

## Sefton Council – Statement of Accounts 2011/2012

### 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 26 September 2012. 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 2011/2012 there was only one significant change which related to the treatment of Heritage Assets. The 2010/2011 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 Retirement Benefits Gain of -£7m included within Non-Distributed Costs compared with a gain of -£43m in 2010/2011. There has been a corresponding decrease in the Other Revenue Transactions line.
- ❑ The transfer of seven secondary schools to academy status during 2011/2012 has resulted in a loss of £111m on the disposal of fixed assets with a corresponding decrease in the Other Revenue Transactions line. This transfer also resulted in reduced expenditure on Children's and Education Services.

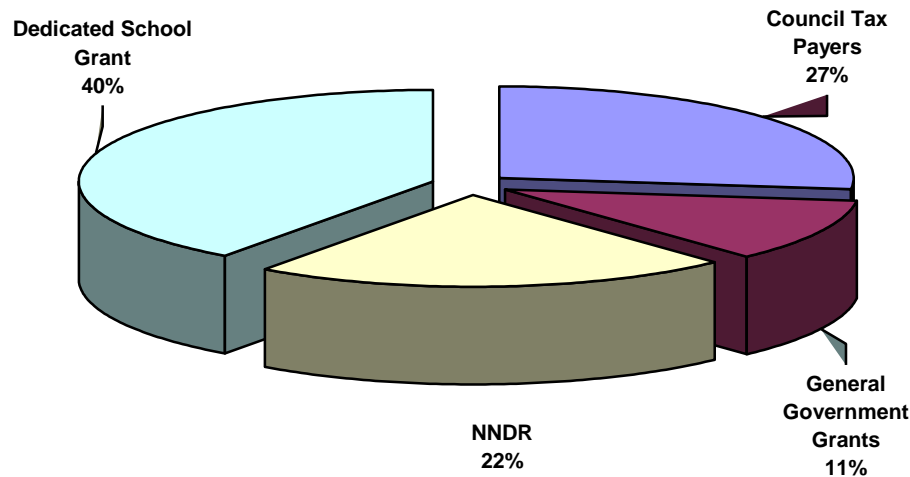
#### Did you know?

- ❑ That income raised from local Council Tax payers represents 27% of the Council's net financing, a further 22% comes from Business Rates, with the remainder from Central Government.
- ❑ That 16% of Sefton's net expenditure relates to external organisations.

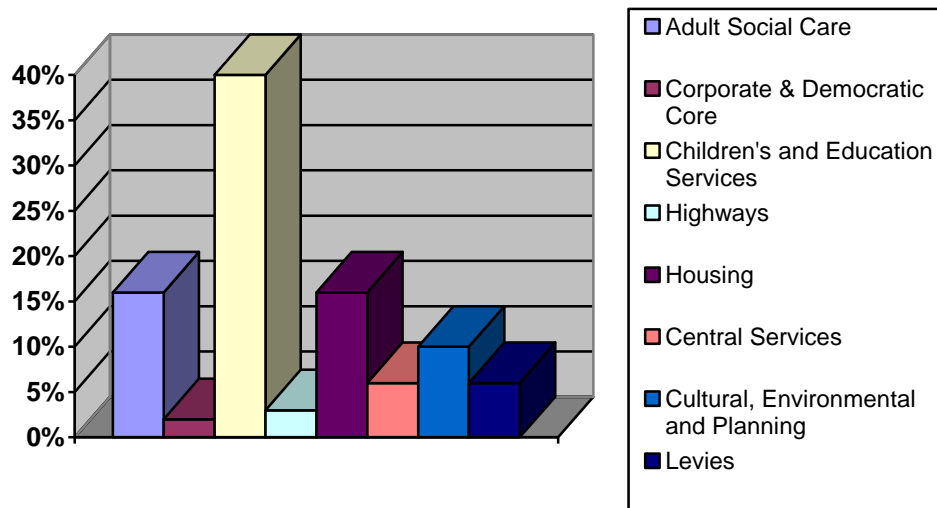
#### Comprehensive Income and Expenditure Statement 2011/2012

	2010/2011	2011/2012
	Net	Net
	Expenditure	Expenditure
	£'000	£'000
Adult Social Care	82,523	86,336
Corporate and Democratic Core	9,162	8,659
Non Distributed Costs	-28,383	8,302
Central Services to the Public	6,073	4,876
Children's and Education Services	70,496	66,555
Cultural, Environmental and Planning	49,601	43,223
Highways, Road and Transport Services	16,840	16,299
Housing Services	7,907	8,506
<b>Net Cost of Services</b>	<b>214,219</b>	<b>242,756</b>
Precepts paid to Parish Councils	983	974
Levies	37,571	39,033
Loss on disposal of fixed assets	9,588	111,542
Repayment of loans and net interest on loans	6,718	6,618
Other Revenue Transactions	4,411	-135,231
<b>Amount to be met from Government Grants and Local Taxpayers</b>	<b>273,490</b>	<b>265,692</b>
Financed by: Council Tax	-118,847	-118,871
Collection Fund Surplus (-) / Deficit	430	430
General Government Grants	-48,702	-54,169
National Non-Domestic Rates	-108,865	-96,457
<b>Change in General Fund Balance for the Year</b>	<b>-2,494</b>	<b>-3,375</b>
<b><u>Movement in General Fund Balances</u></b>	<b>2010/2011</b>	<b>2011/2012</b>
	£'000	£'000
Change in General Fund Balance for the year	-2,494	-3,375
Opening General Fund Balance	-16,391	-18,885
Closing General Fund Balance	-18,885	-22,260
Non-School Balances as at 31 March	-3,687	-3,711
School Balances as at 31 March	-15,198	-18,549

## Sources of General Fund Financing for 2011/2012



## 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 11 £'000	31 March 12 £'000
<b>Long Term Assets</b>		
Property Plant and Equipment	761,069	643,620
Other Long Term Assets	64,658	65,734
	<b>825,727</b>	<b>709,354</b>
<b>Current Assets</b>		
Debtors and Prepayments	44,663	40,748
Investments and Cash & Cash Equivalents	61,575	51,575
Other Current Assets	594	969
	<b>106,832</b>	<b>93,292</b>
<b>Current Liabilities</b>		
Creditors and Receipts in Advance	-58,399	-52,524
Other Current Liabilities	-4,870	-12,637
	<b>-63,269</b>	<b>-65,161</b>
<b>Long Term Liabilities</b>		
Long Term Borrowing	-130,813	-123,311
Pensions Liability	-246,846	-287,375
Provisions and Other Long Term Liabilities	-37,355	-37,895
	<b>-415,014</b>	<b>-448,581</b>
Total Assets less Liabilities	<b>454,276</b>	<b>288,904</b>
<b>Balances</b>		
Non-Distributable Reserves	355,093	197,367
Distributable Reserves:		
Capital Grants and Contributions Unapplied	16,204	10,296
Usable Capital Receipts	6,341	6,332
Earmarked Reserves	57,753	52,649
	<b>80,298</b>	<b>69,277</b>
Balances: General Fund – Schools	15,198	18,549
General Fund – Non-Schools	3,687	3,711
	<b>18,885</b>	<b>22,260</b>
Total Reserves	<b>454,276</b>	<b>288,904</b>

- The value of Property, Plant and Equipment has reduced mainly due to the transfer of seven secondary schools to academy status during 2011/2012 which has resulted in a reduction of £111m. This has also reduced Non-Distributable Reserves.
- Pensions liability increased by £41m due to the Actuary revising various assumptions (e.g. on yields and inflation rates).

## Cash Flow

The table below summarises the cash flow statement for 2011/2012, 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	-6,658
Net cash flows from Investing Activities	4,658
Net cash flows from Financing Activities	2,091
<b>Net decrease in cash and cash equivalents</b>	<b>91</b>
Cash and cash equivalents at the beginning of the reporting period	-36,485
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-36,394</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 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 2011/2012.

	£'000
<b>Council Tax</b>	
Sefton MBC	118,871
Paid to Merseyside Police Authority	13,610
Paid to Merseyside Fire and Civil Defence Authority	6,029
<b>Business Rates</b>	
Paid to Central Government	65,781

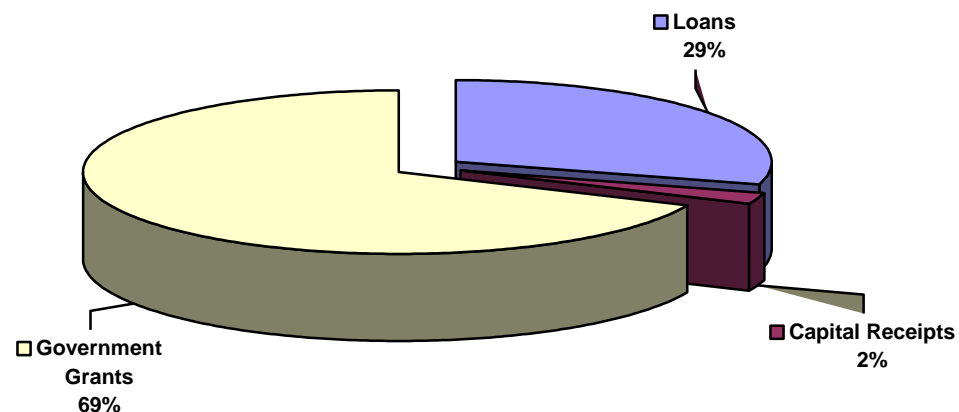
## Capital Spending

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 £39.3m in 2011/2012 and is broken down over portfolios in the table below:

	£'000
<b>Capital Expenditure During the Year</b>	
Adult Social Care	158
Children's Services	11,436
Corporate Services	1,816
Environmental	2,104
Housing	5,865
Leisure and Tourism	8,935
Regeneration	3,214
Technical Services	5,759
	<b>39,287</b>

The 2011/2012 capital expenditure has been financed from Government Grants, Borrowing, Capital Receipts and other sources (contributions, revenue and leasing).

## Sources of Capital Financing for 2011/2012



## **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 2011/2012 Revised Estimate, but underspent by £0.024m therefore contributing to balances. Non-school General Fund balances total £3.711m at the year-end; School balances amounted to £18.549m.

### **Capital Expenditure**

The Council has continued to invest in the purchase and improvement of Council assets, with £39.3m spent in 2011/2012 following the £75.2m spent in 2010/2011. The Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012/13 and future years budgeted to cost £22.5m.

### **For Further Information**

The complete, audited, Statement of Accounts for 2011/2012 is available on our website at [www.sefton.gov.uk](http://www.sefton.gov.uk) and at local libraries from early October 2012.

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](mailto:finance@sefton.gov.uk)