

Sefton Council – Statement of Accounts 2010/2011

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 30 June 2010. This summary presents each of the major statements included within the Accounts in a shorter, more reader friendly format.

Accounting Policies and Practice

The Authority's Statement of Accounts is the first to be prepared in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS). This has resulted in significant changes to previous years in a number of areas, including Capital Grants, Fixed assets and Employee Benefits. The 2009/2010 figures have also been restated to reflect the changes.

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:

- ❑ There has been a Past Service Gain of -£43m included within Non-Distributed Costs with a corresponding increase in the Other Revenue Transactions line.
- ❑ Supporting People Grant of £6m is now a General Government Grant rather than a specific grant which is netted off expenditure. This has resulted in an increase in Housing Services net expenditure.
- ❑ The transfer of Hillside High School to foundation status has resulted in a loss of £10m on the disposal of fixed assets with a corresponding decrease in the Other Revenue Transactions line.

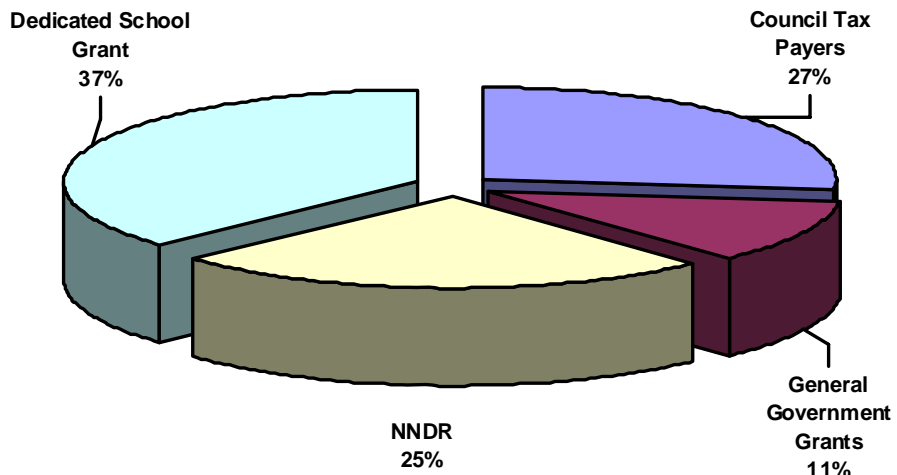
Did you know?

- ❑ That income raised from local Council Tax payers represents 27% of the Council's net income, a further 25% comes from Business Rates, with the remainder from Central Government.
- ❑ That 15% of Sefton's net expenditure relates to external organisations.

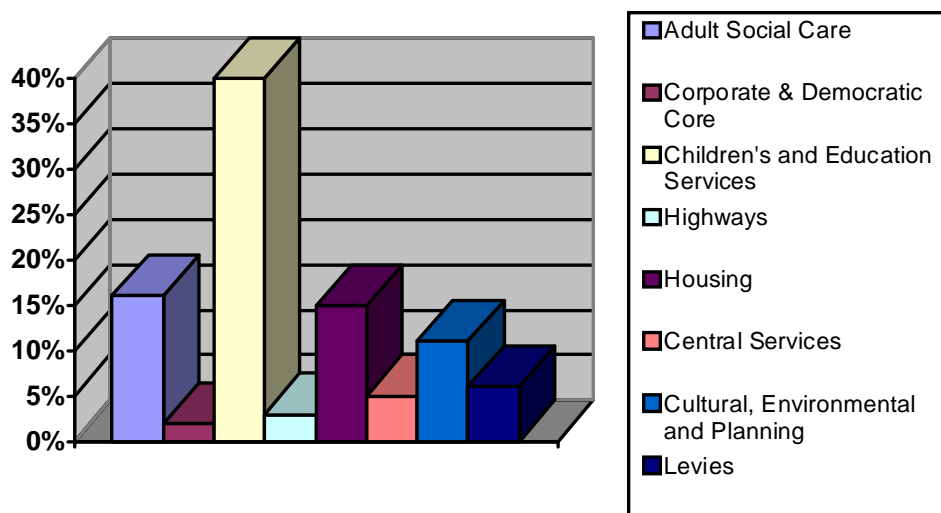
Income and Expenditure Statement 2010/2011

	2009/2010 Net Expenditure £'000	2010/2011 Net Expenditure £'000
Adult Social Care	84,554	82,523
Corporate and Democratic Core	9,816	9,162
Non Distributed Costs	11,042	-28,383
Central Services to the Public	6,041	6,073
Children's and Education Services	65,263	70,496
Cultural, Environmental and Planning	46,418	49,601
Highways, Road and Transport Services	17,351	16,840
Housing Services	1,222	7,907
Net Cost of Services	241,707	214,219
Precepts paid to Parish Councils	980	983
Levies	36,539	37,571
Loss on disposal of fixed assets	193	9,588
Repayment of loans and net interest on loans	6,340	6,716
Other Revenue Transactions	-18,281	4,413
Amount to be met from Government Grants and Local Taxpayers	266,478	273,490
Financed by: Council Tax	-115,718	-118,847
Collection Fund Surplus (-) / Deficit	-255	430
General Government Grants	-50,250	-48,702
National Non-Domestic Rates	-98,915	-108,865
Change in General Fund Balance for the Year	1,340	-2,494
Movement in General Fund Balances	2009/2010 £'000	2010/2011 £'000
Change in General Fund Balance for the year	1,340	-2,494
Opening General Fund Balance	-17,731	-16,391
Closing General Fund Balance	-16,391	-18,885
Non-School Balances as at 31 March	-3,661	-3,687
School Balances as at 31 March	-12,730	-15,198

Sources of General Fund Financing for 2010/2011



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 10 £'000	31 March 11 £'000
Long Term Assets		
Property Plant and Equipment	762,829	763,020
Other Long Term Assets	52,710	53,592
	815,539	816,612
Current Assets		
Debtors and Prepayments	59,877	44,663
Investments and Cash & Cash Equivalents	23,654	61,575
Other Current Assets	1,248	594
	84,779	106,832
Current Liabilities		
Creditors and Receipts in Advance	-51,090	-58,339
Other Current Liabilities	-13,872	-4,870
	-64,962	-63,269
Long Term Liabilities		
Long Term Borrowing	-111,862	-130,813
Pensions Liability	-323,837	-246,846
Provisions and Other Long Term Liabilities	-40,723	-37,270
	-476,422	-414,929
Total Assets less Liabilities	358,934	445,246
Balances		
Non-Distributable Reserves	278,559	346,063
Distributable Reserves:		
Capital Grants and Contributions Unapplied	14,548	16,204
Usable Capital Receipts	5,041	6,341
Earmarked Reserves	44,395	57,753
	63,984	80,298
Balances: General Fund – Schools	12,730	15,198
General Fund – Non-Schools	3,661	3,687
	16,391	18,885
Total Reserves	358,934	445,246

- The level of short-term investments and cash and cash equivalents has increased by £38m as a result of increasing cash balances.
- Pensions liability decreased by £80m due to the triennial valuation taking place and the Actuary revising various assumptions (e.g. on yields and inflation rates).

Cash Flow

The table below summarises the cash flow statement for 2010/2011, 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	-34,958
Net cash flows from Investing Activities	18,223
Net cash flows from Financing Activities	-11,176
Net increase (-) or decrease in cash and cash equivalents	-27,911
Cash and cash equivalents at the beginning of the reporting period	-8,574
Cash and cash equivalents at the end of the reporting period	-36,485

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 MBC (including Parish Precepts), Merseyside Police Authority and Merseyside Fire and Civil Defence Authority. The following table details the distribution of the Collection Fund in 2010/2011.

	£'000
Council Tax	
Sefton MBC	118,848
Paid to Merseyside Police Authority	13,607
Paid to Merseyside Fire and Civil Defence Authority	6,027
Business Rates	
Paid to Central Government	65,373

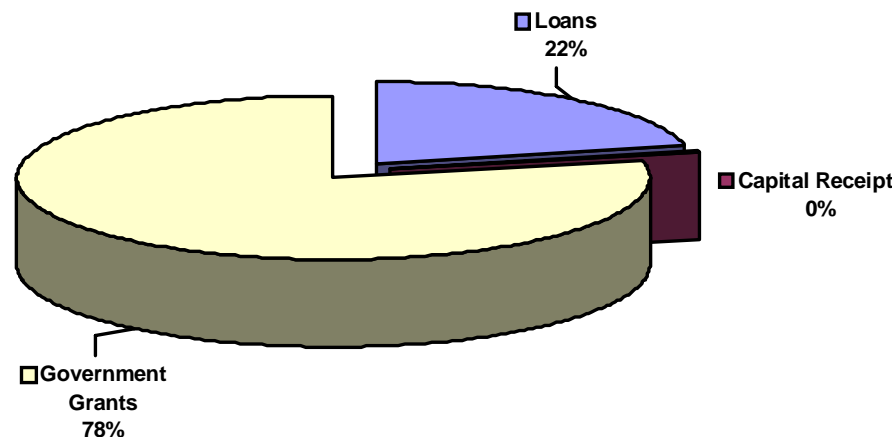
Capital Spending

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 £75.2m in 2010/2011 and is broken down over portfolios in the table below:

Capital Expenditure During the Year	£'000
Adult Social Care	1,548
Children, Schools and Families	32,251
Corporate Services	6,761
Environmental	1,425
Housing	11,410
Leisure and Tourism	10,658
Regeneration	4,540
Technical Services	6,564
Other	3
	75,160

The 2010/2011 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

Sources of Capital Financing for 2010/2011



Summary Operating Financial Review

The following statement by the Interim 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 2010/2011 Revised Estimate, but underspent by £0.026m therefore contributing to balances. Non-school General Fund balances total £3.687m at the year-end; School balances amounted to £15.198m.

Capital Expenditure

The Council has continued to invest in the purchase and improvement of Council assets, with £75.2m spent in 2010/2011 following the £74.1m spent in 2009/2010. A number of projects underspent in 2010/2011 and the expenditure, totalling £8.1m, has been rephased into 2011/2012 and beyond.

For Further Information

The complete, audited, Statement of Accounts for 2010/2011 is available on our website at www.sefton.gov.uk and at local libraries from early October 2011.

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