



# **Summary of accounts 2020/21**

## **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 2020/21 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 2020/21.

## Financial review

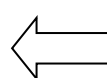
In the financial year ended 31 March 2021, the council received income of £768.296 million and saw expenditure of £732.148 million, resulting in a surplus on the provision of services of £36.148 million. However after removing statutory accounting adjustments of £33.315 million for items such as depreciation, impairments of fixed assets and entries in relation to pension costs, and accounting for funds set aside for specific future use of £66.179 million, the net surplus for the year was £3.284 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 2020/21 totalled £102.837 million (£69.780 million in 2019/20). 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

Income	£m	%
Government grants	(286.178)	37.25%
Dedicated schools grant	(160.107)	20.84%
Non domestic rates	(58.609)	7.63%
Council tax	(125.885)	16.38%
Other income (rents, fees and charges, specific grants)	(137.517)	17.90%
<b>Total</b>	<b>(768.296)</b>	<b>100.00%</b>



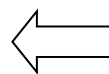
What income we received

What we spent it on



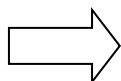
Type of expenditure	£m	%
Employees	274.764	38%
Depreciation, impairment and disposal of assets	23.439	3%
Supplies and services	114.180	16%
Precepts/Levies	11.230	2%
Other running costs	308.535	41%
<b>Total</b>	<b>732.148</b>	<b>100%</b>

Service	£m	%
Children's Services - Education	159.803	22%
Adult Social Care	156.889	21%
Children's Services - Other	131.331	18%
Economy, Environment & Communities	83.492	11%
Resources & Transformation	63.211	9%
Centre	26.320	4%
Precepts/Levies (WMCA)	11.230	2%
Other	99.872	14%
<b>Total</b>	<b>732.148</b>	<b>101%</b>



The services it provides

Revenue summary

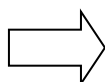


Revenue summary	£m
Income	(768.296)
Expenditure	732.148
<b>(Surplus) / deficit on the provision of services</b>	<b>(36.148)</b>

Category	£m
Charges for depreciation and impairment	(20.060)
Revaluation losses	(3.966)
Capital grants and contributions	42.600
Disposal of fixed assets	0.336
Pension costs	(25.107)
Other statutory movements	(27.118)
<b>Total</b>	<b>(33.315)</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	(36.148)
Adjustments for costs (as above)	(33.315)
Funds set aside for specific future use	66.179
<b>(Surplus) / Deficit for the year</b>	<b>(3.284)</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 2020/21 a total of approximately £103 million was spent on capital investment. This was split as follows:

<b>Capital expenditure</b>	<b>2020/2021</b>
<b>Type of asset</b>	<b>£m</b>
Land and buildings	11.113
Vehicles and equipment	4.426
Infrastructure	38.103
Community assets	0.191
Assets under construction	6.647
<b>Subtotal</b>	<b>60.480</b>
Intangible assets	5.076
Revenue expenditure funded from capital	37.281
<b>Total</b>	<b>102.837</b>

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

<b>Capital Financing</b>	<b>2020/2021</b>
<b>Source</b>	<b>£m</b>
Borrowing	21.006
Capital receipts	2.268
Capital grants and contributions	77.648
Revenue	1.915
<b>Subtotal</b>	<b>102.837</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 2021.

Balance sheet category	£m	Explanation
Fixed assets	560.812	Property, equipment
Other long term assets	61.162	Investments and long term debtors
Stock	0.361	Value of goods held such as food
Money owed to the council	81.082	By citizens and businesses
Investments	138.892	Short term cash deposits
Cash and cash equivalents	33.273	Cash in bank
<b>Assets - owned by the council</b>	<b>875.582</b>	
Money owed by the council	(129.610)	To businesses for goods purchased
Borrowing by the council	(337.302)	To fund capital expenditure
Pensions liability	(720.211)	Total pension liability
Other long term liabilities	(4.494)	Finance leases and PFI
<b>Liabilities - owed by the council</b>	<b>(1,191.617)</b>	
<b>Total assets less liabilities</b>	<b>(316.035)</b>	
Financed by:		
Distributable reserves	(302.170)	Can be used to fund future years
Non redistributable reserves	(102.006)	Accounting balances mainly for financing
Pensions reserve	720.211	Total pension assets
<b>Total reserves</b>	<b>316.035</b>	

As at 31 March 2021 Walsall Council's balance sheet shows a negative net worth of £316.035 million. 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 2021/22. The negative net worth position at 31 March 2021 is largely due to the government policy of academy conversion of local authority schools. Since 2008 the council has lost a total of 36 schools at a combined balance sheet value of £296.254m. 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.

## Cash flow

Walsall Council handles significant amounts of cash relating to both revenue and capital during the year. The cash flow 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	49.777
Cash and cash equivalents at the end of the year	33.273

## 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 2020/21 accounts are currently being audited by Grant Thornton.

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.