



## **Summary of Accounts 2017/18**

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 2017/18 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 2017/18.

## Financial review

In the financial year ended 31 March 2018, the council received income of £685.117 million and saw expenditure of £699.885 million, resulting in a deficit on the provision of services of £34.081 million. However after removing statutory accounting adjustments of £55.921 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 £20.518 million, the net surplus for the year was £1.322 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 2017/18 totalled £75.498 million (£80.847 million in 2016/17). 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	(348.435)	51%
Government	Dedicated schools grant	(3.206)	0%
Government	Non domestic rates	(102.891)	15%
Citizen	Council tax	(110.030)	16%
Citizen	Other income (rents, fees and charges, specific grants)	(120.555)	18%
	<b>Total</b>	<b>(685.117)</b>	<b>100%</b>

← What income we received

What we spent it on →

Type of expenditure	£m	%
Employees	257.056	36%
Depreciation, impairment and disposal of assets	53.837	7%
Supplies and services	93.529	13%
Precepts/Levies	12.141	2%
Other running costs	302.635	42%
<b>Total</b>	<b>719.198</b>	<b>100%</b>

Service	£m	%
Children and Young People	285.388	40%
Adult Social Care	115.500	16%
Economy and Environment	128.547	18%
Change and Governance	143.762	19%
Centre	7.145	1%
Precepts/Levies (WMCA)	12.141	2%
Other	26.715	4%
<b>Total</b>	<b>719.198</b>	<b>100%</b>

← The services it provides

Revenue summary →

Revenue summary	£m
Income	(685.117)
Expenditure	719.198
<b>(Surplus) / deficit on the provision of services</b>	<b>34.081</b>

Category	£m
Charges for depreciation and impairment	(22.898)
Revaluation losses	(31.806)
Capital grants and contributions	(12.962)
Disposal of fixed assets	0.867
Pension costs	18.292
Other statutory movements	104.428
<b>Total</b>	<b>55.921</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	34.081
Adjustments for costs (as above)	(55.921)
Funds set aside for specific future use	20.518
<b>(Surplus) / Deficit for the year</b>	<b>(1.322)</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 2017/18 a total of £75 million was spent on capital investment. This was split as follows:

<b>Capital expenditure</b>	<b>2017/18</b>
<b>Type of asset</b>	<b>£m</b>
Land and buildings	27.714
Vehicles and equipment	1.867
Infrastructure	11.359
Community assets	0.289
Heritage assets	0.014
Assets under construction	0.000
<b>Subtotal</b>	<b>41.243</b>
Intangible assets	1.484
Revenue expenditure funded from capital	32.771
<b>Total</b>	<b>75.498</b>

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

<b>Capital Financing</b>	<b>2017/18</b>
<b>Source</b>	<b>£m</b>
Borrowing	(18.304)
Capital receipts	(2.226)
Capital grants and contributions	(52.034)
Revenue	(2.934)
<b>Subtotal</b>	<b>(75.498)</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 2018.

Balance sheet category	£m	Explanation
Fixed assets	539.577	Property, equipment
Other long term assets	63.469	Investments and long term debtors
Stock	0.519	Value of goods held such as food
Money owed to the council	44.552	By citizens and businesses
Investments	100.090	Short term cash deposits
Cash and cash equivalents	15.010	Cash in bank
<b>Assets - owned by the council</b>	<b>763.217</b>	
Money owed by the council	(159.577)	To businesses for goods purchased
Borrowing by the council	(256.561)	To fund capital expenditure
Pensions liability	(577.530)	Total pension liability
Other long term liabilities	54.352	Finance leases and PFI
<b>Liabilities - owed by the council</b>	<b>(939.316)</b>	
<b>Total assets less liabilities</b>	<b>(176.099)</b>	
Financed by:		
Distributable reserves	(194.124)	Can be used to fund future years
Non redistributable reserves	(207.307)	Accounting balances mainly for financing
Pensions reserve	577.530	Total pension assets
<b>Total reserves</b>	<b>176.099</b>	

As at 31 March 2018 Walsall council’s balance sheet shows a negative net worth of £176.099m. 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 2018 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	8.240
Cash and cash equivalents at the end of the year	15.010

## 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 2017/18 accounts have been audited by Ernst & Young and were approved by Audit Committee on 24 July 2018 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.