

# Sefton Council – Statement of Accounts 2015/2016

## 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 21 September 2016. This summary presents each of the major statements included within the Accounts in a shorter, more reader friendly format.

### Accounting Policies and Practice

The 2010/2011 Statement of Accounts were the first set of accounts to be produced under the International Financial Reporting Standards (IFRS) code. Adoption of the IFRS based code resulted in significant changes to both presentation and values in the accounts. However, for 2015/2016 there were no significant changes to the Accounts.

### Income and Expenditure Statement

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

The major variations compared to last year include:

- ❑ The transfer of land for economic development during 2014/2015 resulted in a loss of £6.6m on the disposal of fixed assets. In 2015/2016 there has been a minor gain relating to the disposal of fixed assets. There has been a corresponding variation in the Other Revenue Transactions line.
- ❑ There has continued to be a reduction in Government funding in 2015/2016 resulting in a decrease in General Government Grants of £22.6m.
- ❑ Net expenditure on Cultural, Environmental and Planning Services reduced in 2015/2016 by £7.5m, mainly due to reduced impairment charges on assets of £9.4m.

### Did you know?

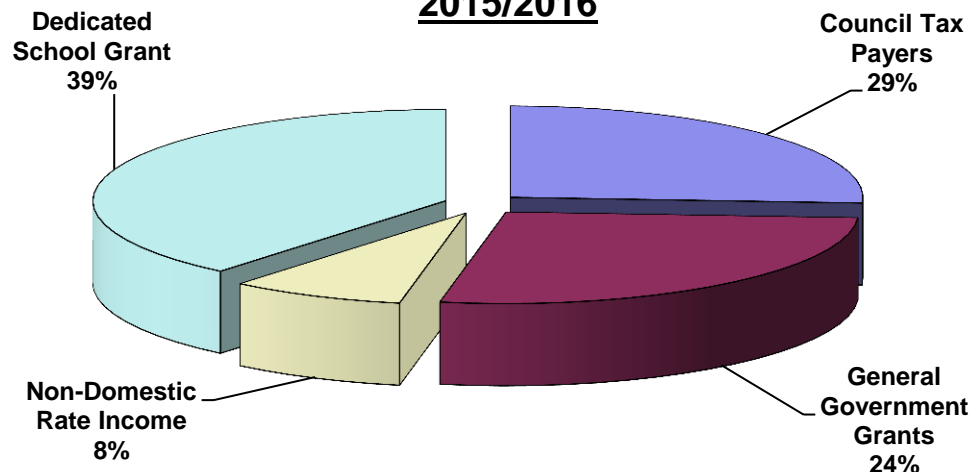
- ❑ That income raised from local Council Tax payers represents 29% of the Council's net financing; a further 8% comes from Business Rates, with the remainder from Central Government.
- ❑ That 14% of Sefton's net expenditure relates to external organisations.

### Comprehensive Income and Expenditure Statement 2015/2016

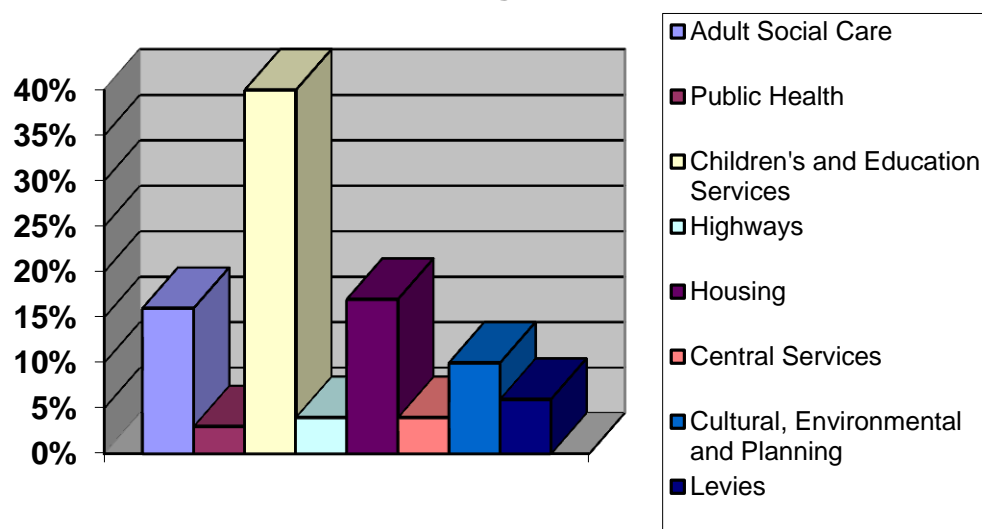
	2014/2015	2015/2016
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	86,237	84,441
Central Services to the Public	6,448	7,256
Children's and Education Services	69,089	65,212
Corporate and Democratic Core	7,964	7,706
Cultural, Environmental and Planning Services	36,468	28,996
Highways and Transport Services	13,760	11,162
Housing Services	3,540	4,813
Non Distributed Costs	6,094	4,762
Public Health	-2,319	-2,332
<b>Net Cost of Services</b>	<b>227,281</b>	<b>212,016</b>
Precepts paid to Parish Councils	872	894
Levies	37,602	35,112
Loss / Gain (-) on disposal of fixed assets	6,580	-252
Net interest on loans and investments	6,079	5,608
Other Revenue Transactions	-33,955	-19,998
<b>Amount to be met from Government Grants and Local Taxpayers</b>	<b>244,459</b>	<b>233,380</b>
Financed by: Council Tax	-100,337	-104,087
Collection Fund Surplus	-972	-4,536
General Government Grants	-112,302	-89,667
Non-Domestic Rates Income	-28,832	-34,175
<b>Change in General Fund Balance for the Year</b>	<b>2,016</b>	<b>915</b>

<b><u>Movement in General Fund Balances</u></b>	2014/2015	2015/2016
	£'000	£'000
Change in General Fund Balance for the year	2,016	915
Opening General Fund Balance	-27,858	-25,842
Closing General Fund Balance	-25,842	-24,927
Non-School Balances as at 31 March	-8,396	-8,178
School Balances as at 31 March	-17,446	-16,749

## Sources of General Fund Financing for 2015/2016



## 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 15 £'000	31 March 16 £'000
<b>Long Term Assets</b>		
Property Plant and Equipment	541,495	559,554
Other Long Term Assets	64,816	65,914
	606,311	625,468
<b>Current Assets</b>		
Debtors and Prepayments	42,422	39,534
Investments and Cash & Cash Equivalents	48,760	37,182
Other Current Assets	1,943	5,536
	93,125	82,252
<b>Current Liabilities</b>		
Creditors and Receipts in Advance	-56,604	-51,232
Other Current Liabilities	-14,188	-13,196
	-70,792	-64,428
<b>Long Term Liabilities</b>		
Long Term Borrowing	-110,197	-100,197
Pensions Liability	-362,138	-345,427
Provisions and Other Long Term Liabilities	-27,898	-27,820
	-500,233	-473,444
 Total Assets less Liabilities	<b>128,411</b>	<b>169,848</b>
<b>Balances</b>		
Non-Distributable Reserves	-36,975	-71,976
Distributable Reserves:		
Capital Grants and Contributions Unapplied	-13,139	-8,388
Usable Capital Receipts	-7,139	-5,402
Earmarked Reserves	-45,316	-59,155
	-65,594	-72,945
Balances: Delegated Schools	-17,446	-16,749
Non-Delegated Services	-8,396	-8,178
	-25,842	-24,927
 Total Reserves	<b>-128,411</b>	<b>-169,848</b>

- Pensions liability has reduced by £17m 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.
- Earmarked Reserves have increased by £14m in 2015/2016 mainly due to the temporary use of reserves in 2014/2015 to offset the Council's pension deficit payments. This has resulted in a significant cash flow saving to the Council.

## Cash Flow

The table below summarises the cash flow statement for 2015/2016, 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	-15,793
Net cash flows from Investing Activities	22,457
Net cash flows from Financing Activities	11,902
<b>Net decrease in cash and cash equivalents</b>	<b>18,566</b>
Cash and cash equivalents at the beginning of the reporting period	-38,650
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-20,084</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 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 2015/2016.

	£'000
<b>Council Tax</b>	
Sefton Council (including Parish Precepts)	104,087
Paid to Merseyside Police and Crime Commissioner	12,506
Paid to Merseyside Fire and Rescue Authority	5,597
<b>Business Rates</b>	
Sefton MBC	32,134
Paid to Central Government	32,790
Paid to Merseyside Fire and Rescue Authority	656

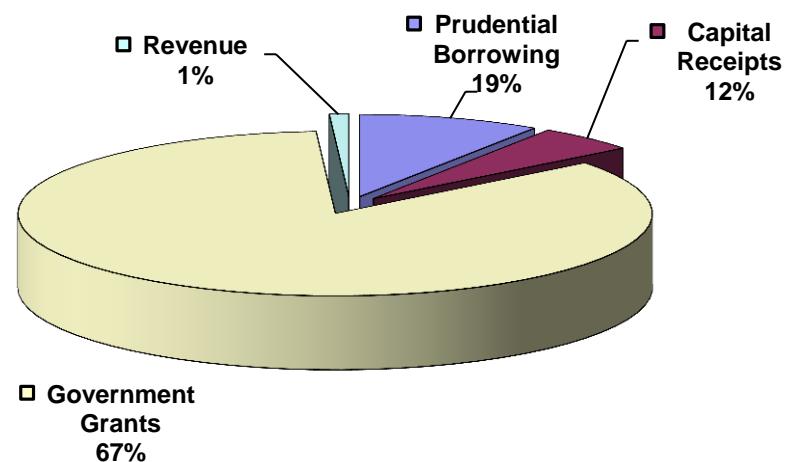
## Capital Spending

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 £33.4m in 2015/2016 and is broken down over services in the table below:

<b>Capital Expenditure During the Year</b>	£'000
Localities - Commissioned	12,401
Housing & Regeneration	10,367
Children's	5,993
Health & Wellbeing	1,151
Communities	642
Regeneration & Compliance	578
Localities - Provision	257
Corporate Support	168
Older People	121
Transformation	051
Tourism	12
Capitalisation	1,616
	<b>33,357</b>

The 2015/2016 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

## Sources of Capital Financing for 2015/2016



## **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 £2.594m of general balances to support General Fund Non-School services in 2015/2016, but underspent by £2.376m. Therefore balances only reduced by £0.218m in 2015/2016. Non-school General Fund balances total £8.178m at the year-end; School balances amounted to £16.749m.

### **Capital Expenditure**

The Council has continued to invest in the purchase and improvement of Council assets, with £33.4m spent in 2015/2016 following the £33.8m spent in 2014/2015. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/2016 and future years budgeted to cost £6.3m.

### **For Further Information**

The complete, audited, Statement of Accounts for 2015/2016 will be available on our website at [www.sefton.gov.uk](http://www.sefton.gov.uk) in late September 2016.

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.

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