



Summary of accounts 2019/20

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 2019/20 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 2019/20.

Financial review

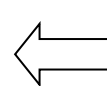
In the financial year ended 31 March 2020, the council received income of £716.868 million and saw expenditure of £732.107 million, resulting in a deficit on the provision of services of £15.239 million. However after removing statutory accounting adjustments of £19.838 million for items such as depreciation, impairments of fixed assets and entries in relation to pension costs, and accounting for funds set aside for specific future use of £5.859 million, the net deficit for the year was £1.260 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 2019/20 totalled £69.780 million (£57.074 million in 2018/19). 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?

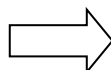
Revenue Expenditure

Income	£m	%
Government grants	(207.305)	28.92%
Dedicated schools grant	(156.726)	21.86%
Non domestic rates	(90.802)	12.67%
Council tax	(124.482)	17.36%
Other income (rents, fees and charges, specific grants)	(137.553)	19.19%
Total	(716.868)	100.00%



What income we received

What we spent it on

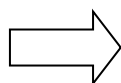


Type of expenditure	£m	%
Employees	270.359	37%
Depreciation, impairment and disposal of assets	46.206	6%
Supplies and services	114.096	16%
Precepts/Levies	11.219	2%
Other running costs	290.227	39%
Total	732.107	100%

Service	£m	%
Children's Services	276.745	38%
Adult Social Care	123.133	17%
Economy and Environment Resources & Transformation	124.764	17%
Centre	18.004	2%
Precepts/Levies (WMCA)	11.219	2%
Other	46.587	6%
Total	732.107	100%

← The services it provides

Revenue summary

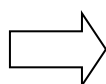


Revenue summary	£m
Income	(716.868)
Expenditure	732.107
(Surplus) / deficit on the provision of services	15.239

Category	£m
Charges for depreciation and impairment	(20.116)
Revaluation losses	(5.209)
Capital grants and contributions	(23.216)
Disposal of fixed assets	(19.183)
Pension costs	(1.633)
Other statutory movements	49.519
Total	(19.838)

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	15.239
Adjustments for costs (as above)	(19.838)
Funds set aside for specific future use	5.859
(Surplus) / Deficit for the year	1.260

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 2019/20 a total of approximately £70 million was spent on capital investment. This was split as follows:

Capital expenditure Type of asset	2019/2020 £m
Land and buildings	13.056
Vehicles and equipment	2.611
Infrastructure	18.001
Community assets	0.131
Heritage assets	0.000
Assets under construction	0.000
Subtotal	33.799
Intangible assets	3.304
Revenue expenditure funded from capital	32.677
Total	69.780

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

Capital Financing Source	2019/2020 £m
Borrowing	12.350
Capital receipts	2.781
Capital grants and contributions	53.057
Revenue	1.592
Subtotal	69.780

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 2020.

Balance sheet category	£m	Explanation
Fixed assets	515.357	Property, equipment
Other long term assets	61.673	Investments and long term debtors
Stock	0.286	Value of goods held such as food
Money owed to the council	61.175	By citizens and businesses
Investments	124.927	Short term cash deposits
Cash and cash equivalents	49.777	Cash in bank
Assets - owned by the council	813.195	
Money owed by the council	(100.684)	To businesses for goods purchased
Borrowing by the council	(308.773)	To fund capital expenditure
Pensions liability	(572.439)	Total pension liability
Other long term liabilities	(5.568)	Finance leases and PFI
Liabilities - owed by the council	(987.464)	
Total assets less liabilities	(174.269)	
Financed by:		
Distributable reserves	(231.215)	Can be used to fund future years
Non redistributable reserves	(166.955)	Accounting balances mainly for financing
Pensions reserve	572.439	Total pension assets
Total reserves	174.269	

As at 31 March 2020 Walsall council’s balance sheet shows a negative net worth of £174.269 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 2020/21. The negative net worth position at 31 March 2020 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	28.501
Cash and cash equivalents at the end of the year	49.777

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 2019/20 accounts are currently being audited by Grant Thornton.

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