65,692            | 69,262            |
| Merseyside Fire & Rescue Authority | 1%      | 664               | 699               |
|                                    | 100%    | 66,356            | 69,961            |

**6 PROVISION FOR BAD AND DOUBTFUL DEBTS**

The Collection Fund provides for bad debts on Council Tax and Business Rates arrears. The following movements on the bad debt provisions were recorded in the year:

| Council Tax                 | 2024/2025<br>£000 | 2025/2026<br>£000 |
|-----------------------------|-------------------|-------------------|
| Balance at 1 April          | -35,305           | -36,386           |
| Write-offs in year          | 1,136             | 1,354             |
| Increase / Decrease in Year | -2,217            | -5,172            |
| <b>Balance at 31 March</b>  | <b>-36,386</b>    | <b>-40,204</b>    |

| Business Rates              | 2024/2025<br>£000 | 2025/2026<br>£000 |
|-----------------------------|-------------------|-------------------|
| Balance at 1 April          | -5,723            | -5,113            |
| Written-off in year         | 1,603             | 2,605             |
| Increase / Decrease in Year | -993              | -3,342            |
| <b>Balance at 31 March</b>  | <b>-5,113</b>     | <b>-4,325</b>     |

**7 PROVISION FOR CHECKS, CHALLENGES AND APPEALS**

The Collection Fund also makes a provision for checks, challenges, and appeals against rateable values set by the Valuation Office Agency (VOA). The table below shows the movements on the provision in the year:

| Business Rates             | 2024/2025<br>£000 | 2025/2026<br>£000 |
|----------------------------|-------------------|-------------------|
| Balance at 1 April         | -5,190            | -3,588            |
| Movement in the Year       | 1,602             | -737              |
| <b>Balance at 31 March</b> | <b>-3,588</b>     | <b>-4,325</b>     |

## 10 GROUP ACCOUNTS

The standard financial statements consider the Council only as a single entity. Sefton Council conducts some of its adult and social care services activities through a wholly owned company, Sefton New Directions Limited, which began trading on 1 April 2007. In addition, it wholly owns Sandway Homes Limited, a housing development company, and Sefton Hospitality Operations Limited, a hospitality company.

Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements. As a result, group financial statements are used to reflect the full extent of Sefton Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group.

The following pages include:

- Group Movement in Reserves Statement,
- Group Comprehensive Income and Expenditure Statement,
- Group Balance Sheet,
- Group Cash Flow Statement, and,
- Notes to the Group Accounts.
- A summary of the financial statements for Sefton New Directions and Sandway Homes.

The financial positions of Sefton Council, Sefton New Directions, Sandway Homes and Sefton Hospitality Operations Limited have been consolidated to produce the Group Accounts with any transactions and balances between the three organisations netted out on consolidation.

All organisations have a financial year-end of 31 March.

The companies will file their own financial statements with Companies House in line with the requirements for limited companies.

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| 2024/2025         |                 |                              | Note   | 2025/2026         |                 |                              |
|-------------------|-----------------|------------------------------|--|-------------------|-----------------|------------------------------|
| Gross Expenditure | Gross Income    | Net Expenditure / Income (-) |  | Gross Expenditure | Gross Income    | Net Expenditure / Income (-) |
| 1,145             | -11             | 1,134                        | <u>Continuing Operations</u>                               |                   |                 |                              |
| 199,664           | -94,064         | 105,600                      | Strategic Management                                       | 1,161             | -10             | 1,151                        |
| 105,520           | -21,135         | 84,385                       | Adult Social Care  | 208,692           | -98,208         | 110,484                      |
| 36,160            | -19,072         | 17,088                       | Children's Social Care                                     | 117,991           | -25,447         | 92,544                       |
| 108,381           | -79,704         | 28,677                       | Communities  | 34,810            | -19,287         | 15,523                       |
| 24,412            | -16,150         | 8,262                        | Corporate Resources  | 95,862            | -60,181         | 35,681                       |
| 25,030            | -2,231          | 22,798                       | Economic Growth and Housing                                | 24,185            | -17,074         | 7,111                        |
| 241,508           | -212,938        | 28,570                       | Education Excellence                                       | 23,317            | -2,213          | 21,104                       |
| 21,157            | -28,021         | -6,864                       | Education Excellence - Schools                             | 251,423           | -217,396        | 34,027                       |
| 26,178            | -10,110         | 16,068                       | Health and Wellbeing                                       | 20,836            | -29,645         | -8,809                       |
| 39,677            | -16,933         | 22,745                       | Highways and Public Protection                             | 25,644            | -9,814          | 15,830                       |
| 12,711            | -1,378          | 11,333                       | Operation In-House Services                                | 41,818            | -17,208         | 24,610                       |
| 11,352            | -3,034          | 8,318                        | Property and Building Services                             | 9,108             | -3,586          | 5,522                        |
|                   |                 |                              | Corporate Unallocated Costs                                | 12,826            | -2,567          | 10,259                       |
| 1,683             | -918            | 765                          | Sefton New Directions - Net                                | 1,083             | -672            | 411                          |
| 2,833             | -2,332          | 501                          | Sandway Homes - Net  | 5,438             | -4,725          | 713                          |
| 2,488             | -2,017          | 471                          | Sefton Hospitality Operations - Net                        | 2,559             | -2,254          | 305                          |
| <b>859,899</b>    | <b>-510,048</b> | <b>349,851</b>               | <b>Net Cost of Services</b>                                | <b>876,753</b>    | <b>-510,287</b> | <b>366,466</b>               |
|                   |                 |                              | <u>Other Operating Income and Expenditure</u>              |                   |                 |                              |
|                   |                 | 1,474                        | Precepts paid to Parish Councils                           |                   |                 | 1,587                        |
|                   |                 | 37,385                       | Levies   |                   |                 | 37,844                       |
|                   |                 | 35,346                       | Loss on the disposal of non-current assets                 |                   |                 | 2,906                        |
|                   |                 | -792                         | Other Operating Income                                     |                   |                 | -2,303                       |
|                   |                 | <b>73,413</b>                |  |                   |                 | <b>40,034</b>                |
|                   |                 |                              | <u>Financing and Investment Income &amp; Expenditure</u>   |                   |                 |                              |
|                   |                 | 7,400                        | Interest payable and similar charges                       |                   |                 | 11,563                       |
|                   |                 | -1,224                       | Net Interest on the Net Pension Defined Benefit Liability  |                   |                 | 90                           |
|                   |                 | -1,529                       | Interest Receivable  |                   |                 | -2,005                       |
|                   |                 | -2,310                       | Income and Expenditure on Investment Properties            |                   |                 | -1,917                       |
|                   |                 | 607                          | Changes in the Fair Value of Investment Properties         |                   |                 | 961                          |
|                   |                 | -98                          | Changes in the Fair Value of Financial Instruments         |                   |                 | 0                            |
|                   |                 | <b>2,846</b>                 |  |                   |                 | <b>8,692</b>                 |
|                   |                 |                              | <u>Taxation and Non-specific Grant Income</u>              |                   |                 |                              |
|                   |                 | -173,784                     | Income from Council Tax                                    |                   |                 | -183,919                     |
|                   |                 | -66,323                      | Non-Domestic Rates Income                                  |                   |                 | -70,386                      |
|                   |                 | -64,139                      | Non-Ringfenced Government Grants                           |                   |                 | -80,986                      |
|                   |                 | -34,227                      | Capital Grants and Contributions                           |                   |                 | -55,234                      |
|                   |                 | <b>-338,473</b>              |  |                   |                 | <b>-390,525</b>              |
|                   |                 | <b>87,637</b>                | <b>Deficit on Provision of Services</b>                    |                   |                 | <b>24,667</b>                |
|                   |                 | 0                            | Taxation   |                   |                 | 0                            |
|                   |                 | <b>87,637</b>                | <b>Group Deficit</b>                                       |                   |                 | <b>24,667</b>                |
|                   |                 |                              |  |                   |                 |                              |
|                   |                 | -16,319                      | Surplus (-) / Deficit on Revaluation of non-current assets |                   |                 | -23,456                      |
|                   |                 | 27,815                       | Re-measurement of the Net Defined Benefit Liability        |                   |                 | 5,351                        |
|                   |                 | 11,496                       | <b>Other Comprehensive Income and Expenditure</b>          |                   |                 | <b>-18,105</b>               |
|                   |                 |                              |  |                   |                 |                              |
|                   |                 | <b>99,133</b>                | <b>Total Comprehensive Income and Expenditure</b>          |                   |                 | <b>6,562</b>                 |

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to, or from, earmarked reserves undertaken by the Council.

| <b>Movements in Reserves in 2025/2026</b>   | Council                 | New Directions  | Sandway Homes    | SHOL             | Total Usable Reserves | Council                   | Total Council Reserves | Total Group Reserves |
|---|-------------------------|-----------------|------------------|------------------|-----------------------|---------------------------|------------------------|----------------------|
|   | Usable Reserves<br>£000 | Surplus<br>£000 | Surplus<br>£000s | Surplus<br>£000s | Reserves<br>£000      | Unusable Reserves<br>£000 | Reserves<br>£000       | Reserves<br>£000     |
| <b>Balance at 1 April 2025</b>  | -99,073                 | -1,494          | 2,136            | 1,946            | -96,485               | -257,363                  | -356,436               | -353,848             |
| <b>Movements in Year</b>  |                         |                 |                  |                  |                       |                           |                        |                      |
| <b>Total Comprehensive Income and Expenditure</b>   | 22,957                  | 389             | 967              | 354              | 24,667                | -18,105                   | 4,852                  | 6,562                |
| Adjustments between accounting basis and funding basis under regulations (Note 7 of single entity accounts) | -2,367                  | 0               | 0                | 0                | -2,367                | 2,367                     | 0                      | 0                    |
| <b>Net Increase (-) / Decrease before Transfers to Earmarked Reserves</b>                                   | 20,590                  | 389             | 967              | 354              | 22,300                | -15,738                   | 4,852                  | 6,562                |
| Transfers to / from Earmarked Reserves (Note 34 of single entity accounts)                                  | 0                       | 0               | 0                | 0                | 0                     | 0                         | 0                      | 0                    |
| <b>Increase in Year</b>   | 20,590                  | 389             | 967              | 354              | 22,300                | -15,738                   | 4,852                  | 6,562                |
| <b>Balance at 31 March 2026</b>   | -78,483                 | -1,105          | 3,103            | 2,300            | -74,185               | -273,101                  | -351,584               | -347,286             |

| <b>Movements in Reserves in 2024/2025</b>   | Council                 | New Directions  | Sandway Homes    | SHOL             | Total Usable     | Council                   | Total Council    | Total Group      |
|---|-------------------------|-----------------|------------------|------------------|------------------|---------------------------|------------------|------------------|
|   | Usable Reserves<br>£000 | Surplus<br>£000 | Surplus<br>£000s | Surplus<br>£000s | Reserves<br>£000 | Unusable Reserves<br>£000 | Reserves<br>£000 | Reserves<br>£000 |
| <b>Balance at 1 April 2024</b>  | -133,058                | -2,237          | 1,486            | 1,439            | -132,370         | -313,853                  | -446,912         | -446,223         |
| <b>Restatement of Opening Balances - Initial Recognition of ROU Assets</b>                                  | 0                       | 0               | 0                | 0                | 0                | -6,756                    | -6,756           | -6,756           |
| <b>Balance at 1 April 2024</b>  | -133,058                | -2,237          | 1,486            | 1,439            | -132,370         | -320,609                  | -453,668         | -452,979         |
| <b>Movements in Year</b>  |                         |                 |                  |                  |                  |                           |                  |                  |
| <b>Total Comprehensive Income and Expenditure</b>   | 85,737                  | 743             | 650              | 507              | 87,637           | 11,496                    | 97,232           | 99,133           |
| Adjustments between accounting basis and funding basis under regulations (Note 7 of single entity accounts) | -51,750                 | 0               | 0                | 0                | -51,750          | 51,750                    | 0                | 0                |
| <b>Net Increase (-) / Decrease before Transfers to Earmarked Reserves</b>                                   | 33,987                  | 743             | 650              | 507              | 35,887           | 63,246                    | 97,232           | 99,133           |
| Transfers to / from Earmarked Reserves (Note 34 of single entity accounts)                                  | 0                       | 0               | 0                | 0                | 0                | 0                         | 0                | 0                |
| <b>Increase in Year</b>   | 33,987                  | 743             | 650              | 507              | 35,887           | 63,246                    | 97,232           | 99,133           |
| <b>Balance at 31 March 2025</b>   | -99,073                 | -1,494          | 2,136            | 1,946            | -96,485          | -257,363                  | -356,436         | -353,848         |

**GROUP BALANCE SHEET**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| <u>31 March</u><br><u>2025</u><br>£000s |                               | <u>Note</u> | <u>31 March</u><br><u>2026</u><br>£000s |
|---|-------------------------------|-------------|---|
| 506,816                                 | Property, Plant and Equipment | 5           | 555,094                                 |
| 13,149                                  | Heritage Assets               |             | 13,149                                  |
| 26,817                                  | Investment Property           |             | 26,407                                  |
| 2,059                                   | Intangible Assets             |             | 1,736                                   |
| 5,180                                   | Long Term Investments         |             | 5,170                                   |
| 6,520                                   | Long Term Debtors             |             | 9,539                                   |
| <b>560,541</b>                          | <b>Long-Term Assets</b>       |             | <b>611,095</b>                          |
| 10,939                                  | Assets Held for Sale          |             | 13,019                                  |
| 8,739                                   | Inventories                   |             | 7,846                                   |
| 73,476                                  | Short Term Debtors            | 6           | 83,769                                  |
| 13,772                                  | Prepayments                   |             | 18,061                                  |
| 21,255                                  | Cash and Cash Equivalents     | 7           | 46,324                                  |
| <b>128,181</b>                          | <b>Current Assets</b>         |             | <b>169,019</b>                          |
| -14,791                                 | Cash Overdrawn                |             | -10,959                                 |
| -51,309                                 | Short Term Borrowing          |             | -103,139                                |
| -69,911                                 | Short Term Creditors          | 8           | -61,144                                 |
| -19,595                                 | Receipts in Advance           | 8           | -18,834                                 |
| -1,972                                  | Deferred Liabilities          |             | -1,170                                  |
| <b>-157,578</b>                         | <b>Current Liabilities</b>    |             | <b>-195,246</b>                         |
| -6,057                                  | Provisions                    |             | -5,831                                  |
| -154,002                                | Long Term Borrowing           |             | -217,200                                |
| -3,293                                  | Deferred Liabilities          |             | -1,816                                  |
| -13,944                                 | Pensions Liability            |             | -12,735                                 |
| <b>-177,296</b>                         | <b>Long Term Liabilities</b>  |             | <b>-237,582</b>                         |
| <b>353,848</b>                          | <b>Net Assets</b>             |             | <b>347,286</b>                          |

| 31 March<br>2025<br>£000s | Balance Sheet (Continued)                               | Note | 31 March<br>2026<br>£000s |
|---------------------------|---|------|---------------------------|
|                           | <b><u>Reserves</u></b>                                  |      |                           |
|                           | <u>Usable Reserves</u>                                  |      |                           |
| -18,391                   | General Fund - Delegated Schools                        |      | -19,386                   |
| -10,436                   | General Fund - Non-Delegated Services                   |      | -9                        |
| -1,494                    | New Directions - Profit and Loss Account                |      | -1,105                    |
| 2,136                     | Sandway Homes - Profit and Loss Account                 |      | 3,103                     |
| 1,946                     | Sefton Hospitality Operations - Profit and Loss Account |      | 2,300                     |
| -20,788                   | Earmarked Reserves                                      |      | -3,174                    |
| -2,088                    | Capital Receipts Reserve                                |      | -4,068                    |
| -47,370                   | Capital Grants and Contributions Unapplied              |      | -51,846                   |
| -96,485                   |   |      | -74,185                   |
|                           | <u>Unusable Reserves</u>                                |      |                           |
| -108,118                  | Revaluation Reserve                                     |      | -129,337                  |
| -228,738                  | Capital Adjustment Account                              |      | -255,771                  |
| 118                       | Financial Instruments Adjustment Account                |      | 87                        |
| -169                      | Pooled Investment Funds Adjustment Account              |      | -169                      |
| -2,232                    | Deferred Capital Receipts                               |      | -2,265                    |
| 13,944                    | Pensions Reserve  |      | 12,735                    |
| -2,349                    | Collection Fund Adjustment Account                      |      | -7,366                    |
| 5,380                     | Accumulated Absences Account                            |      | 4,953                     |
| 64,801                    | Dedicated Schools Grant Adjustment Account              |      | 104,033                   |
| -257,363                  |   |      | -273,101                  |
| <b>-353,848</b>           | <b>Total Group Reserves</b>                             |      | <b>-347,286</b>           |

The Notes to the single entity accounts on pages 33 to 112, and to the Group Accounts on pages 117 to 126 form part of the financial statements.

**GROUP CASH FLOW STATEMENT**

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting year. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

| <u>2024/2025</u><br>£000s |   | <u>Note</u> | <u>2025/2026</u><br>£000s |
|---------------------------|---|-------------|---------------------------|
|                           | <b><u>Operating Activities</u></b>  |             |                           |
| 87,637                    | Net Deficit on the provision of services  |             | 24,667                    |
| -42,929                   | Adjustments to net surplus or deficit on the provision of services for non-cash movements   |             | 379                       |
| -295                      | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities |             | 54,528                    |
| 44,413                    | Net cash flows from Operating Activities  |             | 79,574                    |
|                           | <b><u>Investing Activities</u></b>  |             |                           |
| 51,302                    | Purchase of property, plant and equipment, investment property and intangible assets  |             | 60,582                    |
| 0                         | Purchase of short-term and long-term investments  |             | 0                         |
| -3,821                    | Proceeds from the sale of property, plant and equipment, investment property and intangible assets                                    |             | -2,647                    |
| 0                         | Proceeds from short-term and long-term investments  |             | 0                         |
| -30,032                   | Capital Grants and Contributions  |             | -54,985                   |
| -9                        | Other receipts from investing activities  |             | -54                       |
| 17,440                    | Net cash flows from Investing Activities  |             | 2,896                     |
|                           | <b><u>Financing Activities</u></b>  |             |                           |
| -75,497                   | Cash receipts of short- and long-term borrowing   |             | -190,000                  |
| -136                      | Other receipts from financing activities  |             | -25                       |
| 477                       | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts          |             | 1,132                     |
| 9,464                     | Repayments of short- and long-term borrowing  |             | 77,206                    |
| 122                       | Other payments for financing activities   |             | 316                       |
| -65,570                   | Net cash flows from Financing Activities  |             | -111,371                  |
| <b>-3,717</b>             | <b>Net decrease / increase (-) in cash and cash equivalents</b>   |             | <b>-28,901</b>            |
| -2,747                    | Cash and cash equivalents at the beginning of the reporting period  |             | -6,464                    |
| <b>-6,464</b>             | <b>Cash and cash equivalents at the end of the reporting period</b>   | 7           | <b>-35,365</b>            |

## **NOTES TO THE GROUP ACCOUNTS**

### **1 INTRODUCTION**

The notes below include details of where the inclusion of Sefton New Directions Limited, Sandway Homes and / or Sefton Hospitality Operations Limited has altered the disclosures within Sefton's single entity accounts. All other notes to the Group Financial Statements are as shown in the Notes to the single entity accounts.

It should be noted that as the three companies have yet to publish draft accounts, certain notes cannot yet be completed.

### **2 DISCLOSURE OF AUDIT COSTS**

Sefton New Directions Limited and Sandway Homes incurred the following fees relating to external audit and inspection.

| <u>2024/2025</u><br>£000 |   | <u>2025/2026</u><br>£000 |
|--------------------------|---|--------------------------|
| 20                       | Sefton New Directions Limited<br>Fees payable to Hazlewoods LLP for external audit services | TBC                      |
| 13                       | <u>Sandway Homes</u><br>Fees payable to Beever and Struthers for external audit services    | TBC                      |
| <b>33</b>                | <b>Total</b>  |                          |

Sefton Hospitality Operations Limited didn't incur any fees relating to external audit and inspection. Sefton's expenditure on audit costs is shown in Note 11 to the single entity accounts.

### **3 ASSETS ON OPERATING LEASES**

Sefton New Directions Limited made operating lease payments of £0.080m in 2024/2025 relating to Land and Buildings and other assets (£0.054m in 2023/2024). Sefton New Directions has obligations to make payments for operating leases in future years as follows:

| <u>31 March</u><br><u>2025</u><br>£000s |   | <u>31 March</u><br><u>2026</u><br>£000s |
|---|---|---|
| 48                                      | Not later than one year                           | TBC                                     |
| 45                                      | Later than one year and not later than five years | TBC                                     |
| 840                                     | Later than five years                             | TBC                                     |
| 933                                     |   |   |

Sandway Homes and Sefton Hospitality Operations Limited had no operating leases. Sefton's expenditure on operating leases is shown in Note 48 to the single entity accounts.

### **4 PARTICIPATION IN PENSION SCHEMES**

Sefton New Directions Limited and Sandway Homes employees are eligible to join defined contribution pension schemes. The pension cost charge for the year relates to the contributions paid in the year by the companies.

Sefton New Directions employees were previously eligible to join the same Local Government Pension Scheme as those employees in Sefton, i.e., a defined benefit scheme. Until 2020/2021 this was accounted for as a defined benefit scheme. However, for 2021/2022, due to Sefton Council being a full guarantor for the pension liability, the directors of the Company have deemed that the derecognition of the liability is appropriate. Pension contributions in respect of the defined benefit contribution scheme are now charged when contributions are paid.

**5** **PROPERTY, PLANT AND EQUIPMENT**

The Property, Plant and Equipment (PP&E) figure in the Group Balance Sheet includes:

Sefton New Directions Limited - £0.079m as at 31 March 2026 (£0.075m at 31 March 2025).

Sandway Homes - £0.000m at 31 March 2026 for Land of (£0.000m at 31 March 2025).

Sefton Hospitality Operations Limited - £0.466m as at 31 March 2026 (£0.404m at 31 March 2025).

Details of Sefton's PP&E are shown in Note 18 to the single entity accounts.

**6** **CURRENT ASSETS**

The Current Assets figure in the Group Balance Sheet includes Debtors of:

Sefton New Directions Limited - £0.217m as at 31 March 2026 (£0.662m at 31 March 2025),

Sandway Homes - £0.000m as at 31 March 2026 for Debtors of (£0.004m at 31 March 2025)

Sefton Hospitality Operations Limited £0.249m at 31 March 2026 for Debtors of (£0.180m at 31 March 2025).

Details of Sefton's Debtors are shown in Note 26 to the single entity accounts.

**7** **CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents held by Sefton MBC, Sefton New Directions Limited and Sandway Homes are shown below:

| <u>31 March<br/>2025<br/>£000s</u> |   | <u>31 March<br/>2026<br/>£000s</u> |
|------------------------------------|---|------------------------------------|
| 4,143                              | Sefton MBC - Cash and Cash Equivalents - Net  | 32,048                             |
| 1,568                              | Sefton New Directions Limited - Bank Deposits | 1,657                              |
| 515                                | Sandway Homes                                 | 1,520                              |
| 238                                | Sefton Hospitality Operations Limited         | 140                                |
| <b>6,464</b>                       | <b>Total Cash and Cash Equivalents</b>        | <b>35,365</b>                      |

**8** **CURRENT LIABILITIES**

The Current Liabilities figure in the Group Balance Sheet includes Creditors of:

Sefton New Directions Limited - £0.843m for Creditors as at 31 March 2026 (£0.810m at 31 March 2025),

Sandway Homes - £11.160m for Creditors as at 31 March 2026 (£8.786m at 31 March 2025).

Sefton Hospitality Operations Limited - £1.809m as at 31 March 2026 (£1.511m at 31 March 2025).

Details of Sefton's Creditors are shown in Note 28 to the single entity accounts.

**9 CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

| <u>2024/2025</u><br>£000s |                   | <u>2025/2026</u><br>£000s |
|---------------------------|-------------------|---------------------------|
| -1,518                    | Interest received | -2,005                    |
| 7,019                     | Interest paid     | 9,767                     |

**10 STATEMENT OF ACCOUNTING POLICIES**

The Accounting Policies for the Group are described in Note 54 to the single entity accounts.

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**11 FOREWORD TO THE ANNUAL GOVERNANCE STATEMENT**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Leader of the Council, Councillor Marion Atkinson and the Chief Executive, Phil Porter both recognise the importance of having good systems of governance, risk and assurance in place to be able to manage and deliver services to its residents, businesses, partners and stakeholders. The Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

Each year, to provide an assurance on this, the Council is required to conduct an annual review of the effectiveness of its governance, risk and assurance systems to produce an Annual Governance Statement (AGS) which provides an assurance on how these systems have been working. This annual review is in respect of 2025/26, and this statement provides an assurance that good governance arrangements are in place and the Council is managing the risks to achieving its objectives. It also sets out planned actions for next year 2026/27. The AGS is also published in the Council's Annual Accounts.

We have conducted our annual review of the effectiveness of the systems of governance, risk and assurance in place at Sefton and it is our opinion that these are fit for purpose and in accordance with the governance framework. We propose over the coming year to take actions to address highlighted issues in the AGS and further improve our corporate governance arrangements. We are satisfied that these actions will address the need for improvements that were identified in our annual review of effectiveness in 2025/26 and we will monitor their implementation and operation as part of our annual review in 2026/27.

**Councillor Marion Atkinson**  
**Leader of the Council**

**Phil Porter**  
**Chief Executive**

Draft

# Annual Governance Statement 2025/26

Year Ended 31 March 2026

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# 1. Introduction and Scope of Responsibility

Sefton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. Sefton Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

It also meets the requirements of the Accounts and Audit (Amendment) Regulations 2022 which requires the Council to publish an Annual Governance Statement (AGS) in accordance with proper practice in relation to internal control.

The Council approved a revised Code of Corporate Governance in March 2026, which is consistent with the seven principles of Corporate Governance as set out in the CIPFA/SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'.

In discharging this overall responsibility, Sefton Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

## 2. The Purpose of the Annual Governance Statement

The AGS is a public document that reports on the extent to which the Council complies with its own Code of Corporate Governance, demonstrating the monitoring and evaluation of the effectiveness of governance arrangements. The AGS is a valuable means of communication and reflects the Council's features, challenges and any planned changes in the coming period.

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled; and through which it engages with and leads its communities. This framework enables the authority to develop and achieve its strategic objectives and core purpose in delivering the 2030 vision. The Council's governance arrangements are designed to manage risk to a reasonable level within this context. These arrangements cannot eliminate risk but can provide reasonable assurance for the AGS.

- i. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve the Council's aims and objectives but can provide a reasonable assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks that could prevent the Council from achieving its aims and objectives;
- ii. assess how likely it is that identified risks will happen and what the potential impact would be if they did, and
- iii. manage the risks effectively.

For the purposes of this statement, the governance framework has been in place at Sefton Council from 1 April 2025 and up to the date of the approval of the annual statement of accounts.

### 3. The Governance Framework

The seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition) and the Council's Code of Corporate Governance are available on the Council's website on the link below:

<https://modgov.sefton.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13370&path=0>

The Council's Code of Corporate Governance was updated and approved by the Audit and Governance Committee on 18 March 2026.

Sefton Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by:

- Senior managers who have responsibility for the development and maintenance of the governance environment within their service areas;
- The Chief Internal Auditor's Annual Audit Opinion Statement, which includes a report on the effectiveness of Internal Audit, and
- Feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates.

The outcome from this review is provided in sections 4 and 5 of this report.

## 4. Review of Effectiveness

### Decision Making and Scrutiny

The Council approved the overall policy and budgetary framework for the financial year 2025/26. Cabinet subsequently made decisions at various points throughout the year that were in line with this policy and budget framework. The decisions of the Cabinet have been the subject of scrutiny through the Council's Overview and Scrutiny Committees which met regularly during the year.

Each Overview and Scrutiny Committee had a work programme for the year and reviewed a range of current activities and potential issues as part of that programme.

All decisions made by Committees, Council, Cabinet, Cabinet Member (under their delegated powers) and Chief Officer executive decisions are recorded and published online for transparency. Delegation arrangements for Cabinet Members are reviewed annually by the Chief Legal and Democratic Officer as part of the Constitution review process. The Council publishes a calendar of meetings and deadlines for the submission of agenda items. Agendas and reports are produced promptly and provided to the relevant Members. The Executive Director of Corporate Services and Commercial and the Chief Legal and Democratic Officer have been consulted on these reports and any comments have been incorporated into the reports.

During the year 2025/26 the Council have introduced webcasting of Council, Cabinet and regulatory meetings. This has increased the transparency of decision making it more visible to the public. This increases scrutiny and accountability.

### Audit and Governance Committee

The Audit and Governance Committee provides independent assurance on the adequacy of the Council's risk, governance and assurance environment. Representation on the Audit and Governance Committee during 2024/25 was based on the political make-up of the Council. The Committee monitors the Corporate Risk Register which includes the mitigating actions that has been taken for the Council to manage the risks to achieving its objectives. Full details of this is available on the Council's website on the link below:

<https://modgov.sefton.gov.uk/mgCommitteeDetails.aspx?ID=141>

The Committee met six times during 2025/26 The Council's Annual Statement of Accounts for 2024/25 were considered. The Committee also approved the work plan for Internal Audit demonstrating an ownership of the work being considered by them. Meetings have considered update and monitoring reports, from the Monitoring Officer, the Section 151 (S151) Officer, the Chief Internal Auditor and the External Auditor, as well as reports that demonstrate oversight and review of the council's policies and procedures relevant to the committees terms of reference, providing assurance of the continued commitment to review and improvement.

### Executive Leadership Team

The Council's Executive Leadership Team (ELT) is led by the Chief Executive and includes Executive Directors which includes the S151 Officer. ELT meet fortnightly to consider and provide leadership on all business matters of the Council.

### **Strategic Leadership Board**

The Strategic Leadership Board (SLB) consists of the Chief Executive, Executive Directors, Assistant Directors and the Council's Monitoring Officer. It provides senior management and leadership in the development, delivery and communication of Council and borough-wide policy and performance. It has a key responsibility for the development and maintenance of the governance environment.

Each Assistant Director is responsible for the governance framework and good governance in their individual Service area and are in turn supported by their managers.

### **External Audit**

Grant Thornton are the Council's appointed External Auditor for the audit of the 2025/26 draft statement of accounts. The work of the Council's External Auditor includes an examination of the Council's Annual Accounts and an assessment of the degree to which the Council delivers value for money in the use of its resources. The External Auditor will also reach an opinion on the consistency of the AGS with other information published with the Council's Annual Accounts. The AGS is published in the Council's Annual Accounts.

The External Audit Report for the year ended 31 March 2025 identified 3 interrelated Key Recommendations addressing financial management and the surrounding governance. All these recommendations were implemented in year. This demonstrates the council positively receives feedback and actively seeks to improve, evidencing a positive approach to governance.

### **Internal Audit**

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of Council activities. It is the duty of the Chief Internal Auditor to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council.

Based upon the work of Internal Audit during 2025/26, the Chief Internal Auditor provided the Council with an overall '*moderate*' risk opinion, with potential for improvement relating the risk management arrangements, governance framework and the controls reviewed as part of the Internal Audit Plan.

Internal Audit carried out follow up audit reviews for all high-risk recommendations and a sample of medium and low risk recommendations to ensure that recommendations made had been implemented as agreed by management.

The Global Internal Audit Standards (GIAS) came into force on the 1st of April 2025. These replace the previous Public Sector Internal Audit Standards (PSIAS) and define the internal audit activity's purpose, mandate and responsibility. A self-assessment against the new Standards was undertaken by the Chief Internal Auditor during 2025/26, and an Improvement Plan has been developed to enhance the Internal Audit methodology and ensure compliance with the GIAS. Implementation of the Improvement Plan will be monitored and reported to appropriate committees during 2026/27.

### **Risk Management and Counter Fraud Framework**

A review of the Corporate Risk Register (CRR) was undertaken at each Audit and Governance meeting held during 2025/6. Risks were de-escalated to relevant Service Risk Registers where appropriate and the CRR focuses on the ten key risks that are most critical to the council.

The Chief Internal Auditor presents regular reports to the Audit and Governance Committee on anti-fraud and corruption activity. During the year 2025/26 the council have appointed an officer with specific responsibility for Anti-Fraud and Corruption. This has improved the focus on this area with there being clear ownership of this function in the council.

### **Office for Standards in Education, Children's Services and Skills Assessment**

The June–July 2025 Ofsted inspection of Sefton's local authority children's services provides strong independent assurance that leadership, governance and frontline practice are effective. Overall effectiveness was judged to be good, with inspectors highlighting significant improvement since the previous inspection and clear evidence that services are making a positive difference to children's lives. Inspectors identified strengths including stable and ambitious leadership, a robust quality assurance framework, effective early help and safeguarding arrangements, strong practice for children in care and care leavers, and improving workforce stability and culture. Inspectors also identified specific areas for further improvement, particularly around consistency in responses to neglect, management oversight in some cases, and the quality of recording and communication with families. These findings provide independent confirmation that core policies, systems and assurance processes are working well, while also clearly identifying where further targeted improvement is required.

### **Special Educational Needs and Disabilities Assessment**

The March 2026 Ofsted/CQC Area SEND inspection provides independent assurance that many of Sefton's policies, systems and partnership arrangements are having a positive impact for children and young people with SEND. Inspectors highlighted strong leadership ambition, effective

multi-agency working and a clear commitment to inclusion, early identification and coproduction with children, young people and families. Specific strengths included early help and social care practice, joint commissioning aligned to local need, improved diagnostic pathways, robust oversight for children with complex needs, and increasing quality in newer EHC plans. Inspectors also identified clear areas for improvement, particularly around the consistency and timeliness of education, health and care plans, access to educational psychology, preparation for adulthood, waiting times for some specialist services and the strategic use of data. These findings provide clear, independent confirmation of where existing approaches are working well and where targeted improvement activity is required to further strengthen outcomes.

### **Other External Inspections**

During the year 2025/26 the Council were a Core Participant in the Southport Inquiry. As part of this Inquiry, the Council's record keeping and information management systems and compliance with licensing policy and procedures were considered. The Inquiry highlighted no issues of concern with the Council's approach. Further, wider recommendations made by the Chair of the Inquiry, had already been identified by the Council and had been, or were in the process of being implemented.

The Local Government and Social Care Ombudsman Annual Review Letter identified no issues of concern with only 5 cases requiring a finding of an apology or financial redress. Similarly, the Information Commissioners Office Review Letter identified no systemic issues.

## 5. Significant Governance Issues

In addition to identifying those areas where the Council meets the principles of Corporate Governance, it is also appropriate to identify areas of improvement that can be undertaken during the next financial year, or where it is considered that there is a significant new or ongoing issue that will require stringent focus due to the potential impact. These are termed as 'Significant Governance Issues' (SGIs) and can be defined as an issue that:

- Seriously prejudices or prevents achievement of a key target;
- Has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- The External Auditor regards as having a material impact on the accounts/value for money conclusion;
- Audit and Governance Committee advises that it should be considered significant;
- The Chief Internal Auditor identifies and reports on it as significant;
- It has been reported as significant by external bodies - for example Care Quality Commission, Ombudsman, Information Commissioner, Independent Consultants;
- The issue, or its impact, has attracted significant public interest, or has seriously damaged the reputation of the body;
- May make it harder to prevent fraud or other misuse of resources; and
- May put financial stability, security or data integrity at risk.

The 2024/25 annual governance review has identified the following issues:

|   | <b>Significant Governance Issue (SGI)</b>   | <b>Source</b>   | <b>Action to Address the Issue</b>   | <b>Timescale</b>   | <b>Lead</b>  |
|---|---|-----------------|--|--|--|
| 1 | <p><b>High Needs Budgets</b></p> <p>The High Needs budgets continue to be under extreme pressure. The current deficit position has been increasing over a number of years due to rising demand for provision coupled with a shortfall in funding made available from central government.</p> <p>The High Needs Deficit is fundamentally impacting the Council's treasury management activity and budget activity reflected in Cabinet Monitoring reporting.</p> <p>This deficit continues to have a significant impact on the Council's cash flow position and continues to represent a major risk to financial sustainability.</p> | Cabinet Reports | <p>The actions from 2025/26 will continue with the capacity reviews of teams continuing and the benefits of the changes being embedded. Reporting and monitoring will also be embedded continuing opportunities to challenge and improve.</p> <p>In addition the council will apply to central government for High Needs Stability Grant for financial support under that scheme</p> <p>Officers will continue to engage fully and proactively with external treasury management advisors.</p> | <p>It is envisaged the High Needs Stability Grant Scheme will be open during the summer 2026 with payments under it being in September 2026.</p> | <p>Becky Bibby<br/>Executive Director of Children's Services</p> |

|   | <b>Significant Governance Issue (SGI)</b>   | <b>Source</b>                                 | <b>Action to Address the Issue</b>   | <b>Timescale</b>   | <b>Lead</b>  |
|---|---|---|--|--|--|
| 2 | <p>Council approach to Procurement and Contract Management</p> <p>A number of separate governance related issues when considered together raise concerns over the council's approach to contract lifecycle management. Recent reviews or pieces of work have highlighted issues in relation to</p> <ul style="list-style-type: none"> <li>• Waivers</li> <li>• Signed Contracts</li> <li>• Contract performance management</li> <li>• Budget Control</li> </ul> <p>Separately they require minor improvements but demonstrate the need for a single corporate system which would enable transparency and consistency.</p> | External Audit Report/ KPMG Contract Review / | <p>The Council have procured the Atamis Contract Management System. This will provide a centralised platform for Contract and Supplier management to include procurement activities and reporting.</p> <p>We are currently in the implementation stage with the following steps being taken</p> <ul style="list-style-type: none"> <li>• Data import</li> <li>• End user training</li> <li>• Go live (phase 1)</li> <li>• Additional data import</li> <li>• Go live (phase 2)</li> <li>• Data Cleanse</li> <li>• Gov live (phase 3)</li> </ul> | <p>End July 2026</p> <p>End October 2026</p> <p>April 2027</p> | Chris Warren, Executive Director Corporate Resources and Christian Rogers Assistant Director of Commercial Development |

## Conclusion and Declaration

The review provides good overall assurance that Council's arrangements continue to be regarded as fit for purpose in accordance with the Governance Framework.

During the next twelve months there will be improvements to address the above matters and further enhance governance arrangements. The effectiveness of measures implemented in 2025/26 will be monitored and reported as part of the next annual review.

### Signed on behalf of Sefton Council:

.....

**Phil Porter**

**Chief Executive**

.....

**Date**

.....

**Councillor Marion Atkinson**

**Leader of the Council**

.....

**Date**



**12 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEFTON METROPOLITAN BOROUGH COUNCIL**

The Independent Auditor's Report will be included in the final version of the Statement of Accounts following the conclusion of the audit of the accounts.

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## 13 **GLOSSARY**

### **ACCOUNTABLE BODY**

Projects financed from Government / European resources in some instances require grant claims from recognised legal entities, especially when a partnership or voluntary organisation is involved. This accountable body (usually the local authority) is held responsible for the proper completion of grant claims, ensuring that appropriate financial systems are in place and to receive and distribute the grant.

### **ACCRUALS**

The concept that income and expenditure are recognised in the accounts as they are earned or incurred not as money is received or paid.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (i) Events have not coincided with the actuarial assumptions made for the last valuation (Asset and Liability Gains and Losses); or
- (ii) The actuarial assumptions have changed.

### **AMORTISATION**

The accounting technique of recognising a cost or item of income in the Income and Expenditure Account over a period of years rather than when the initial payment is made. Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item. The technique is supported by relevant accounting policies and practices.

### **AUTHORITY**

Another term used to refer to the Council.

### **BALANCES**

These represent accumulated monies of the Authority. Non-School General Fund balances may be utilised to reduce the amount to be met from Revenue Support Grant, NNDR and local taxpayers. School balances can be used by schools to finance future years' expenditure.

### **BEST VALUE**

The Local Government Act 1999 introduced the principle of Best Value and places a statutory duty on authorities to provide economy, efficiency and effectiveness in the provision of its services.

### **BUSINESS IMPROVEMENT DISTRICT**

Business Improvement Districts are business led partnerships which are created through a ballot process to deliver additional services to local businesses.

Business Improvement Districts cover a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

### **CAPITAL CHARGES**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

**CAPITAL EXPENDITURE**

Capital expenditure is the acquisition of a fixed asset or expenditure which adds to the value of the existing fixed asset (e.g. building of a school). It can be spent either directly by the local authority or indirectly in the form of grants to other persons or bodies.

**CAPITAL RECEIPTS**

The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance Capital Expenditure or to repay leasing charges or outstanding debt on assets originally financed through loan. A proportion of capital receipts may need to be set aside to meet future liabilities.

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

CIPFA is the leading professional accountancy body for public services, which has responsibility for setting accounting standards in Local Government.

**CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN GREAT BRITAIN (THE CODE)**

The Statement of Accounts is produced in accordance with CIPFA's Code of Practice on Local Authority Accounting in Great Britain, which is updated annually. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which "presents fairly" the financial position and transactions of a local authority.

**COMMUNITY ASSETS**

These are assets that the Authority intends to hold indefinitely, have no determinable useful life and may have restrictions on their disposal. Examples include parks and historic buildings.

**CONTINGENT ASSET**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

**CONTINGENT LIABILITY**

A condition that exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the balance sheet.

**COVID-19**

COVID-19 is an infectious disease caused by coronavirus.

**COUNCIL TAX**

A property based tax levied on all domestic properties in the Borough. The banding (and resultant sums due) is based on independent assessed property values. The Council sets levels of Council Tax on an annual basis under relevant statutory provisions.

**CREDITORS**

Amounts owed by the Authority for goods and services provided for which payment has not been made by the end of the financial year.

**CURRENT SERVICE COSTS (PENSIONS)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current year.

**CURTAILMENT**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (i) Termination of employees services earlier than expected, for example as a result of closing or discontinuing a segment of a business; and
- (ii) Termination of, or amendment to the terms of, a defined benefit scheme so that some or all of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

**DEBTORS**

Sums of money due to the Authority but not received by the end of the financial year.

**DEFERRED CAPITAL RECEIPTS**

Deferred Capital Receipts are derived from the sale of Assets receivable over an agreed period of time, principally mortgages relating to the sale of Council houses.

**DEFERRED CREDITS**

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed e.g. the principal outstanding from the sale of Council houses.

**DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

**DEPRECIATED REPLACEMENT COST (DRC)**

A method of valuation that provides a recognised proxy for the market value of specialised properties.

**DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

**DISCRETIONARY BENEFITS**

Retirement benefits that the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers.

**EARMARKED RESERVES**

Earmarked reserves are created by setting resources aside for future events or to equalise expenditure between years. Earmarked reserves do not affect service expenditure in the year of creation.

**EMOLUMENTS**

Amounts paid to or receivable by an employee including expenses allowances chargeable to tax, and the estimated money value of any other benefits received by an employee other than in cash.

**EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

**EXISTING USE VALUE**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property and disregarding potential alternative uses and any other characteristics that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

**EXPECTED RATE OF RETURN (ON PENSIONS ASSETS)**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

**FAIR FUNDING**

Under Section 48 of the School Standards Framework Act 1998, Local Education Authorities (LEAs) are required to have schemes dealing with the financing of schools. These govern the financial relationship between maintained schools and LEAs from the inception of the new funding framework on 1 April 1999

**FINANCE LEASE**

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee.

**FIXED ASSETS**

Assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.

**GENERAL FUND**

This is the account where costs are charged for the year of the major functions for which the Authority is responsible (excluding the Collection Fund). Income to the Fund includes charges made by the Authority, specific Government and other grants and receipts from the Collection Fund.

**HERITAGE ASSETS**

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture.

**IMPAIRMENT**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

**INFRASTRUCTURE ASSETS**

These include facilities to enable other developments to take place, including roads, street lighting and coastal defence works.

**INTANGIBLE FIXED ASSET**

“Non-financial” fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights. Purchased intangibles (e.g. software licences) are capitalised at cost, whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

**INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity’s financial position, and a standardised method of comparison with financial statements of the other entities.

**INVENTORIES**

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

**LIQUID RESOURCES**

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**LOCAL MANAGEMENT OF SCHOOLS (FAIR FUNDING)**

The Authority is required to delegate responsibility for the management of a large proportion of its Nursery, Primary, Secondary and Special School budgets to schools. Individual schools are allocated a share of the budget through a formula mechanism, which distributes funds primarily on the basis of age weighted pupil numbers.

**LONG-TERM CONTRACTS**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

**MARKET VALUE**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**NATIONAL NON-DOMESTIC RATES (NNDR)**

These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied to the ‘rateable value’ of the property. The Government determines that national rate poundage. Local Authorities collect the sums due, but the proceeds are split, with 1% paid to the Merseyside Fire and Rescue Authority and 99% retained by the Council.

**NET BOOK VALUE**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

**NET CURRENT REPLACEMENT COST**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**NET REALISEABLE VALUE**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**NON-OPERATIONAL ASSETS**

These are assets, which are held by the authority but not directly occupied, used or consumed in the delivery of services. Examples include assets that are surplus to requirements, pending sale or redevelopment.

**OPERATING LEASES**

In an operating lease, the ownership of the asset remains with the leasing company and the annual rent is charged to the annual service account. Expenditure financed by operating leases does not count against capital allocations.

**OPERATIONAL ASSETS**

These are assets that are held and occupied, used or consumed in the direct delivery of services for which the Authority is responsible.

**PAST SERVICE COST / GAIN**

For a defined benefit scheme, the increase or reduction in the present value of the scheme liabilities related to employees service in prior periods arising in the current period as a result of the revision of scheme benefits.

**POOLED BUDGET**

Arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that provides an opportunity for partners to bring money together, in a discrete fund, to pay for the services that are an agreed part of the pooled fund arrangement for the client group who are to benefit from one or all of the services. Instead of users being inconvenienced by disputes about Health and Local Authority responsibilities, organisations will agree at the outset the range of Health and Local Government services to be purchased and provided from a pooled fund.

**PRECEPT**

This is a charge issued by the Merseyside Police and Crime Commissioner, Merseyside Fire and Rescue Authority (and Parish Councils where appropriate), which is collected by the Council on their behalf by adding the precept to its own Council Tax.

**PRIOR YEAR ADJUSTMENTS**

Those material adjustments applicable to prior years arising from changes in accounting policies and from the correction of fundamental errors. They do not include normal recurring corrections and adjustments of accounting estimates made in prior years.

**PROVISIONS**

Provisions represent sums set aside for liabilities or losses, which are certain to arise but, owing to their inherent nature, cannot be quantified with any certainty.

**PUBLIC WORKS LOANS BOARD (PWLB)**

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

**RELATED PARTY TRANSACTION**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Related party transactions include the provision of services to a related party.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

**REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

**RESERVES**

A reserve is an amount, which has been set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either: -

- i. An employer's decision to terminate an employee's employment before the normal retirement date, or
- ii. An employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**REVENUE SUPPORT GRANT**

This is a Government grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

**REVENUE EXPENDITURE**

This is money spent on the day-to-day running costs of providing services (e.g. salary costs). It is usually of a constantly recurring nature and produces no permanent asset.

**SCHEME LIABILITIES**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**SECTION 52 / 106 AGREEMENTS**

The Council is able to restrict or regulate the development or use of land by requiring that a developer deposit funds with the Authority when granting planning permission. The funds are either used directly by the Authority to undertake work, such as providing access from the existing highway to a new development, or held as a deposit which is refundable to the developer when the conditions attached to the planning permission, such as landscaping work, are complied with. The statutory basis for such agreements is currently contained within Section 106 of the 1990 Town and Country Planning Act and previously, within Section 52 of the 1971 Town and Country Planning Act.

**SET ASIDE CAPITAL RECEIPTS**

These are receipts that have to be reserved under the Local Government and Housing Act 1989 and can only be used to repay external debt or in substitution for new external borrowing.

**SETTLEMENT**

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlement includes the transfer of scheme assets and liabilities relating to a group of employees leaving the Authority's scheme.

**SPECIFIC GOVERNMENT GRANTS**

These are designed to aid particular services or reimburse the costs of payments made to claimants. Examples of specific grants include Dedicated Schools Grant, Standards Fund and Housing and Council Tax Benefit Subsidy. Assistance may also be given in aid of specific capital expenditure, e.g. Housing Market Renewal Grant and Stronger Safer Communities Fund.

**STATUTORY PROVISION FOR THE FINANCING OF CAPITAL INVESTMENT**

This is the amount required to be set aside from revenue for the repayment of external loans. It is calculated in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414], in conjunction with the MHCLG guidance on the minimum revenue provision (published in February 2018).

**TREASURY MANAGEMENT**

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

**TRUST FUNDS**

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

**USABLE CAPITAL RECEIPTS**

These are receipts which, after allowing for the proportion to be set aside, may be used to finance capital expenditure.

**USEFUL LIFE**

The period over which the Local Authority will derive benefits from the use of a fixed asset.

**14 ABBREVIATIONS**

|       |   |
|-------|---|
| AGS   | Annual Governance Statement                           |
| ASHE  | Annual Survey of Hours and Earnings                   |
| BID   | Business Improvement District                         |
| CCLA  | Church and Charities Local Authority                  |
| CERMS | Continuous Emission Rate Monitoring System            |
| CFR   | Capital Financing Requirement                         |
| CIES  | Comprehensive Income and Expenditure Statement        |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| CPI   | Consumer Price Index                                  |
| CVS   | Council for Voluntary Service                         |
| DfE   | Department for Education                              |
| DRC   | Depreciated Replacement Cost                          |
| DSG   | Dedicated Schools Grant                               |
| EFA   | Expenditure and Funding Analysis                      |
| HRA   | Housing Revenue Account                               |
| IAS   | International Accounting Standards                    |
| ICT   | Information and Communication Technology              |
| IBCF  | Improved Better Care Fund                             |
| IFRS  | International Financial Reporting Standard            |
| LGA   | Local Government Association                          |
| IMD   | Index of Multiple Deprivation                         |
| LCHT  | Liverpool Community Health Trust                      |
| LCR   | Liverpool City Region                                 |
| LEA   | Local Education Authority                             |
| LGPS  | Local Government Pension Scheme                       |
| LSOA  | Lower Super Output Area                               |
| MBC   | Metropolitan Borough Council                          |
| MHCLG | Ministry of Housing, Communities and Local Government |
| MMI   | Municipal Mutual Insurance Limited                    |
| MPF   | Merseyside Pension Fund                               |
| MRF   | Merseyside Local Resilience Forum                     |

|        |  |
|--------|--|
| MRICS  | Member of the Royal Institution of Chartered Surveyors |
| NHS    | National Health Service                                |
| NNDR   | National Non-Domestic Rates                            |
| PFI    | Private Finance Initiative                             |
| PP&E   | Property, Plant and Equipment                          |
| PWLB   | Public Works and Loans Board                           |
| REFCUS | Revenue Expenditure Funded from Capital Under Statute  |
| SCG    | Strategic Coordination Group                           |
| SCIG   | Strategic Capital Investment Group                     |
| SOLACE | Society of Local Authority Chief Executives            |
| TPS    | Teachers' Pension Scheme                               |
| UK     | United Kingdom   |
| VAT    | Value Added Tax  |
| VOA    | Valuation Office Agency                                |

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## 15 **USEFUL ADDRESSES**

Additional financial information on Sefton MBC and related organisations is usually available at libraries throughout the Borough and on our website ([www.sefton.gov.uk](http://www.sefton.gov.uk)). Further copies are also available upon request to the following addresses.

### **Sefton Council**

Executive Director of Corporate Resources / S151 Officer,  
Magdalen House  
30 Trinity Road  
Bootle  
L20 3NJ

### **Sefton New Directions**

Sefton New Directions Limited Annual Financial Statements can be obtained from:

Sefton New Directions Limited Head Office,  
Magdalen House  
30 Trinity Road  
Bootle  
L20 3NJ

### **Pension Fund Information**

The Merseyside Pension Fund's Annual Report can be obtained from:

The Pension Manager  
Merseyside Pension Fund,  
Castle Chambers,  
43 Castle Street,  
Liverpool  
L2 9SH

## **CONTACT US**

If you have any questions or comments on the Statement of Accounts, please write to the Executive Director of Corporate Resources / S151 Officer at the above address. We would particularly like to hear from you if you have any suggestions on how the accounts could be improved.

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