

Sefton Council – Statement of Accounts 2014/2015

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 9 September 2015. 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 2014/2015 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:

- ❑ In 2013/2014 there was a loss of £49.4m relating to the transfer of three secondary schools to trust status. The transfer of land for economic development during 2014/2015 resulted in a loss of £6.6m on 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 2014/2015 resulting in a decrease in General Government Grants of £13.5m.
- ❑ Net expenditure on Cultural, Environmental and Planning Services reduced in 2014/2015 by £9.2m, mainly due to reduced impairment charges on assets of £6.7m.

Did you know?

- ❑ That income raised from local Council Tax payers represents 26% 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.

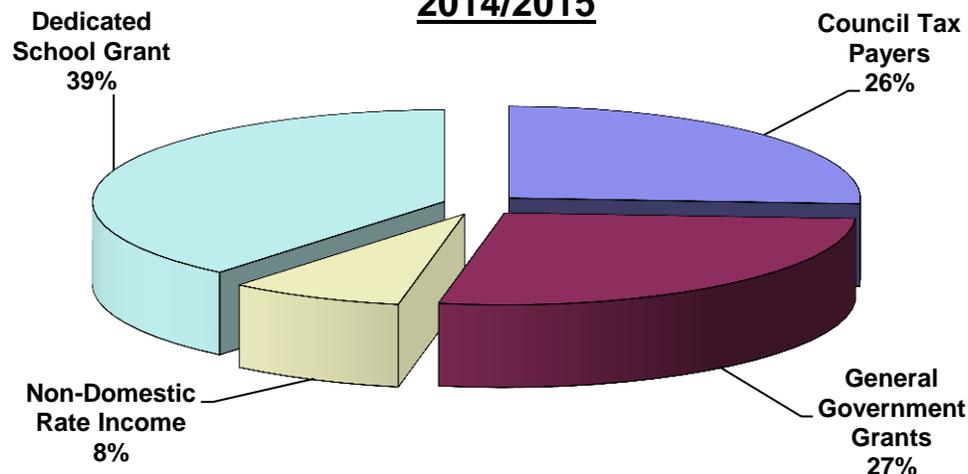
Comprehensive Income and Expenditure Statement 2014/2015

	2013/2014	2014/2015
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	86,464	86,237
Central Services to the Public	3,515	6,448
Children's and Education Services	65,833	69,089
Corporate and Democratic Core	8,268	7,964
Cultural, Environmental and Planning Services	45,620	36,468
Highways and Transport Services	12,612	13,760
Housing Services	7,062	3,540
Non Distributed Costs	3,818	6,094
Public Health	-2,179	-2,319
Net Cost of Services	231,013	227,281
Precepts paid to Parish Councils	854	872
Levies	37,385	37,602
Loss on disposal of fixed assets	49,389	6,580
Net interest on loans and investments	6,536	6,079
Other Revenue Transactions	-75,230	-33,955
Amount to be met from Government Grants and Local Taxpayers	249,947	244,459
Financed by: Council Tax	-97,776	-100,337
Collection Fund Deficit / Surplus (-)	855	-972
General Government Grants	-125,776	-112,302
Non-Domestic Rates Income	-30,383	-28,832
Change in General Fund Balance for the Year	-3,133	2,016

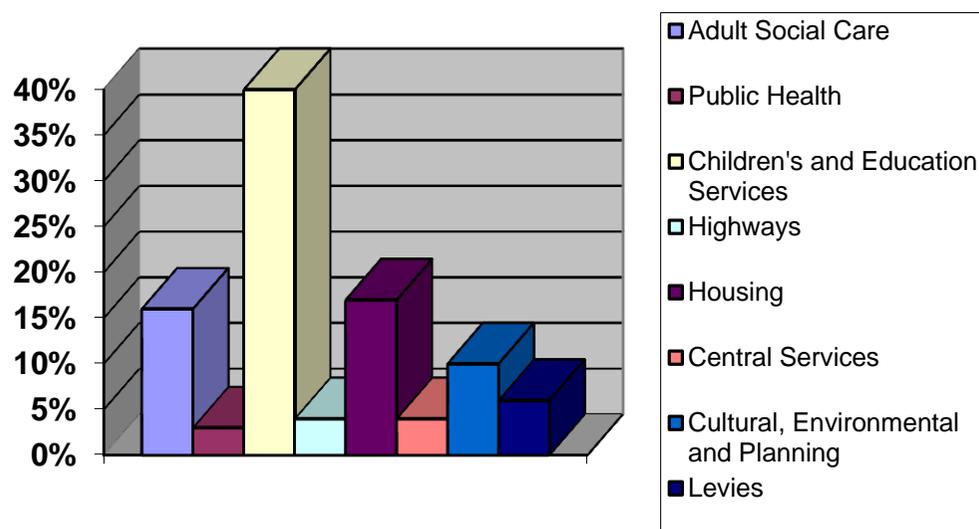
Movement in General Fund Balances

	2013/2014	2014/2015
	£'000	£'000
Change in General Fund Balance for the year	-3,133	2,016
Opening General Fund Balance	-24,725	-27,858
Closing General Fund Balance	-27,858	-25,842
Non-School Balances as at 31 March	-10,066	-8,396
School Balances as at 31 March	-17,792	-17,446

Sources of General Fund Financing for 2014/2015



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 14 £'000	31 March 15 £'000
<u>Long Term Assets</u>		
Property Plant and Equipment	551,274	541,495
Other Long Term Assets	57,951	64,816
	609,225	606,311
<u>Current Assets</u>		
Debtors and Prepayments	37,392	42,422
Investments and Cash & Cash Equivalents	50,528	48,760
Other Current Assets	8,382	1,943
	96,302	93,125
<u>Current Liabilities</u>		
Creditors and Receipts in Advance	-46,060	-56,604
Other Current Liabilities	-5,958	-14,188
	-52,018	-70,792
<u>Long Term Liabilities</u>		
Long Term Borrowing	-120,527	-110,197
Pensions Liability	-285,111	-362,138
Provisions and Other Long Term Liabilities	-28,480	-27,898
	-434,118	-500,233
Total Assets less Liabilities	219,391	128,411
<u>Balances</u>		
Non-Distributable Reserves	111,848	36,975
Distributable Reserves:		
Capital Grants and Contributions Unapplied	11,801	13,139
Usable Capital Receipts	7,231	7,139
Earmarked Reserves	60,653	45,316
	79,685	65,594
Balances:	17,792	17,446
	10,066	8,396
	27,858	25,842
Total Reserves	201,827	128,411

- Pensions liability increased by £77m 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 reduced by £15m in 2014/2015 mainly due to the temporary use of reserves 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 2014/2015, 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	-2,353
Net cash flows from Investing Activities	-6,333
Net cash flows from Financing Activities	480
Net decrease in cash and cash equivalents	-8,206
Cash and cash equivalents at the beginning of the reporting period	-30,444
Cash and cash equivalents at the end of the reporting period	-38,650

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 2014/2015.

	£'000
Council Tax	
Sefton Council (including Parish Precepts)	100,337
Paid to Merseyside Police and Crime Commissioner	12,059
Paid to Merseyside Fire and Rescue Authority	5,395
Business Rates	
Sefton MBC	30,326
Paid to Central Government	30,945
Paid to Merseyside Fire and Rescue Authority	619

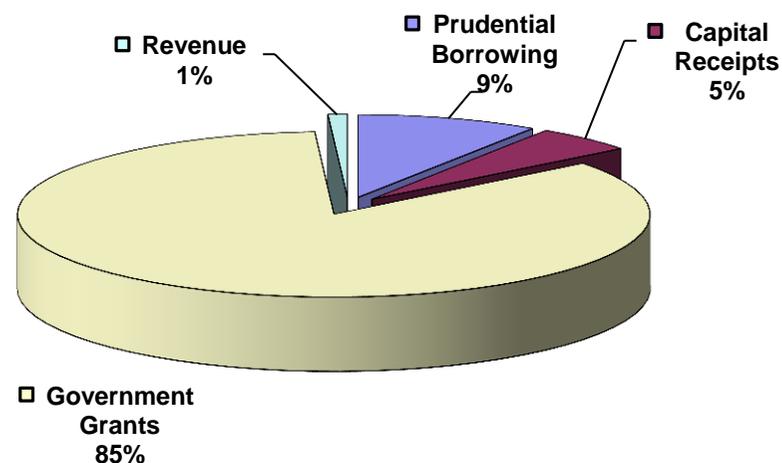
Capital Spending

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 £33.8m in 2014/2015 and is broken down over services in the table below:

Capital Expenditure During the Year	£'000
Corporate Services	632
Economy & Tourism	2,930
Environmental	1,025
Health & Wellbeing	1,114
Housing Services	3,289
Investment Programmes & Infrastructure (IPI)	16,417
Older People	66
Street Scene	2,923
Young People & Families	5,412
	33,808

The 2014/2015 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2014/2015



Summary Operating Financial Review

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

Revenue Expenditure

The Council budgeted to utilise £3.128m of general balances to support General Fund Non-School services in 2014/2015, but underspent by £1.458m. Therefore balances only reduced by £1.670m in 2014/2015. Non-school General Fund balances total £8.396m at the year-end; School balances amounted to £17.446m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £33.8m spent in 2014/2015 following the £29.6m spent in 2013/2014. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2014/2015 and future years budgeted to cost £15.2m.

For Further Information

The complete, audited, Statement of Accounts for 2014/2015 will be available on our website at www.sefton.gov.uk in late September 2015.

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 Finance and ICT at Magdalen House, 30 Trinity Road, Bootle, L20 3NJ.

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