



# **Draft pre audit Summary of Accounts 2016/17**

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 draft pre audit 2016/17 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 2016/17.

## Financial review

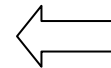
In the financial year ended 31 March 2017, the council received income of £699.462 million and saw expenditure of £699.885 million, resulting in a deficit on the provision of services of £0.423 million. However after removing statutory accounting adjustments of £0.491 million for items such as depreciation, impairments of fixed assets and entries in relation to pension costs, and accounting for funds set aside for specific future use of £0.687 million, the net deficit for the year was £0.227 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 2016/17 totalled £80.847 million (£88.904 million in 2015/16). The expenditure was on items such as improvements to the borough's roads and junctions, and investment in businesses and organisation in the borough to encourage growth and new employment. This investment was largely paid for from grants, asset sales and borrowing.

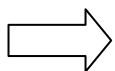
## What do we spend money on and how is it funded?

### Revenue Expenditure

Provided by	Income	£m	%
Government	Government grants	(249.804)	36%
Government	Dedicated schools grant	(142.532)	20%
Government	Non domestic rates	(68.136)	10%
Citizen	Council tax	(107.134)	15%
Citizen	Other income (rents, fees and charges, specific grants)	(131.856)	19%
	<b>Total</b>	<b>(699.462)</b>	<b>100%</b>



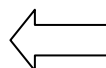
What income we received



What we spent it on

Type of expenditure	£m	%
Employees	244.139	35%
Depreciation, impairment and disposal of assets	25.131	4%
Supplies and services	93.529	13%
Precepts/Levies	12.264	2%
Other running costs	324.822	46%
<b>Total</b>	<b>699.885</b>	<b>100%</b>

Service	£m	%
Children and Young People	231.786	33%
Adult Social Care	117.212	17%
Economy and Environment	132.273	19%
Change and Governance	151.318	21%
Centre	14.001	2%
Precepts/Levies (WMCA)	12.264	2%
Other	41.031	6%
<b>Total</b>	<b>699.885</b>	<b>100%</b>



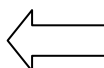
The services it provides

Revenue summary



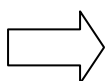
Revenue summary	£m
Income	(699.462)
Expenditure	699.885
<b>(Surplus) / deficit on the provision of services</b>	<b>0.423</b>

Category	£m
Charges for depreciation and impairment	(25.279)
Revaluation losses	12.577
Capital grants and contributions	(20.540)
Disposal of fixed assets	(12.429)
Pension costs	5.889
Other statutory movements	39.291
<b>Total</b>	<b>(0.491)</b>



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	0.423
Adjustments for costs (as above)	0.491
Funds set aside for specific future use	(0.687)
<b>(Surplus) / Deficit for the year</b>	<b>0.227</b>

## 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 2016/17 a total of £81 million was spent on capital investment. This was split as follows:

Capital expenditure	2015/16
Type of asset	£m
Land and buildings	14.428
Vehicles and equipment	4.512
Infrastructure	13.163
Community assets	0.110
Heritage assets	0.040
Assets under construction	0.000
<b>Subtotal</b>	<b>32.253</b>
Intangible assets	0.799
Revenue expenditure funded from capital	47.795
<b>Total</b>	<b>80.847</b>

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

Capital Financing	2015/16
Source	£m
Borrowing	(10.951)
Capital receipts	(2.016)
Capital grants and contributions	(64.762)
Revenue	(3.118)
<b>Subtotal</b>	<b>(80.847)</b>

## 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 2017.

Balance sheet category	£m	Explanation
Fixed assets	543.644	Property, equipment
Other long term assets	38.402	Investments and long term debtors
Stock	0.811	Value of goods held such as food
Money owed to the council	39.721	By citizens and businesses
Investments	137.560	Short term cash deposits
Cash and cash equivalents	8.240	Cash in bank
<b>Assets - owned by the council</b>	<b>768.378</b>	
Money owed by the council	(102.819)	To businesses for goods purchased
Borrowing by the council	(246.727)	To fund capital expenditure
Pensions liability	(617.464)	Total pension liability
Other long term liabilities	(8.119)	Finance leases and PFI
<b>Liabilities - owed by the council</b>	<b>(975.129)</b>	
<b>Total assets less liabilities</b>	<b>(206.751)</b>	
Financed by:		
Distributable reserves	(173.747)	Can be used to fund future years
Non redistributable reserves	(236.966)	Accounting balances mainly for financing
Pensions reserve	617.464	Total pension assets
<b>Total reserves</b>	<b>206.751</b>	

As at 31 March 2017 Walsall council's balance sheet shows a negative net worth of £206.751m. 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 2017/18. The negative net worth position at 31 March 2017 is largely due to the government policy of academy conversion of local authority schools. Since 2008 the council has lost a total of 33 schools at a combined balance sheet value of £276.868m. 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	4.804
Cash and cash equivalents at the end of the year	8.240

## 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 2016/17 accounts are subject to audit by Ernst & Young who will report their findings during September 2017 upon conclusion of the audit.

A full copy of the council's accounts is available at [www.walsall.gov.uk](http://www.walsall.gov.uk). Alternatively call 01922 650708 to obtain a copy.