

## Sefton Council – Statement of Accounts 2018/2019

### 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 24 July 2019. 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 2018/2019.

#### 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 has to value its schools impacting on figures in 2018/2019. However, there has been a corresponding decrease in the Other Revenue Transactions line as this is a notional adjustment that has no impact on the Council's net expenditure.
- ❑ The cost of both Adult's and Children's Social Care has continued to increase significantly in 2018/2019 in line with local authorities across the country. However, £4m of the Adult Social Care increase relates to the transfer of Improved Better Care Fund Grant into the Business Rates Retention calculation.
- ❑ There has been an increase in Council Tax income following the Council raising an Adult Social Care levy of 2% together with a 2.99% general increase.

#### Did you know?

- ❑ That income raised from local Council Tax payers represents 33% of the Council's net financing; a further 17% comes from Business Rates, with the remainder from Central Government.
- ❑ That 14% of Sefton's net expenditure relates to external organisations.

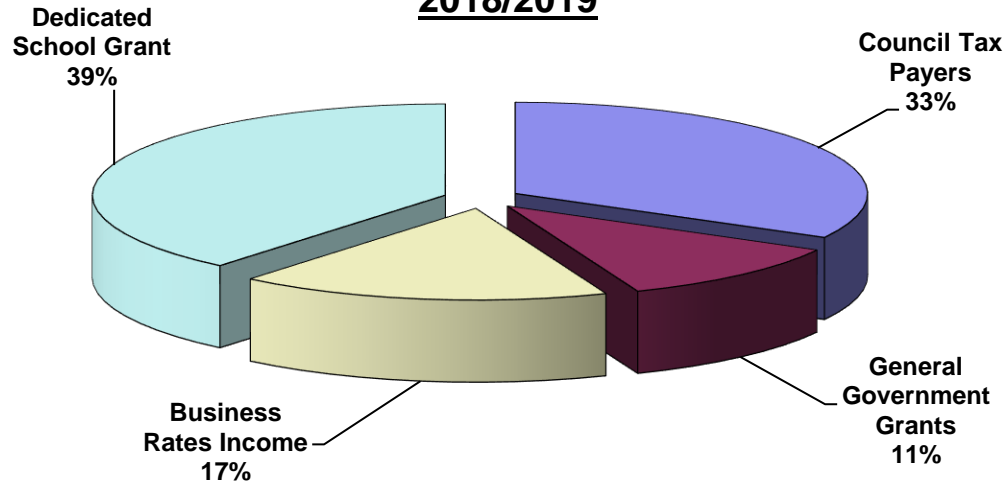
#### Comprehensive Income and Expenditure Statement 2018/2019

	2017/2018	2018/2019
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	81,835	92,154
Children's Social Care	28,573	32,463
Communities	9,316	7,426
Corporate Resources	26,117	26,599
Inward Investment & Employment	3,624	3,416
Locality Services - Commissioned	17,858	18,452
Locality Services - Provision	10,942	10,504
Schools and Families	23,687	48,280
Other Services	14,645	21,411
<b>Net Cost of Services</b>	<b>216,597</b>	<b>260,705</b>
Precepts paid to Parish Councils	921	1,026
Levies	31,568	33,269
Loss / Gain (-) on disposal of fixed assets	666	235
Net interest on loans and investments	6,223	6,283
Other Revenue Transactions	-37,896	-59,686
<b>Amount to be met from Government Grants and Local Taxpayers</b>	<b>218,079</b>	<b>241,832</b>
Financed by: Council Tax	-118,748	-127,485
Collection Fund Surplus	-2,022	-747
General Government Grants	-38,155	-39,772
Non-Domestic Rates Income	-61,760	-70,420
<b>Change in General Fund Balance for the Year</b>	<b>-2,606</b>	<b>3,408</b>

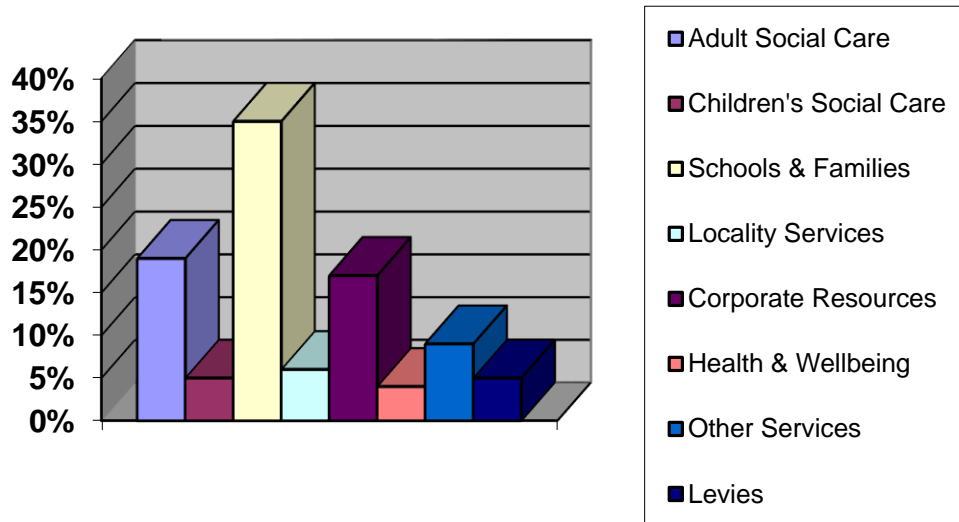
#### Movement in General Fund Balances

	2017/2018	2018/2019
	£'000	£'000
Change in General Fund Balance for the year	-2,606	3,408
Opening General Fund Balance	-21,937	-24,543
<b>Closing General Fund Balance</b>	<b>-24,543</b>	<b>-21,135</b>
Non-School Balances as at 31 March	-9,132	-7,539
School Balances as at 31 March	-15,411	-13,596

## Sources of General Fund Financing for 2018/2019



## 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 18 £'000	31 March 19 £'000
<b>Long Term Assets</b>		
Property Plant and Equipment	515,371	478,923
Other Long-Term Assets	82,300	83,535
	<b>597,671</b>	<b>562,458</b>
<b>Current Assets</b>		
Debtors and Prepayments	43,285	40,266
Investments and Cash & Cash Equivalents	16,603	12,342
Other Current Assets	826	716
	<b>60,714</b>	<b>53,324</b>
<b>Current Liabilities</b>		
Creditors and Receipts in Advance	-44,786	-44,922
Other Current Liabilities	-11,835	-11,216
	<b>-56,621</b>	<b>-56,138</b>
<b>Long Term Liabilities</b>		
Long Term Borrowing	-148,712	-142,693
Pensions Liability	-378,066	-466,222
Provisions and Other Long-Term Liabilities	-30,520	-30,875
	<b>-557,298</b>	<b>-639,790</b>
<b>Total Assets less Liabilities</b>	<b>44,466</b>	<b>-80,146</b>
<b>Balances</b>		
Non-Distributable Reserves	20,772	146,935
Distributable Reserves:		
Capital Grants and Contributions Unapplied	-9,333	-13,929
Usable Capital Receipts	-5,675	-2,134
Earmarked Reserves	-25,687	-29,591
	<b>-40,695</b>	<b>-45,654</b>
Balances: Delegated Schools	-15,411	-13,596
Non-Delegated Services	-9,132	-7,539
	<b>-24,543</b>	<b>-21,135</b>
<b>Total Reserves</b>	<b>-44,466</b>	<b>80,146</b>

- Property, Plant and Equipment has reduced by £36m due to a change in how education establishments are valued. This has also reduced Non-Distributable Reserves by a corresponding amount.
- The Pensions liability has increased by £88m due to the Actuary revising various assumptions (e.g. on yields and inflation rates due to changes in market conditions). This has also reduced Non-Distributable Reserves by a corresponding amount.

## Cash Flow

The table below summarises the cash flow statement for 2018/2019, which shows the net movement in cash balances (cash in hands of officers and cash overdrawn) during the year.

	£'000
Net cash flows from Operating Activities	-9,433
Net cash flows from Investing Activities	6,148
Net cash flows from Financing Activities	7,548
<b>Net decrease in cash and cash equivalents</b>	<b>4,263</b>
Cash and cash equivalents at the beginning of the reporting period	-16,543
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-12,280</b>

## Collection Fund

The Collection Fund represents the income received from Council Taxpayers and from Business Rates and details how the income has been distributed to Sefton Council (including Parish Precepts), Merseyside Police and Crime Commissioner (Council Tax only) and Merseyside Fire and Rescue Authority. The following table details the distribution of the Collection Fund in 2018/2019.

	£'000
<b>Council Tax</b>	
Sefton Council (including Parish Precepts)	127,485
Paid to Merseyside Police and Crime Commissioner	14,760
Paid to Merseyside Fire and Rescue Authority	6,350
<b>Business Rates</b>	
Sefton MBC	66,449
Paid to Merseyside Fire and Rescue Authority	671

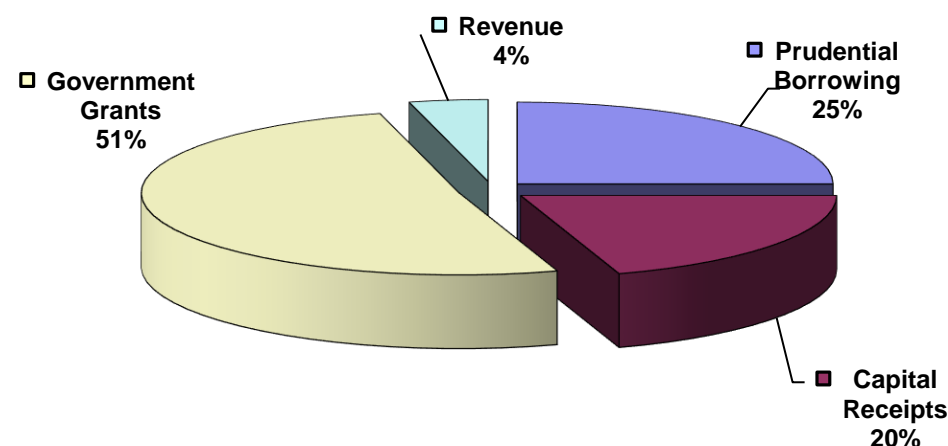
## Capital Spending

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 £23.019m in 2018/2019 and is broken down over services in the table below:

	£'000
<b>Capital Expenditure During the Year</b>	
Locality Services - Commissioned	6,789
Regeneration, Strategic Investment & Housing	578
Schools & Families	2,543
Health & Wellbeing	78
Communities	205
Locality Services - Provision	1,393
Corporate Resources	5,474
Adult Social Care	1,507
Inward Investment and Employment	1,123
Capitalisation	3,329
	<b>23,019</b>

The 2018/2019 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

## Sources of Capital Financing for 2018/2019



## **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 £1.923m of general balances to support General Fund Non-School services in 2018/2019, but underspent by £0.330m. Therefore, balances reduced by £1.593m in 2018/2019. Non-school General Fund balances total £7.539m at the year-end; School balances amounted to £13.596m.

### **Capital Expenditure**

The Council has continued to invest in the purchase and improvement of Council assets, with £23.0m spent in 2018/2019 following the £54.4m spent in 2017/2018. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/2020 and future years budgeted to cost £9.1m.

## **For Further Information**

The complete, audited, Statement of Accounts for 2018/2019 will be available on our website at [www.sefton.gov.uk](http://www.sefton.gov.uk) in late July 2019.

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](mailto:finance@sefton.gov.uk)