

Sefton Council – Statement of Accounts 2013/2014

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 10 September 2014. 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 2013/2014 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 2012/2013 there was a loss of £11m relating to the transfer of a secondary school to free school status. The transfer of three secondary schools to trust status during 2013/2014 resulted in a loss of £49m on the disposal of fixed assets with a corresponding decrease in the Other Revenue Transactions line.
- ❑ From 2013/2014 the Council now retains 49% of Business Rates (with 50% being paid to the Government and 1% to the Merseyside Fire and Rescue Authority) rather than pay it all to Central Government and receive an amount from the National Pool. General Government Grants have increased as a result of this change.
- ❑ Public Health responsibilities have transferred to the Council from 2013/2014 with gross expenditure of approximately £20m funded by a Government grant.

Did you know?

- ❑ That income raised from local Council Tax payers represents 24% of the Council's net financing, a further 7% comes from Business Rates, with the remainder from Central Government.
- ❑ That 14% of Sefton's net expenditure relates to external organisations.

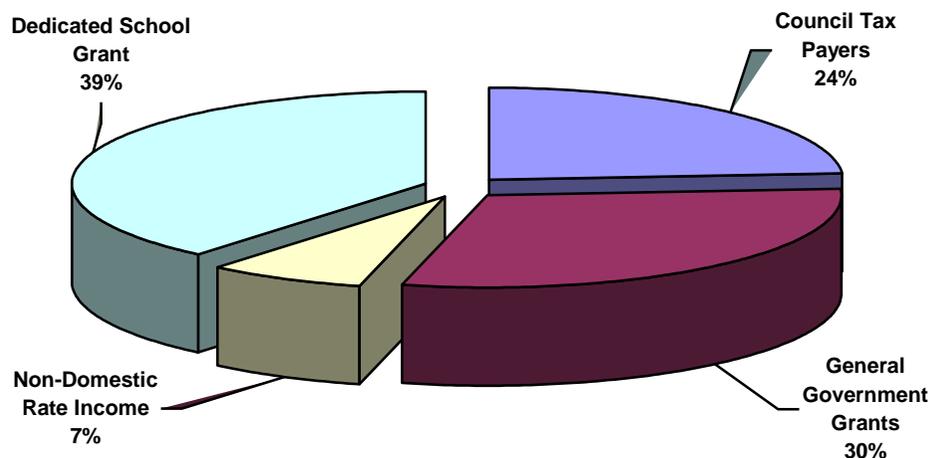
Comprehensive Income and Expenditure Statement 2012/2013

	2012/2013	2013/2014
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	86,983	86,464
Central Services to the Public	1,153	3,515
Children's and Education Services	68,552	65,833
Corporate and Democratic Core	9,031	8,268
Cultural, Environmental and Planning Services	41,342	45,620
Highways and Transport Services	15,032	12,612
Housing Services	8,971	7,062
Non Distributed Costs	5,517	3,818
Public Health	0	-2,179
Net Cost of Services	236,581	231,013
Precepts paid to Parish Councils	948	854
Levies	38,582	37,385
Loss on disposal of fixed assets	10,171	49,389
Net interest on loans and investments	6,722	6,536
Other Revenue Transactions	-33,380	-75,230
Amount to be met from Government Grants and Local Taxpayers	259,624	249,947
Financed by: Council Tax	-118,903	-97,776
Collection Fund Deficit	430	855
General Government Grants	-27,822	--125,776
National Non-Domestic Rates	-115,794	0
Non-Domestic Rates Income	0	-30,383
Change in General Fund Balance for the Year	-2,465	-3,133

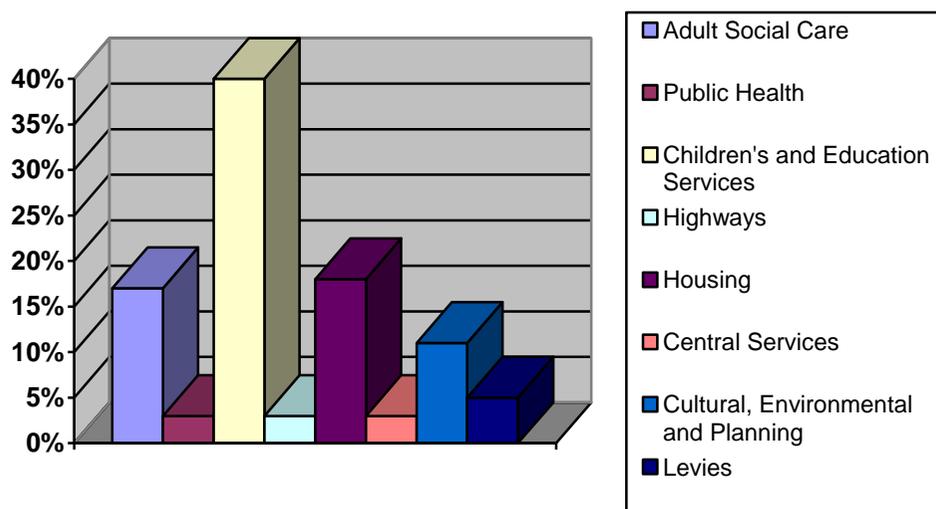
Movement in General Fund Balances

	2012/2013	2013/2014
	£'000	£'000
Change in General Fund Balance for the year	-2,465	-3,133
Opening General Fund Balance	-22,260	-24,725
Closing General Fund Balance	-24,725	-27,858
Non-School Balances as at 31 March	-6,576	-10,066
School Balances as at 31 March	-18,149	-17,792

Sources of General Fund Financing for 2013/2014



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 13 £'000	31 March 14 £'000
Long Term Assets		
Property Plant and Equipment	618,860	551,274
Other Long Term Assets	59,922	57,951
	678,782	609,225
Current Assets		
Debtors and Prepayments	36,191	37,392
Investments and Cash & Cash Equivalents	39,986	50,528
Other Current Assets	7,996	8,382
	84,173	96,302
Current Liabilities		
Creditors and Receipts in Advance	-54,736	-46,060
Other Current Liabilities	-4,056	-5,958
	-58,792	-52,018
Long Term Liabilities		
Long Term Borrowing	-123,171	-120,527
Pensions Liability	-347,649	-285,111
Provisions and Other Long Term Liabilities	-31,516	-28,480
	-502,336	-434,118
Total Assets less Liabilities	201,827	219,391
Balances		
Non-Distributable Reserves	110,215	111,848
Distributable Reserves:		
Capital Grants and Contributions Unapplied	10,342	11,801
Usable Capital Receipts	5,371	7,231
Earmarked Reserves	51,174	60,653
	66,887	79,685
Balances: General Fund – Schools	18,149	17,792
General Fund – Non-Schools	6,576	10,066
	24,725	27,858
Total Reserves	201,827	219,391

- The value of Property, Plant and Equipment has reduced mainly due to the transfer of three secondary schools to trust status during 2013/2014 and impairments on a number of properties which has resulted in a reduction of £22m. This has also reduced Non-Distributable Reserves.
- Pensions liability reduced by £63m due to the Actuary revising various assumptions (e.g. on yields and inflation rates due to improved market conditions). This has also increased Non-Distributable Reserves.

Cash Flow

The table below summarises the cash flow statement for 2013/2014, 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	-9,746
Net cash flows from Investing Activities	4,751
Net cash flows from Financing Activities	-5,519
Net decrease in cash and cash equivalents	-10,514
Cash and cash equivalents at the beginning of the reporting period	-19,930
Cash and cash equivalents at the end of the reporting period	-30,444

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 MBC (including Parish Precepts), Merseyside Police Authority (Council Tax only) and Merseyside Fire and Rescue Authority. The following table details the distribution of the Collection Fund in 2013/2014.

	£'000
Council Tax	
Sefton MBC	97,775
Paid to Merseyside Police Authority	11,755
Paid to Merseyside Fire and Rescue Authority	5,257
Business Rates	
Sefton MBC	32,117
Paid to Central Government	32,773
Paid to Merseyside Fire and Rescue Authority	655

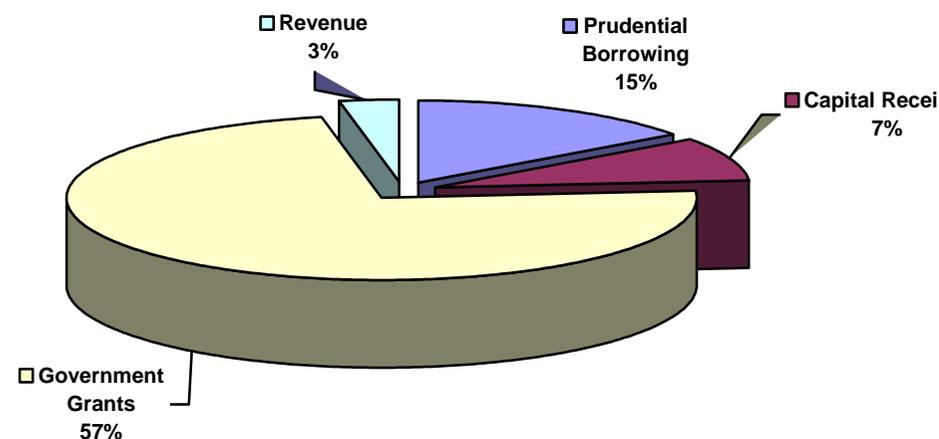
Capital Spending

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 £30.0m in 2013/2014 and is broken down over services in the table below:

	£'000
Capital Expenditure During the Year	
Corporate Services	266
Economy & Tourism	2,273
Environmental	753
Health & Wellbeing	2,361
Housing Services	4,650
Investment Programmes & Infrastructure (IPI)	7,789
Older People	65
Street Scene	5,647
Young People & Families	5,759
	29,563

The 2013/2014 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2013/2014



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 did not budget to achieve a surplus for General Fund Non-School services in its 2013/2014 Revised Estimate, but underspent by £3.490m therefore contributing to balances. Non-school General Fund balances total £10.066m at the year-end; School balances amounted to £17.792m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £29.6m spent in 2013/2014 following the £37.8m spent in 2012/2013. 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 £33.0m.

For Further Information

The complete, audited, Statement of Accounts for 2013/2014 will be available on our website at www.sefton.gov.uk in late September 2014.

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