

Sefton Council – Statement of Accounts 2019/2020

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 17 March 2021. 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 2019/2020.

Income and Expenditure Statement

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

The major variations compared to last year include:

- ❑ Net expenditure on Schools and Families has reduced significantly due to a change in the way the Council has to value its schools which impacted on figures in 2018/2019. However, there has been a corresponding increase in the Other Revenue Transactions line as this was a notional adjustment that had no impact on the Council's net expenditure.
- ❑ The cost of Children's Social Care has continued to increase significantly in 2019/2020 in line with local authorities across the country.
- ❑ Business Rates income has reduced due to more reliefs being granted, this is offset by additional government grants to fund the reliefs.
- ❑ There has been an increase in Council Tax income following the Council raising Council Tax by 2.99%.

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 16% of Sefton's net expenditure relates to external organisations.

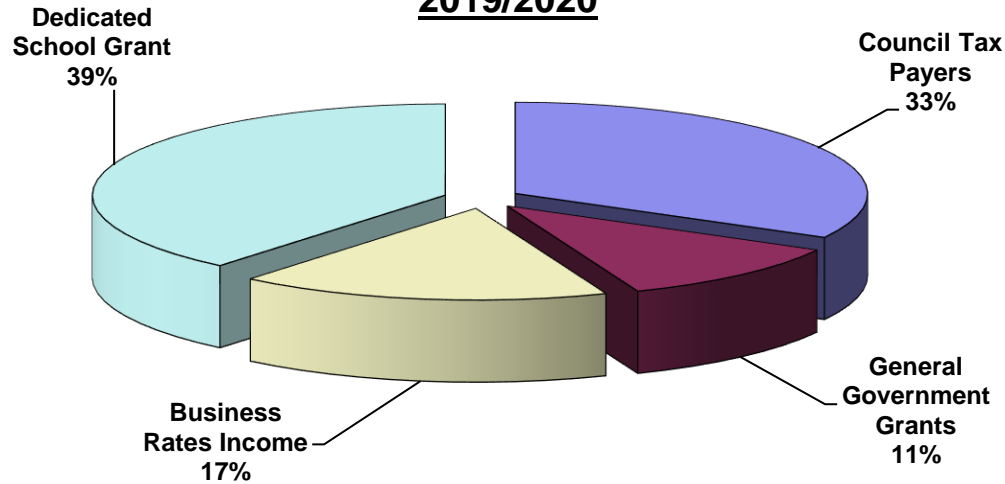
Comprehensive Income and Expenditure Statement 2019/2020

| | 2018/2019 Net Expenditure £'000 | 2019/2020 Net Expenditure £'000 |
|--|--|--|
| Adult Social Care | 92,154 | 93,565 |
| Children's Social Care | 32,463 | 36,801 |
| Communities | 21,607 | 22,456 |
| Corporate Resources | 30,517 | 29,522 |
| Economic Growth & Housing | 6,087 | 6,429 |
| Education Excellence | 38,096 | 24,322 |
| Highways & Public Protection | 11,921 | 12,210 |
| Locality Services | 16,945 | 17,553 |
| Other Services | 10,915 | 11,109 |
| Net Cost of Services | 260,705 | 253,967 |
| Precepts paid to Parish Councils | 1,026 | 1,072 |
| Levies | 33,269 | 34,183 |
| Net interest on loans and investments | 6,283 | 6,151 |
| Other Revenue Transactions | -58,365 | -42,485 |
| Amount to be met from Government Grants and Local Taxpayers | 242,918 | 252,888 |
| Financed by: Council Tax | -127,485 | -133,099 |
| Collection Fund Surplus | -747 | -996 |
| General Government Grants | -40,858 | -48,976 |
| Non-Domestic Rates Income | -70,420 | -66,489 |
| Change in General Fund Balance for the Year | 3,408 | 3,328 |

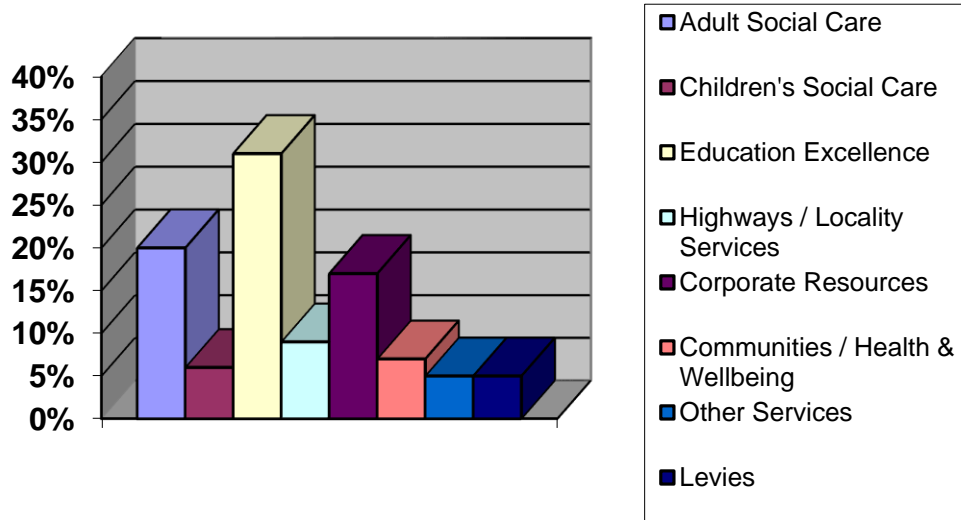
Movement in General Fund Balances

| | 2018/2019 £'000 | 2019/2020 £'000 |
|---|--------------------|--------------------|
| Change in General Fund Balance for the year | 3,408 | 3,328 |
| Opening General Fund Balance | -24,543 | -21,135 |
| Closing General Fund Balance | -21,135 | -17,807 |
| Non-School Balances as at 31 March | -7,539 | -6,984 |
| School Balances as at 31 March | -13,596 | -10,823 |

Sources of General Fund Financing for 2019/2020



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 19 £'000 | 31 March 20 £'000 |
|--|----------------------|----------------------|
| Long Term Assets | | |
| Property Plant and Equipment | 478,923 | 469,221 |
| Other Long-Term Assets | 83,535 | 77,179 |
| | 562,458 | 546,400 |
| Current Assets | | |
| Debtors and Prepayments | 40,266 | 54,499 |
| Investments and Cash & Cash Equivalents | 12,342 | 39,087 |
| Other Current Assets | 716 | 730 |
| | 53,324 | 94,316 |
| Current Liabilities | | |
| Creditors and Receipts in Advance | -44,922 | -67,863 |
| Other Current Liabilities | -11,216 | -17,535 |
| | -56,138 | -85,398 |
| Long Term Liabilities | | |
| Long Term Borrowing | -142,693 | -149,153 |
| Pensions Liability | -466,222 | -402,352 |
| Provisions and Other Long-Term Liabilities | -30,875 | -31,056 |
| | -639,790 | -582,561 |
| Total Assets less Liabilities | -80,146 | -27,243 |
| Balances | | |
| Non-Distributable Reserves | 146,935 | 101,572 |
| Distributable Reserves: | | |
| Capital Grants and Contributions Unapplied | -13,929 | -17,757 |
| Usable Capital Receipts | -2,134 | -2,877 |
| Earmarked Reserves | -29,591 | -35,888 |
| | -45,654 | -56,522 |
| Balances: Delegated Schools | -13,596 | -10,823 |
| Non-Delegated Services | -7,539 | -6,984 |
| | -21,135 | -17,807 |
| Total Reserves | 80,146 | 27,243 |

- ❑ Cash & Cash Equivalents have increased significantly due to the government providing funding relating to COVID-19. This has increased Receipts in Advance and Earmarked Reserves as the funding relates to, or will be utilised in, 2020/2021.
- ❑ The Pensions liability has reduced by £64m 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 2019/2020, 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 | -15,266 |
| Net cash flows from Investing Activities | 1,601 |
| Net cash flows from Financing Activities | -13,403 |
| Net decrease in cash and cash equivalents | -26,708 |
| Cash and cash equivalents at the beginning of the reporting period | -12,280 |
| Cash and cash equivalents at the end of the reporting period | -38,988 |

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 2019/2020.

| | £'000 |
|--|---------|
| Council Tax | |
| Sefton Council (including Parish Precepts) | 133,099 |
| Paid to Merseyside Police and Crime Commissioner | 16,981 |
| Paid to Merseyside Fire and Rescue Authority | 6,629 |
| Liverpool City Region Combined Authority | 1,597 |
| Business Rates | |
| Sefton MBC | 64,739 |
| Paid to Merseyside Fire and Rescue Authority | 654 |

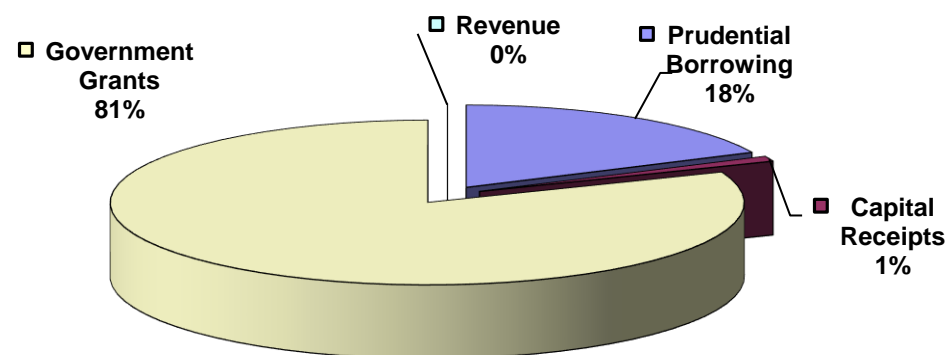
Capital Spending

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 £25.175m in 2019/2020 and is broken down over services in the table below:

| | £'000 |
|--|---------------|
| Capital Expenditure During the Year | |
| Adult Social Care | 2,730 |
| Communities | 308 |
| Corporate Resources | 857 |
| Economic Growth & Housing | 558 |
| Education Excellence | 3,596 |
| Highways & Public Protection | 12,004 |
| Locality Services | 2,186 |
| Capitalisation | 2,936 |
| | 25,175 |

The 2019/2020 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2019/2020



Summary Operating Financial Review

The following statement by the Executive Director of Corporate Resources and Customer Services describes some of the key points from the Council's stewardship of public funds.

Revenue Expenditure

The Council didn't budget to utilise any general balances to support General Fund Non-School services in 2019/2020 but overspent by £0.555m reducing balances by that amount. Non-school General Fund balances total £6.984m at the year-end; School balances amounted to £10.823m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £25.2m spent in 2019/2020 following the £23.0m spent in 2018/2019. The Council is forecast to spend an additional £27.2m in 2020/2021.

For Further Information

The complete, audited, Statement of Accounts for 2019/2020 will be available on our website at www.sefton.gov.uk in late March 2021.

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

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