



Summary of Accounts

2015/16

Details of Walsall Council's spending during the past financial year

This summary set of accounts are not subject to audit, however are derived from figures within the 2015/16 Statement of Accounts and are presented as an overview.



Walsall Council

Introduction

The council's full set of accounts (the Statement of Accounts) is a large document. Its content is largely prescribed by accounting standards that all local authorities have to follow. This summary is intended to give the reader a brief, uncomplicated view of the council's financial results in 2015/16.

Financial review

In the financial year ended 31 March 2016, the council received income of £700.295 million and saw expenditure of £730.357 million, resulting in a deficit on the provision of services of £30.062 million. However after removing statutory accounting adjustments of £17.834 million for items such as depreciation, impairments of fixed assets and entries in relation to pension costs, and accounting for funds set aside for specific future use of £14.845 million, the net surplus for the year was £2.617 million. These adjustments are required by regulation to enable the council to remove costs which are not actual cash payments such as depreciation, otherwise council tax levels would need to be raised to cover such accounting costs.

Capital investment in 2015/16 totalled £88.904 million (£45.425 million in 2014/15). The expenditure was on items such improvements to the borough's roads and junctions, the construction of two new leisure centres and investment in businesses and organisation in the borough to encourage growth and new employment. This investment was largely paid for from borrowing, asset sales and grants.

What do we spend money on and how is it funded?

Revenue Expenditure

Provided by	Income	£m	%
Government	Government grants	264.953	38%
Government	Dedicated schools grant	144.859	21%
Government	Non domestic rates	64.452	9%
Citizen	Council tax	96.246	14%
Citizen	Other income (rents, fees and charges, specific grants)	129.785	18%
	Total	700.295	100%

Type of expenditure	£m	%
Employees	(240.992)	33%
Depreciation, impairment and disposal of assets	(48.439)	7%
Supplies and service	(101.983)	14%
Housing benefits	(121.879)	16%
Precepts/Levies	(12.924)	2%
Other running costs	(204.140)	28%
Total	(730.357)	100%

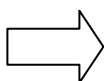
Service	£m	%
Education	(244.309)	33%
Social services	(111.607)	15%
Public health	(17.329)	2%
Highways/transport	(23.070)	3%
Cultural and related services	(20.144)	3%
Environmental and regulatory services	(25.932)	4%
Planning services	(40.426)	6%
Housing	(132.648)	18%
Precepts/Levies (Centro)	(12.924)	2%
Other	(101.968)	14%
Total	(730.357)	100%

Revenue summary	£m
Income	700.295
Expenditure	(730.357)
Surplus / (deficit) on the provision of services	(30.062)

Category	£m
Charges for depreciation and impairment	(22.431)
Revaluation losses	0.299
Capital grants and contributions	23.370
Disposal of fixed assets	1.739
Pension costs	(8.052)
Other statutory movements	(12.759)
Total	(17.834)

When completing the statement of accounts we include certain adjustments to meet the requirement of accounting standards. This summary shows the further adjustments that are then undertaken, as prescribed, to remove them, ensuring that they do not result in an increase in council tax.

Final position for the year



	£m
Net revenue expenditure	(30.062)
Adjustments for costs (as above)	17.834
Funds set aside for specific future use	14.845
Surplus for the year	2.617

Capital Expenditure

The council also spends money on improving and repairing the land and property owned by the council so that first class public services can be offered, such as purchasing, upgrading and improving assets such as buildings and roads. In 2015/16 a total of £89 million was spent on capital investment. This was split as follows:

Capital expenditure Type of asset	2015/16 £m
Land and buildings	13.046
Vehicles and equipment	2.147
Infrastructure	19.860
Community assets	0.088
Heritage assets	0.032
Assets under construction	18.781
Subtotal	53.954
Intangible assets	1.728
Revenue expenditure funded from capital	33.222
Total	88.904

The following chart shows how Walsall Council has paid for capital expenditure this year.

Capital Financing Source	2015/16 £m
Borrowing	(25.442)
Capital receipts	(0.790)
Capital grants and contributions	(56.620)
Revenue	(6.052)
Subtotal	(88.904)

What are we worth – Walsall Council's balance sheet

The council's balance sheet gives a snapshot of the council's financial position at year end. It shows what the council owns (its assets) and what it owes (its liabilities). It also gives details of how these are all funded. Below is a summary balance sheet for the financial year ending 31 March 2016.

Balance sheet category	£m	Explanation
Fixed assets	499.419	Property, equipment
Other long term assets	39.776	Investments and long term debtors
Stock	0.976	Value of goods held such as food
Money owed to the council	36.826	By citizens and businesses
Investments	112.187	Short term cash deposits
Cash and cash equivalents	4.804	Cash in bank
Assets - owned by the council	693.988	
Money owed by the council	(91.238)	To businesses for goods purchased
Borrowing by the council	(233.379)	To fund capital expenditure
Pensions liability	(480.576)	Total pension liability
Other long term liabilities	(6.687)	Finance leases and PFI
Liabilities - owed by the council	(811.880)	
Total assets less liabilities	(117.892)	
Financed by:		
Distributable reserves	(173.529)	Can be used to fund future years
Non redistributable reserves	(189.155)	Accounting balances mainly for financing
Pensions reserve	480.576	Total pension assets
Total reserves	117.892	

As at 31 March 2016 Walsall council's balance sheet shows a negative net worth of £119.765m. It must be noted that Walsall council is in good financial health when comparing the ability to pay its current liabilities. Walsall council also has a balanced budget set for 2016/17. The negative net worth position at 31 March 2016 is largely due to the government policy of academy conversion of local authority schools. Since 2008 the council has lost a total of 30 schools at a combined balance sheet value of £264.873m. The council is not compensated for any academy conversions regardless of whether there has been any borrowing in prior years to finance capital spend. This means for each academy conversion the council's balance sheet is further reduced.

The statement of accounts are prepared on a going concern basis.

Cashflow

Walsall Council handles significant amounts of cash relating to both revenue and capital during the year. The cashflow shows the movement of money into and out of the Council's bank accounts. The statement does not show money owed to the council or owed by the council.

Money received by the council, or cash inflows, can come from a variety of sources such as local taxation, government grants, bank interest and fees and charges.

The cash outflows include purchases, interest and principal payments on loans, salaries and other costs and expenses.

	£m
Cash and cash equivalents at the start of the year	18.229
Cash and cash equivalents at the end of the year	4.804

Glossary

Please see the glossary included within the [Statement of accounts](#) for an explanation of some of the accounting terms used within this document.

The statement of accounts has been prepared in accordance with the Accounting Code of Practice. The figures for this summary were originally compiled having regard to proper accounting practice.

The council's 2015/16 accounts have been audited by Ernst & Young and were approved by Audit Committee on 26 September 2016 upon conclusion of the audit.

A full copy of the council's accounts is available at www.walsall.gov.uk. Alternatively call 01922 650708 to obtain a copy.