



Summary of Accounts 2018/19

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 2018/19 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 2018/19.

Financial review

In the financial year ended 31 March 2019, the council received income of £698.775 million and saw expenditure of £713.724 million, resulting in a deficit on the provision of services of £14.949 million. However after removing statutory accounting adjustments of £15.629 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 £0.512 million, the net surplus for the year was £0.168 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 2018/19 totalled £57.074 million (£75.498 million in 2017/18). 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	(355.336)	51%
Dedicated schools grant	(0.559)	0%
Non domestic rates	(97.258)	14%
Council tax	(116.653)	17%
Other income (rents, fees and charges, specific grants)	(128.969)	18%
Total	(698.775)	100%

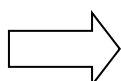
← What income we received

What we spent it on →

Type of expenditure	£m	%
Employees	268.314	38%
Depreciation, impairment and disposal of assets	33.227	5%
Supplies and services	93.529	13%
Precepts/Levies	11.241	2%
Other running costs	307.413	43%
Total	713.724	101%

Service	£m	%
Children and Young People	262.486	37%
Adult Social Care	115.886	16%
Economy and Environment	115.167	16%
Change and Governance	143.066	19%
Centre	28.162	4%
Precepts/Levies (WMCA)	11.241	2%
Other	37.716	5%
Total	713.724	99%

Revenue summary



Revenue summary	£m
Income	(698.775)
Expenditure	713.724
(Surplus) / deficit on the provision of services	14.949

Category	£m
Charges for depreciation and impairment	(21.903)
Revaluation losses	(11.602)
Capital grants and contributions	(39.234)
Disposal of fixed assets	0.278
Pension costs	25.807
Other statutory movements	62.283
Total	15.629

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	14.949
Adjustments for costs (as above)	(15.629)
Funds set aside for specific future use	0.512
(Surplus) / Deficit for the year	(0.168)

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 2018/19 a total of £57 million was spent on capital investment. This was split as follows:

Capital expenditure Type of asset	2018/19 £m
Land and buildings	14.004
Vehicles and equipment	4.405
Infrastructure	13.770
Community assets	0.378
Heritage assets	0.000
Assets under construction	0.000
Subtotal	32.557
Intangible assets	6.244
Revenue expenditure funded from capital	18.273
Total	57.074

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

Capital Financing Source	2018/19 £m
Borrowing	(19.341)
Capital receipts	(1.977)
Capital grants and contributions	(33.507)
Revenue	(2.249)
Subtotal	(57.074)

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 2019.

Balance sheet category	£m	Explanation
Fixed assets	531.428	Property, equipment
Other long term assets	64.408	Investments and long term debtors
Stock	0.337	Value of goods held such as food
Money owed to the council	51.133	By citizens and businesses
Investments	121.162	Short term cash deposits
Cash and cash equivalents	28.501	Cash in bank
Assets - owned by the council	796.969	
Money owed by the council	(121.205)	To businesses for goods purchased
Borrowing by the council	(290.678)	To fund capital expenditure
Pensions liability	(563.009)	Total pension liability
Other long term liabilities	25.078	Finance leases and PFI
Liabilities - owed by the council	(949.814)	
Total assets less liabilities	(152.845)	
Financed by:		
Distributable reserves	(217.418)	Can be used to fund future years
Non redistributable reserves	(192.746)	Accounting balances mainly for financing
Pensions reserve	563.009	Total pension assets
Total reserves	152.845	

As at 31 March 2019 Walsall council’s balance sheet shows a negative net worth of £152.845 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 2018/19. The negative net worth position at 31 March 2019 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	15.010
Cash and cash equivalents at the end of the year	28.501

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 2018/19 accounts have been audited by Grant Thornton and were approved by Audit Committee on 22 July 2019 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.