

Sefton Council – Statement of Accounts 2016/2017

Executive Summary

Introduction

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

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

The Statement of Accounts was presented to the Audit and Governance Committee on 13 September 2017. This summary presents each of the major statements included within the Accounts in a shorter, more reader friendly format.

Accounting Policies and Practice

There have been no material changes in accounting policy in 2016/2017. The main changes to the requirements for the Statement of Accounts were presentational. However, the Council has changed in the way the Council values certain assets such as schools and leisure centres. Although this has significantly reduced the value of the assets in the accounts, these are notional and have no impact on the financial position of the Authority.

Income and Expenditure Statement

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

The major variations compared to last year include:

- ❑ Net expenditure on Schools and Families has increased significantly due to a change in the way the Council values its schools. However, there has been a corresponding reduction in the Other Revenue Transactions line and this is a notional adjustment that has no impact on the Council's net expenditure.
- ❑ There has continued to be a reduction in Government funding in 2016/2017 resulting in a decrease in General Government Grants of £14.2m.
- ❑ Net expenditure on Adult Social Care has increased due to rising care costs. However, this is partially offset by increased Council Tax income following the Council raising an Adult Social Care levy of 2%.

Did you know?

- ❑ That income raised from local Council Tax payers represents 31% of the Council's net financing; a further 9% comes from Business Rates, with the remainder from Central Government.
- ❑ That 15% of Sefton's net expenditure relates to external organisations.

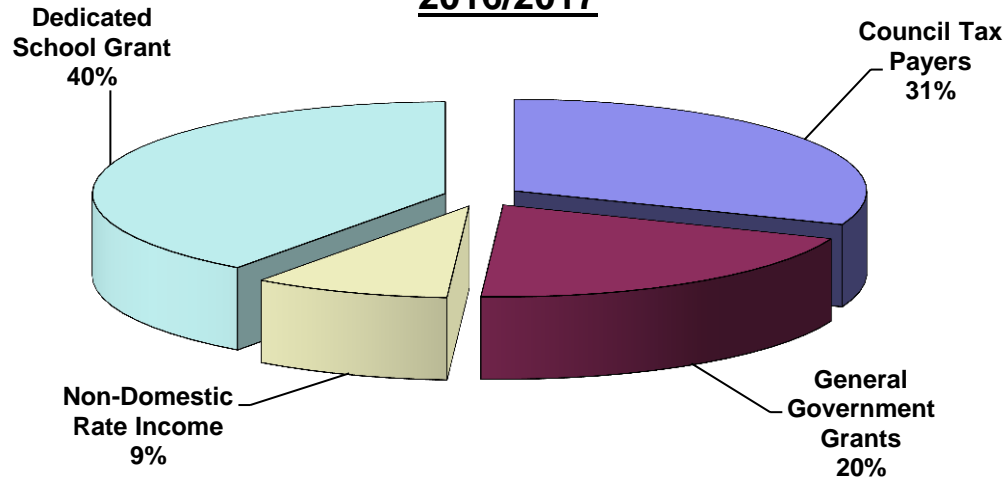
Comprehensive Income and Expenditure Statement 2016/2017

	2015/2016	2016/2017
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	79,851	85,099
Children's Social Care	27,960	28,335
Communities	9,038	11,294
Corporate Resources	26,571	24,996
Inward Investment & Employment	1,016	5,617
Locality Services - Commissioned	17,567	18,367
Locality Services - Provision	7,533	8,610
Schools and Families	27,150	63,792
Other Services	14,150	13,275
Net Cost of Services	210,836	259,385
Precepts paid to Parish Councils	894	925
Levies	35,112	33,782
Loss / Gain (-) on disposal of fixed assets	-252	729
Net interest on loans and investments	5,608	5,381
Other Revenue Transactions	-18,818	-71,247
Amount to be met from Government Grants and Local Taxpayers	233,380	228,955
Financed by: Council Tax	-104,087	-111,643
Collection Fund Surplus	-4,536	-4,467
General Government Grants	-89,667	-75,476
Non-Domestic Rates Income	-34,175	-34,379
Change in General Fund Balance for the Year	915	2,990

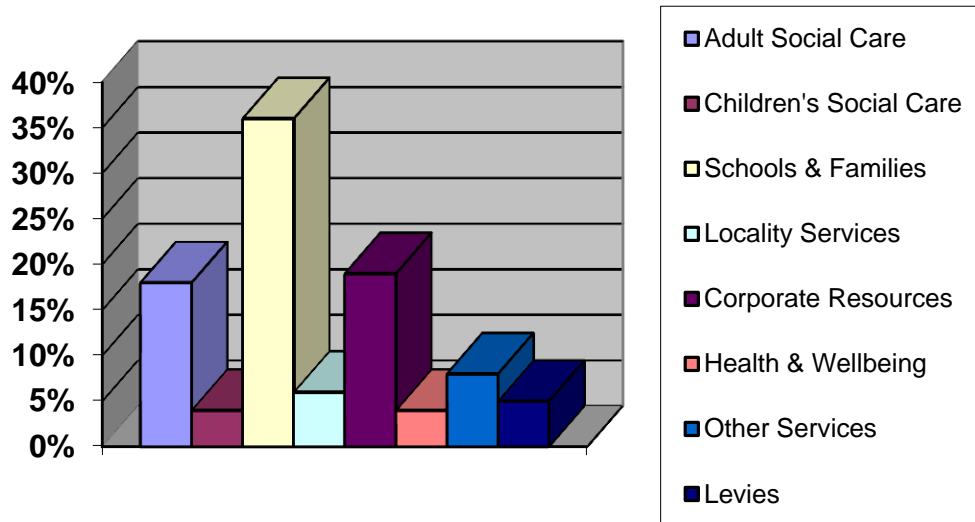
Movement in General Fund Balances

	2015/2016	2016/2017
	£'000	£'000
Change in General Fund Balance for the year	915	2,990
Opening General Fund Balance	-25,842	-24,927
Closing General Fund Balance	-24,927	-21,937
Non-School Balances as at 31 March	-8,178	-8,103
School Balances as at 31 March	-16,749	-13,834

**Sources of General Fund Financing for
2016/2017**



**Gross Revenue Expenditure on Services
(Percentage of Total)**



Balance Sheet

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

	31 March 16 £'000	31 March 17 £'000
Long Term Assets		
Property Plant and Equipment	559,554	493,881
Other Long Term Assets	65,914	80,161
	625,468	574,042
Current Assets		
Debtors and Prepayments	39,534	36,111
Investments and Cash & Cash Equivalents	37,182	20,381
Other Current Assets	5,536	872
	82,252	57,364
Current Liabilities		
Creditors and Receipts in Advance	-51,232	-47,384
Other Current Liabilities	-13,196	-2,800
	-64,428	-50,184
Long Term Liabilities		
Long Term Borrowing	-100,197	-100,197
Pensions Liability	-345,427	-426,977
Provisions and Other Long Term Liabilities	-27,820	-27,777
	-473,444	-554,951
Total Assets less Liabilities	169,848	26,271
Balances		
Non-Distributable Reserves	-71,976	70,715
Distributable Reserves:		
Capital Grants and Contributions Unapplied	-8,388	-8,147
Usable Capital Receipts	-5,402	-7,124
Earmarked Reserves	-59,155	-59,778
	-72,945	-75,049
Balances: Delegated Schools	-16,749	-13,834
Non-Delegated Services	-8,178	-8,103
	-24,927	-21,937
Total Reserves	-169,848	-26,271

- Property, Plant and Equipment has reduced by £66m due to a change in the way the Council values certain assets such as schools and leisure centres.
- Pensions liability has increased by £82m due to the Actuary revising various assumptions (e.g. on yields and inflation rates due to worsening market conditions). This has also reduced Non-Distributable Reserves by a corresponding amount.

Cash Flow

The table below summarises the cash flow statement for 2016/2017, which shows the net movement in cash balances (cash in hands of officers and cash overdrawn) during the year.

	£'000
Net cash flows from Operating Activities	-1,237
Net cash flows from Investing Activities	-7,536
Net cash flows from Financing Activities	12,554
Net decrease in cash and cash equivalents	3,781
Cash and cash equivalents at the beginning of the reporting period	-20,084
Cash and cash equivalents at the end of the reporting period	-16,303

Collection Fund

The Collection Fund represents the income received from Council Taxpayers and from Business Rates and details how the income has been distributed to the Government (Business Rates only), Sefton Council (including Parish Precepts), Merseyside Police and Crime Commissioner (Council Tax only) and Merseyside Fire and Rescue Authority. The following table details the distribution of the Collection Fund in 2016/2017.

	£'000
Council Tax	
Sefton Council (including Parish Precepts)	111,644
Paid to Merseyside Police and Crime Commissioner	13,155
Paid to Merseyside Fire and Rescue Authority	5,890
Business Rates	
Sefton MBC	32,975
Paid to Central Government	33,648
Paid to Merseyside Fire and Rescue Authority	673

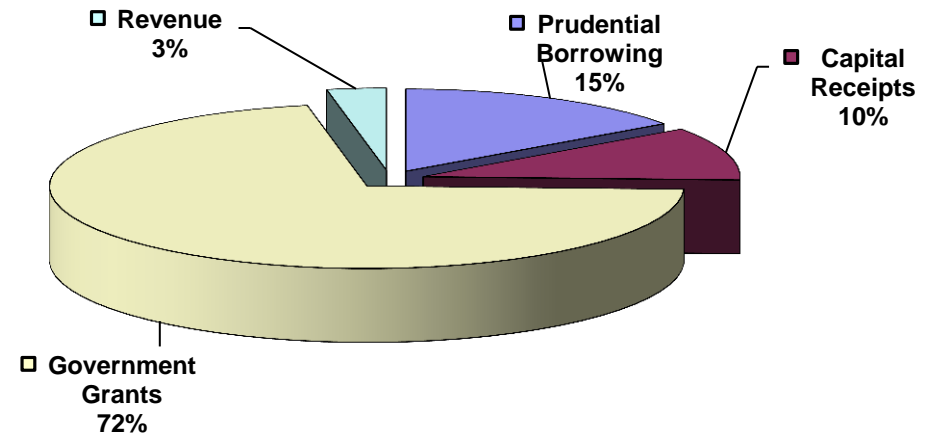
Capital Spending

Capital expenditure is expenditure incurred by the Council to purchase or improve assets, such as roads and buildings. The Council receives the benefit of this type of expenditure over a longer period of time. Capital expenditure totalled £22.499m in 2016/2017 and is broken down over services in the table below:

	£'000
Capital Expenditure During the Year	
Locality Services - Commissioned	7,170
Regeneration & Housing	1,381
Schools & Families	3,084
Health & Wellbeing	150
Communities	1,644
Regeneration & Compliance	156
Locality Services - Provision	2,116
Corporate Resources	2,639
Adult Social Care	2,075
Capitalisation	2,084
	22,499

The 2016/2017 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2016/2017



Summary Operating Financial Review

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

Revenue Expenditure

The Council budgeted to utilise £0.969m of general balances to support General Fund Non-School services in 2016/2017, but underspent by £0.894m. Therefore balances only reduced by £0.075m in 2016/2017. Non-school General Fund balances total £8.103m at the year-end; School balances amounted to £13.834m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £22.5m spent in 2016/2017 following the £33.4m spent in 2015/2016. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2017/2018 and future years budgeted to cost £14.1m.

For Further Information

The complete, audited, Statement of Accounts for 2016/2017 will be available on our website at www.sefton.gov.uk in late September 2017.

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

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