



# **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 £766.812 million and saw expenditure of £731.338 million, resulting in a surplus on the provision of services of £35.474 million. However after removing statutory accounting adjustments of £33.989 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                                       | (284.694)        | 37.13%         |
| Dedicated schools grant                                 | (160.107)        | 20.88%         |
| Non domestic rates                                      | (58.609)         | 7.64%          |
| Council tax   | (125.885)        | 16.42%         |
| Other income (rents, fees and charges, specific grants) | (137.517)        | 17.93%         |
| <b>Total</b>  | <b>(766.812)</b> | <b>100.00%</b> |

← What income we received

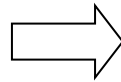
What we spent it on →

| Type of expenditure                             | £m             | %           |
|---|----------------|-------------|
| Employees                                       | 274.764        | 38%         |
| Depreciation, impairment and disposal of assets | 24.113         | 3%          |
| Supplies and services                           | 114.180        | 16%         |
| Precepts/Levies                                 | 11.230         | 2%          |
| Other running costs                             | 307.051        | 41%         |
| <b>Total</b>                                    | <b>731.338</b> | <b>100%</b> |

| Service   | £m             | %           |
|---|----------------|-------------|
| Children's Services & Customer Engagement - Education | 159.803        | 22%         |
| Adult Social Care & Public Health                     | 156.889        | 21%         |
| Children's Services & Customer Engagement - Other     | 132.006        | 18%         |
| Economy, Environment & Communities                    | 83.492         | 11%         |
| Resources & Transformation Centre                     | 63.211         | 9%          |
| Precepts/Levies (WMCA)                                | 24.836         | 3%          |
| Other   | 11.230         | 2%          |
| Other   | 99.871         | 14%         |
| <b>Total</b>  | <b>731.338</b> | <b>100%</b> |

← The services it provides

Revenue summary

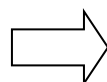


| Revenue summary   | £m              |
|---|-----------------|
| Income  | (766.812)       |
| Expenditure   | 731.338         |
| <b>(Surplus) / deficit on the provision of services</b> | <b>(35.474)</b> |

| Category                                | £m              |
|---|-----------------|
| Charges for depreciation and impairment | (20.060)        |
| Revaluation losses                      | (4.640)         |
| Capital grants and contributions        | 42.600          |
| Disposal of fixed assets                | 0.337           |
| Pension costs                           | (25.107)        |
| Other statutory movements               | (27.119)        |
| <b>Total</b>                            | <b>(33.989)</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                 | (35.474)       |
| Adjustments for costs (as above)        | (33.989)       |
| 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                             | 559.711            | 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>874.481</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>(317.136)</b>   |  |
| Financed by:                             |                    |  |
| Distributable reserves                   | (302.170)          | Can be used to fund future years         |
| Non redistributable reserves             | (100.905)          | Accounting balances mainly for financing |
| Pensions reserve                         | 720.211            | Total pension assets                     |
| <b>Total reserves</b>                    | <b>317.136</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 have been audited by Grant Thornton and approved for publication by the council's Audit Committee on 27 September 2021.

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.