

Introduction to the Statement of Accounts 2001/2002

Knowsley Council's Statement of Accounts for the year ended 31 March 2002 is set out within this document. This introduction shows how the resources available to the Council have been used to secure significant achievements and improvements in the delivery of services to Knowsley's community.

Where the money comes from

In 2001/2002, the Council received revenue funding and income of £357.3m, and the main source of the Council's funding (31%) was the Government's Revenue Support Grant (RSG). A further 24% came from a variety of other Government grants. The Council Tax provided only 8% of the Council's funding. Rents, fees and charges generated by service activities represent 25% of the total income of the Council. Further explanation of the Council's funding is set out in the Statement of Accounts.

How the money was spent

During the year, the Council developed a new approach to allocating money to its various service areas. The use of resources is now linked more closely with the aim of achieving improved performance in our priority services. These priorities also reflect the key areas of business in the Community Plan, and our Neighbourhood Renewal Strategies.

Knowsley has long had a strategic approach to budget management. For over ten years, service departments have had cash limits allocated to them as part of a rolling three-year financial plan. Within these cash limits, services have a significant degree of flexibility, including the ability to carry forward any surpluses (or deficits) from year to year. This enables departments to plan their services in a climate of relative financial stability. Over time, the cash limits have been adjusted to reflect the need to meet changing Government grant and Council Tax levels, together with a desire to promote efficiency savings for redirecting to priority service developments.

In addition, the Council sets aside a sum of money each year to fund ongoing and one-off initiatives. Not surprisingly, the demands for those resources have far outweighed the amounts available, and the Council therefore now ensures that not only does it allocate additional money to areas of high priority, but also that it understands more clearly how performance in those areas will be improved before agreeing to allocate the money. We believe that this new approach will ensure that Knowsley maintains and improves its existing high-levels of service performance.

A record of achievement

The way the Council used its resources during 2001/2002 saw some significant achievements for the Borough:

- In what was one of the Council's most significant developments, our tenants voted to transfer all our housing stock to the specially established Knowsley Housing Trust. The actual transfer took place in July 2002, and this exercise will secure £270m over the next eight years to be spent on improving these homes in the Borough.
- A Strategy for Neighbourhood Renewal was developed for the entire Borough, supported by six area action plans, and the New Deal for Communities initiative in North Huyton has secured £55.8m of funding for our most deprived community.
- The New Deal Team, set up to improve young people's employment prospects helped 144 trainees obtain employment.
- The Bridges to Inclusion Mentoring Programme was presented with a Merseyside Community Safety Award by the Safer Merseyside Partnership in recognition of the excellent work undertaken with young people at risk.

Introduction to the Statement of Accounts 2001/2002

- The Council's Leisure Services obtained Beacon Status for their innovative approach to community regeneration through cultural activities. Amongst the successful projects initiated by the Council was a youth development programme at the Liverpool Football Club Academy; Street Play, which has involved over 10,000 children so far and has become a powerful force for community improvement; Neighbourhood Visioning; and the 'Active Communities' Sports initiative supported by Sport England, and the private sector.
- The Council has developed an e-Council Strategy in response to the Government's drive for local authorities to embrace new ways of working through technology. This Strategy has identified the ways in which we can deliver our services electronically to the residents of the Borough, for example paying bills via the internet. Building upon the success of the Contact Centre, our customer contact strategy will in future involve the integration of systems to allow one customer action, e.g. change of address to be reported to all appropriate Council departments at the same time.

The accounts that follow are an important element in demonstrating the Council's stewardship of public money, and the above developments are just a selection of how the Council has used its money to secure significant achievements for the Borough.

STEVE HOUSTON
Director of Finance
& Information Society Technologies

Statement of Accounts

2001/2002

Foreword

- The Council has, as in the previous year, supplied every household and business in the Borough with a shortened and simplified version of the accounts together with background information on services, strategies and development.

Contents

- This publication provides in more detail the statements of accounts of the Council for the year 2001/2002. They consist of:

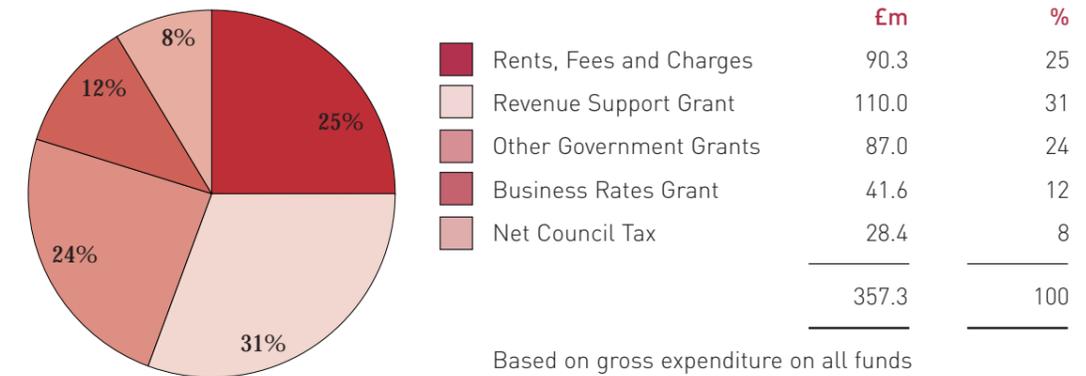
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Statement of Accounting Policies	4 - 6
This explains the basis of the figures in the accounts and the Council's compliance with the relevant recommended accounting practices;	
Consolidated Revenue Account	7 - 13
This summarises in one account all of the income and expenditure incurred by the Council in providing all of the services for which it is responsible and how the net cost has been financed;	
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Which shows income and expenditure on Council housing;	
Collection Fund	19 - 21
Which shows income from Council Tax, Business Rates, and outstanding Community Charge together with their distribution;	
Consolidated Balance Sheet	22 - 36
Which sets out the financial position of all the Funds of the Council as at 31st March 2002, excluding the Trust Funds which it administers;	
Statement of Total Movement in Reserves	37
Which analyses all movement of capital and revenue reserves and brings together all recognised gains and losses during the period between 1st April 2001 and 31st March 2002;	
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Which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes;	
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Various notes to the accounts support these accounts.	

- This Statement of Accounts has been prepared in accordance with the 2001/2002 Code of Practice.

Foreword

- This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. In broad terms the following three charts show where the Council's money comes from, what it is spent on and what services it provides.

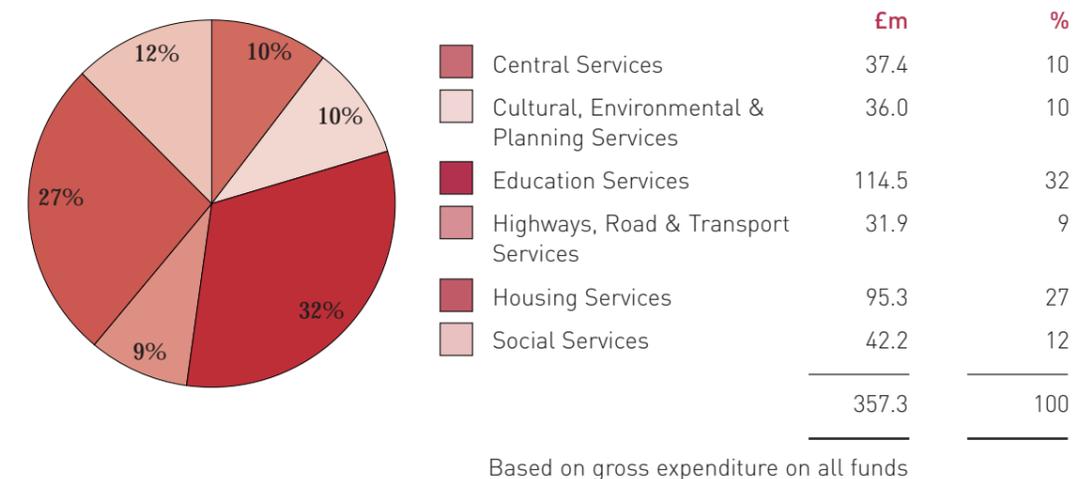
Where the money comes from



What the money is spent on



What the money provides



Foreword

Budget

5. The main components of the General Fund Revenue Budget for 2001/2002 and how these compare with actual income and expenditure are set out below:

	Budget £000	Actual £000	Difference £000
Service Expenditure (Net)	211,606	209,454	(2,152)
Interest and Capital Financing Costs	(23,778)	(22,614)	1,164
Use of Reserves/Balances	(954)	34	988
	<u>186,874</u>	<u>186,874</u>	<u>-</u>
Council Tax	36,799	36,799	-
Government Grants	150,075	150,075	-
	<u>186,874</u>	<u>186,874</u>	<u>-</u>

Capital

6. A significant capital programme was undertaken in the year with actual expenditure amounting to £41.462m, a 7.4% decrease from the previous year.
7. With borrowing approvals limited to £7.628m the Council has enhanced its programme by attracting grants of £25.901m and using £4.496m capital receipts.

Further Information

8. Further information about the accounts is available from the Finance Department, Municipal Buildings, Huyton L36 9YZ (Tel: 0151 489 6000). This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before each annual audit is completed. The availability of the accounts for inspection is advertised in the local press.

STEVE HOUSTON
Director of Finance
& Information Society Technologies

Accounting Policies

Accounting Standards

The accounts in this report are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and Local Authority (Scotland) Accounts Advisory Committee (LASAAC), which has effect from April 2000 and as disclosed below.

In addition, the accounts have been prepared in accordance with CIPFA's Best Value Accounting Code of Practice, which came into force for Statement of Accounts for the 2001/2002 year.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised and classified as a fixed asset.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS) by Mr I Brand, FRICS, a Knowsley Borough Council employee. Fixed assets are classified into the groupings required by the 2000 Code of Practice on Local Authority Accounting, in the UK. The valuations have been determined as follows:

- council houses are at existing use value for social housing up to December after which the valuation reflects the Large Scale Voluntary Transfer (LSVT) of the dwellings;
- land, operational properties and other operational assets are at the lower of net current replacement and net realisable value;
- non-operational assets, including investment properties and assets that are surplus to requirements, are at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value. Fixed assets under construction are included, at historic cost;
- infrastructure assets are at historic cost, net of depreciation;
- community assets are at historic cost, net of depreciation.

The surpluses arising on the initial valuation of fixed assets have been credited to the Fixed Asset Restatement Reserve. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations are adjusted in the interim period, as they occur in line with the requirements of Financial Reporting Standard 11 - Impairment of Fixed Assets and Goodwill.

Capital Charges

All revenue accounts are charged with a capital charge for all fixed assets used in the provision of services. The charge covers the annual provision for depreciation plus a capital financing charge determined by applying the specified notional rate of 6% interest to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

Newly acquired assets are not depreciated in the year of acquisition, whilst assets in the course of construction are not depreciated until they are brought into use.

Depreciation is calculated using the straight line method.

Accounting Policies

Impairment

Impairment occurs when there has been a significant decline in a fixed asset's market value during the period, obsolescence or physical damage to the fixed asset, a significant adverse change in the Authority's statutory environment, or a significant reorganisation. Where an material impairment loss occurs the service revenue accounts are charged in the year in which the impairment has arisen.

Deferred Charges

Expenditure on deferred charges has been written off to service revenue accounts on the basis of the benefit obtained by the service from the expenditure. As no benefit accrues beyond the date it is incurred, expenditure has been written off totally in the current year.

Stocks, Stores and Work in Progress

These items are included in the accounts at actual or current cost, rather than at the lower of cost and net realisable value as specified in SSAP 9. It is considered that the difference between the two methods of valuation is not significant in relation to the total value of stocks held.

Work in progress is valued at cost including an allocation of overheads.

Debtors and Creditors

The transactions of the Authority are recorded on an income and expenditure basis. All sums due to or from the Authority, with certain exceptions where the changes from year to year are not material, are included irrespective of whether the cash has actually been received or paid.

Debtors are shown net of a provision for bad debts of £5.700m to cover rent arrears (£2.624m), Housing Benefit overpayment provision (£0.188m), Council Tax arrears (£1.564m), NNDR arrears (£0.300m) and other miscellaneous debtors (£1.024m).

Reserves

These are amounts set aside for earmarked purposes. Details of Reserves held at 31st March 2002 are shown in The Statement of Total Movement in Reserves and Notes 12-15 to the Consolidated Balance Sheet.

Provisions

These are amounts set side for potential liabilities which will be incurred, but where there is uncertainty as to the amounts concerned or the dates on which these liabilities arise. Details of Provisions held at 31st March 2002 are shown in Note 11 to the Consolidated Balance Sheet.

Overheads

Overheads are fully allocated to service Portfolio's. Office accommodation is allocated in accordance with area occupied, whilst central departmental expenses are charged on the basis of staff time spent on services or, where available, on various performance measures.

Accounting Policies

Capital Receipts

Income from the disposal of fixed assets is credited to the useable capital receipts reserve. Any proportion reserved for the repayment of external loans has been credited to the capital financing reserve.

Under the Local Government and Housing Act 1989 75% of Housing Revenue Account sales from the disposal of assets is held as a provision against debt redemption. The balance is available to finance either capital expenditure or debt redemption.

Pension Costs

The costs of providing pensions for employees has been charged to the accounts in accordance with the statutory requirements governing the Merseyside Pension Fund and Teachers Superannuation Scheme.

These costs have been determined on the basis of contribution rates that are set to eventually meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. As a result, the Council does not comply with the accounting requirements of SSAP24 "Accounting for Pension Costs" and the liabilities included in the balance sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts are disclosed by way of a note to the accounts.

The share of the assets and liabilities of the Merseyside Pension Fund attributable to the Council is disclosed in a note to the accounts as required by the Accounting Standard FRS17 "Retirement Benefits".

Government Grants

Grants and subsidies are credited to the appropriate revenue and capital accounts to match the expenditure to which they relate. Accruals have been made for balances known to be receivable for the period to 31st March 2002.

Leasing

The policy on leasing, together with details of payments in the year and estimated outstanding obligations, is outlined in Note 14 to the Consolidated Revenue Account. There were no new finance leases in 2001/2002.

Internal Interest

Internal Interest is paid to / received from revenue on the basis of average monthly balances and the 7 day money market rate. It is included in the Consolidated Revenue Account as contributions to / from reserves.

Consolidated Revenue Account

The Consolidated Revenue Account reports the net cost for the year of the services for which Knowsley is responsible and demonstrates how that cost has been financed from government grants and income from local taxpayers.

2000/2001		2001/2002		
£000	Services	Expenditure £000	Income £000	Net £000
24,279	Central Services - Corporate & Democratic Core	58,781	34,160	24,621
1,038	- Unappropriate Central Overheads	1,120	-	1,120
30,812	Cultural, Environmental & Planning Services	53,083	18,758	34,325
91,781	Education Services	128,810	30,396	98,414
14,208	Highways, Roads & Transport Services	14,216	629	13,587
2,161	Housing Services	99,946	98,598	1,348
33,864	Social Services	50,410	14,092	36,318
198,143	Net Cost of Services	406,366	196,633	209,733
887	Parish Precepts			894
	Net Surplus:			
(180)	- Trading Operations (Note 1)			(573)
(14,264)	Transfer from Asset Management Revenue Account (Note 2)			(15,962)
(1,617)	Interest and Investment Income			(1,727)
182,969	Net Operating Expenditure			192,365
1,362	Transfer to/(from) HRA balances			989
	Contributions to Earmarked Reserves			
1,612	- Schools' Balances			(358)
(1,549)	- Other reserves			795
	Contributions to/(from) Capital Reserves			
3,510	- Financing of capital expenditure			1,083
1,465	- Provision for repayment of external loans (Note 3)			1,488
(8,897)	Statutory amount to be set aside for the repayment of loans principal (Note 4)			(7,054)
180,472	Amount to be met from Government Grant and Taxpayers			189,308
(36,067)	Demands on the Collection Fund			(37,693)
(103,895)	Government Grants			(109,993)
(43,028)	Distribution from non-domestic rate pool			(41,656)
-	- Transfer from Collection Fund			-
(2,518)	(Surplus) / Deficit for the year			(34)
	General Fund Balances			
4,798	Balance at beginning of year			7,316
2,518	Surplus / (Deficit) for year			34
7,316	Balance at end of year			7,350

Notes to the Consolidated Revenue Account

1. Significant Trading Operations

The authority operates several trading operations, whereby services are provided to users on the basis of an agreed charge, for example, either a quoted price or a schedule of rates. Trading accounts are maintained for such activities, which matches the income and expenditure for the services provided by the Trading Operation. Details of the significant Trading Operations of the Authority are set out in the table below.

Organisation	Surplus/(Deficit) £000	Turnover £000
Building Maintenance	50	14,136
Highways and Sewerage	127	3,996
Transport	144	3,393
School Meals	(17)	4,253
Building Cleaning	7	2,798
Leisure	(82)	4,058
Construction and Property	3	1,524
Information Technology	341	5,305
TOTAL	573	39,463

2. Asset Management Revenue Account

	£000	£000
Income		
Capital charges - General Fund	29,974	
- HRA	13,734	
- Trading Operations	218	43,926
Expenditure		
Provision for depreciation	11,203	
External interest charges	16,761	27,964
Net surplus for the year		15,962

3. Provision for Repayment of External Loans

This represents the actual principal repayments of other external loans. These comprise payments for transferred debt held by other authorities and repayments under deferred purchase schemes.

	£000
Transferred Debt Repayments	500
Deferred Purchase Repayments	1,000
Transferred Debt Income Coroners	(12)
	1,488

Notes to the Consolidated Revenue Account

4. **Statutory Amount to be Set Aside for the Repayment of Loans Principal**

This is the minimum amount which must be charged to the Authority's revenue account each year and set aside as a provision for credit liabilities. The following calculation determines that amount, which has been charged within the above account.

	GF £000	HRA £000	Sub Total £000	Total £000
Outstanding loan advances	96,084	165,302	261,386	
Less reserved part of capital receipts	11,758	32,708	44,466	
Initial credit ceiling 1.4.2001	84,326	132,594	216,920	
Minimum revenue provision at 4% (2% HRA)	3,373	2,652	6,025	6,025
Less: Amounts Charged to the Revenue Account				
Amount charged as depreciation against the Revenue Account			12,171	
Depreciation on Government Grant write off			(765)	
Deferred Charges (net of grant)			1,673	13,079
Net Charge to the Revenue Account				(7,054)

5. **Section 137 Payments**

Section 137 of the Local Government Act 1972 enables a local authority to incur expenditure up to the product of £5.00 per head of relevant population, for the benefit of people in its area on activities or projects not specifically authorised by other powers. Expenditure amounted to £0.200m in 2001/2002 (£0.194m in 2000/2001) compared to a maximum allowable of £0.766m. The majority of the expenditure relates to the provision of grants to voluntary bodies.

6. **Agency Work**

The Council carries out agency work on behalf of the North West Water. This work includes repairs to the sewer system and maintenance of sewage pumping stations. Total expenditure in 2001/2002 was £0.467m (£0.638m in 2000/2001).

7. **Local Authority (Goods and Services) Act 1970**

In 2001/2002 the Council provided no services to public bodies under this Act.

8. **Publicity**

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. During 2001/2002 expenditure on publicity totalled £2.924m (£1.792m in 2000/2001) and included recruitment of staff costs of £0.115m (£0.169m in 2000/2001), Media and Customer Relations Unit costs of £0.126m (£0.133m in 2000/2001) and Industrial Promotion costs of £0.549m (£0.602m in 2000/2001).

Notes to the Consolidated Revenue Account

9. **Pension Costs**

Teachers: In 2001/2002 the Council paid an employer's contribution of £3.081m (representing 7.4% of employees' pensionable pay) to the Department for Education and Employment in respect of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2001/2002 these amounted to £1.841m, representing 4.42% of pensionable pay.

Other employees: In 2001/2002 the Council paid an employer's contribution of £8.294m, representing 12.3% of employees' pensionable pay into the Merseyside Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last review being at 31 March 2001. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2001/2002 these amounted to £1.495m, representing 2.22% of pensionable pay (including in year retirements costs which amounted to £0.221m).

The Fund's Actuary had advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP 24, 'Accounting for Pension Costs' are £9.102m, representing 13.5% of pensionable pay.

The Merseyside Pension Fund is a defined benefit scheme and the last full actuarial valuation was at the 31 March 2001. The average age for the Council's active members of the scheme has risen from 41.8 years as at 31 March 1998 to 42.3 years as at 31 March 2001, the last valuation date. The following disclosures are required in accordance with FRS 17 'Retirement Benefits' and although attributable to Knowsley MBC they do not form part of the Council's Consolidated Revenue Account and Balance Sheet. The liabilities have been assessed on an actuarial basis using a projection of pensions payable in future years dependant on assumptions about mortality rates, salary level, etc.

Merseyside Pension Fund Balance Sheet Items Attributable to Knowsley MBC as at 31 March 2002	£m
Market Value of Assets	277.5
Liabilities	328.1
Surplus/(Deficit)	(50.6)

Mercer Human Resource Consulting Ltd, the Fund's Actuary has assessed the liabilities, and the main assumptions used are:

Financial Assumptions	As at 31/3/2002
	%
Rate of inflation	2.5
Rate of increase in salaries	3.5
Rate of increase in pension	2.5
Discount rate	6.0

**Split of Assets Between Investment Categories
Attributable to Knowsley MBC as at 31 March 2002**

	£m	%
Equities	183.1	66.0
Bonds	46.9	16.9
Other	47.5	17.1
	277.5	

Notes to the Consolidated Revenue Account

Expected Rate of Return on Assets	As at 31/3/2002
	%
Equities	8.0
Bonds	6.0
Other	6.0

10. **Employees Remuneration Over £40,000**

Authorities are required to provide details of the number of employees whose remuneration is in excess of £40,000. Remuneration relates to all taxable amounts paid to or receivable by an employee and includes sums due by way of expenses allowance and the estimated money value of any other benefits received by an employee otherwise than in cash, excluding Merseyside Police remuneration. In 2001/2002 these were:

Remuneration	Number of Employees	
	2000/2001	2001/2002
£40,000 - £49,999	77	118
£50,000 - £59,999	20	26
£60,000 - £69,999	7	9
£70,000 - £79,999	2	2
£80,000 - £89,999	1	4
£90,000 - £99,999	4	1
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1

11. **Members' Allowances**

During 2001/2002, the Council paid a total of £0.689m in respect of Members' Allowances. Further details can be obtained from the Head of Democratic Services, Corporate and Customer Support, Municipal Buildings, Huyton.

12. **Related Party Transactions**

The Accounting Standards Board introduced FRS 8 to ensure that Financial Statements contained the disclosures necessary to draw attention to the possibility that the reported financial position may have been influenced by the existence of related parties and material transactions with them. The CIPFA/LASAAC Joint Committee considers the related parties of local authorities to include:

- Central Government is responsible for providing the statutory framework within which the Council operates, and provides the majority of funding in the form of grants (see note 1 page 39)
- Local authorities and other bodies precepting or levying demands on the Council Tax (see page 20)
- Subsidiary and Associated Companies (see note 18 page 36)
- Members of the Council have direct control over financial and operational policies. During 2001/2002, works and services totalling £0.410m were commissioned from a company in which 1 member had an interest. Contracts were entered into in full compliance with the Council's Standing Orders. Payments and grants totalling £0.059m were paid to housing associations, hospital trusts, and voluntary organisations in which three members had an interest. The relevant members would have declared an interest and took no part in any discussion or decision relating to the grants.

Notes to the Consolidated Revenue Account

- Chief Officers during 2001/2002 did not declare any pecuniary interests, in accordance with section 117 of the Local Government Act 1972.
- Pension Fund (see note 9 page 10)

13. **Building Control Trading Account**

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total costs of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Charges have been set for the functions prescribed in Regulation 4 of the Building (Local Authority Charges) Regulations 1998, namely:

- A plan charge, payable when plans of the building work are deposited with the Authority.
- An inspection charge, payable on demand after the Authority carry out the first inspection in respect of which the charge is payable.
- A building notice charge, payable when the Building notice is given to the Local Authority.
- A reversion charge, payable for building work in relation to a building:-
 - which has been substantially completed before plans are first deposited with the Authority in accordance with Regulation 18(2)(a)(i) of the Approved Inspectors Regulations, or
 - in respect of which plans for further building work have been deposited with the Authority in accordance with Regulation 18(3) of the Approved Inspectors Regulations, on the first occasion on which those plans have been deposited.
- A regularisation charge which is payable at the time of the application to the Authority in accordance with Regulation 13(A) of the Building Regulations.

	Chargeable £	Non Chargeable £	Total Building Control £
Expenditure			
Employee Expenses	254,704	67,177	321,881
Premises	4,358	1,150	5,508
Transport	10,641	2,807	13,448
Supplies and Services	25,231	6,655	31,886
Central and Support Services	42,593	11,232	53,825
Total Expenditure	337,527	89,021	426,548
Income			
Building Regulation Charges	271,492	-	271,492
Total Income	271,492	-	271,492
Net Surplus/(Deficit) for Year	(66,035)	(89,021)	(155,056)

14. **Leases**

The Council's policy is generally to acquire vehicles and equipment through leasing, and during 2001/2002 this was exclusively through operating lease agreements. There were no new finance leases in the year and all existing finance leases are now into their secondary term. The total capital value of finance lease agreements at 31 March 2002 is approximately £0.004m of which the estimated outstanding obligations amount to £0.0005m p.a. with payments for the year

Notes to the Consolidated Revenue Account

amounting to £0.002m (£0.006m in 2000/2001). Other lease payments of a non-capital nature in 2001/2002 include operating leases of £2.011m (£2.023m in 2000/2001) and Exchange Hire Schemes of £0.648m (£0.648m in 2000/2001). The Authority has future operational leasing obligations amounting to £4.637m (for primary periods up to March 2012) and Exchange Hire Schemes of £0.020m (ending March 2003).

15. **Impairment**

There were no significant items of impairment.

Housing Revenue Account

Operating Account

The Housing Revenue Account is a record of expenditure and income relating to an Authority's own housing stock. The items to be credited and debited to the HRA are prescribed by Statute. It is a ring-fenced account within the Authority's General Fund, which means that Local Authorities have no general discretion to transfer sums into or out of the HRA.

The ring-fence was introduced by the Local Government and Housing Act 1989 to ensure that rent paid by Local Authority tenants accurately and realistically reflected the cost of providing the housing service. Under the New Financial Framework for the HRA (Resource Accounting) introduced in April 2001 the statutory credits and debits to the HRA remain unchanged. However, the 'Item 8 debit', which is calculated in accordance with formulae determined by the Secretary of State, in relation to capital charges, has changed significantly.

2000/2001 £000		2001/2002 £000
	Income	
	Gross Rental Income	
41,413	- Dwelling Rents (Note 10)	41,209
387	- Non-Dwelling Rents	248
531	Charges for Services & Facilities	631
28,090	HRA Subsidy Receivable (including MRA) (Note 9)	39,395
140	Housing Benefit Transfers From General Fund	135
<u>70,561</u>	Total Income	<u>81,618</u>
	Expenditure	
	Repairs, Maintenance and Management	
15,851	- Repairs and Maintenance or contribution to Housing Repairs Account	15,971
7,779	- Supervision & Management	7,496
30,690	Rent Rebates	33,395
1,445	Provision for Bad / Doubtful Debts	600
	Cost of Capital	11,105
	Depreciation	
	- On Dwellings	3,831
	- On Other Assets	83
	Debt Management Expenses	258
<u>55,765</u>	Total Expenditure	<u>72,739</u>
<u>(14,796)</u>	Net Cost of Services	<u>(8,879)</u>
10,435	Adjusting Transfer / Asset Management Revenue Account	(1,199)
(511)	HRA Investment Income	(459)
<u>9,924</u>		<u>(1,658)</u>
<u>(4,872)</u>	Net Operating Expenditure	<u>(10,537)</u>
	Appropriations	
	- Revenue Contributions to Capital Expenditure	-
3,510	HRA set aside (contribution to MRP)	3,652
	- Transfer to Major Repairs Reserve	5,896
<u>3,510</u>		<u>9,548</u>
<u>(1,362)</u>	(Surplus) / Deficit for Year	<u>(989)</u>
	Housing Revenue Account Balances	
(1,841)	(Surplus) / Deficit at Beginning of Year	(3,203)
(1,362)	(Surplus) / Deficit for Year	(989)
<u>(3,203)</u>	Balance as at 31st March	<u>(4,192)</u>

It should be noted that due to the full introduction of Resource Accounting in the Housing Revenue Account during 2001/2002 that figures in certain lines of the Housing Revenue Account Operating Account are not directly comparable.

Notes to the Housing Revenue Account

1. **Housing Stock**

The Council was responsible for managing an average of 17,920 dwellings during 2001/2002. The stock was made up as follows:

	2000/2001 £000	2001/2002 £000
Houses	12,216	11,939
Flats	6,093	5,705
Bungalows	276	276
Total average stock	18,585	17,920

The change in the stock can be summarised as follows:

	2000/2001 £000	2001/2002 £000
Stock at 1st April	18,742	18,428
less: Sales	(283)	(517)
Demolition etc.	(31)	(500)
Stock at 31st March	18,428	17,411

2. **Fixed Assets**

The Valuation of fixed assets held within the Housing Revenue Account during the year was as follows:

	Gross 1 April 2001 £000	Gross 1 April 2002 £000	Net 1 April 2002 £000
Operational Assets			
- Council Dwellings	237,534	39,206	30,661
- Other	3,847	4,445	4,258
	241,381	43,651	34,919

Operational Assets are those which are used or occupied in direct delivery of the HRA service and comprise dwellings and other land, buildings and equipment. In accordance with DTLR guidance the basis of valuation for operational property is Existing Use Value (EVU) for non-housing property and Existing Use Value for Social Housing (EUV-SH) for housing property. However, where an Authority has received a positive ballot for the transfer of its housing stock the valuation for the balance sheet for the properties to be transferred must be the expected LSVT valuation. A positive ballot was obtained in Knowsley in December 2001 and the closing balance sheet and HRA have therefore been amended to reflect this.

Notes to the Housing Revenue Account

3. **Depreciation and Major Repairs Reserve**

For HRA dwellings depreciation has been calculated on a straight line basis based on each asset's estimated useful life. The corresponding credit to the Major Repairs Reserve has been fully used to finance capital expenditure on those assets.

For other HRA assets (local offices, equipment, etc.) depreciation has been calculated on a straight line basis based on each asset's estimated useful life. The corresponding credit to the Major Repairs Reserve has been reversed out in the appropriations section of the HRA below net operating expenditure, since unlike the charge for HRA dwellings, it is not funded from MRA, and depreciation charges not funded by the MRA do not at present impact on rents or other HRA services.

The resultant transactions on the Major Repairs Reserve are detailed below:-

	2001/2002 £000
Income	
Contribution from HRA (MRA)	(5,896)
Depreciation on Fixed Assets	
- On Dwellings	(3,831)
	(9,810)
Expenditure	
Capital expenditure funded from MRA	9,810
(Surplus)/Deficit for the year	-
Balance b/f	-
(Surplus)/Deficit for the year	-
Balance c/f	-

4. **Capital Financing Costs**

Capital expenditure during the financial year from the disposal of HRA assets were as follows:-

	2000/2001 £000	2001/2002 £000
Borrowing	10,226	1,592
Capital Receipts	-	89
Major Repairs Reserve	-	9,810
CERA	66	-
	10,292	11,491
Deferred Purchase Scheme Payments	1,273	1,176
	11,565	12,667

5. **Capital Receipts**

Capital receipts during the financial year from the disposal of HRA assets were as follows:-

	2000/2001 £000	2002/2002 £000
Right to buy	3,663	4,620
Land Sales	68	-
Mortgage Principal Repayments	565	481
	4,296	5,101

Notes to the Housing Revenue Account

6. **Resource Accounting**

The introduction of Resource Accounting into the HRA has resulted in the introduction of charges to reflect the cost of capital employed in providing housing assets. A key element of this new Financial Framework is the cost of capital charge, calculated as 6% of the value of HRA operational assets, carried out in accordance with the guidance on stock valuation published by DTLR in May 2000. This equated to £11.105m

To ensure that the cost of capital charges do not impact on the amount of income to be generated to achieve a balanced budget ie. in rents from Council tenants they are reversed out via the Capital Asset Charges Accounting Adjustment. This adjustment (£1.199m) ensures that the HRA continues to bear its share of an Authority's debt financing and management costs as calculated in the Government's Item 8 determination.

No equivalent figures are available for 2000/2001 since HRA Resource Accounting only became operational during 2001/2002. The debt financing and management costs charged in compliance with the Item 8 determination were £9.906m

7. **Impairment**

There were no instances of impairment on HRA assets during the year.

8. **Deferred Charges**

The only charges to HRA in respect of deferred charges, were to RTB Admin.

9. **Housing Revenue Account Subsidy**

Housing Revenue Account Subsidy is intended not only to finance housing benefits but also contributes to the cost of housing provision to the extent that the local authority's resources fall short of its expenditure requirements. The subsidy is calculated by reference to a notional HRA, which is based on a range of estimates which central government believes an authority should spend and how much income it should raise.

NOTIONAL HRA

	2000/2001 £000	2001/2002 £000
Expenditure		
Management and Maintenance	18,863	18,060
Charges for Capital	12,500	12,226
Housing Benefits	31,118	33,789
Other Reckonable Expenditure	-	-
Major Repairs Allowance	-	9,810
	<u>62,481</u>	<u>73,885</u>
Income		
Rents	34,039	34,183
Other Reckonable Income	-	-
Interest on receipts	352	307
	<u>34,391</u>	<u>34,490</u>
Housing Revenue Account Subsidy Payable	28,090	39,315
Prior Year Adjustment	-	80
	<u>28,090</u>	<u>39,395</u>

Notes to the Housing Revenue Account

10. **Gross Rent Income**

This is the total rent income due for the year after allowance is made for voids. During the year an average of 7.74% (£3.507m) of lettable properties were vacant; in 2000/2001 the figure was 7.43% (£3.204m). Average rents were £49.85 a week in 2001/2002 an increase of £1.71 or 3.5% over the previous year. After allowing for housing benefit payments (£33.4m) the net rent collectable was £7.81m.

11. **Rebates**

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. Over 81% of the Council's tenants receive some help with the cost of rent.

12. **Rent Arrears and Provision for Bad Debts**

At 31.3.2002 rent arrears as a proportion of gross rent income are 10.06% of the amount due compared to 13.34% at 31.3.2001.

	2000/2001 £000	2001/2002 £000
Arrears at 31st March	5,525	4,502
Provision for Bad Debts at 31st March	2,683	2,586

13. **Mortgage Interest**

Interest receivable by the Council for mortgages can be analysed as follows:

	2000/2001 £000	2001/2002 £000
Right to Buy Mortgagors	346	276
Other Mortgagors	-	-
	<u>346</u>	<u>276</u>

14. **Asset Management Revenue Account**

Interest receivable by the Council for mortgages can be analysed as follows:

	2001/2002 £000
Income	
Cost of Capital Charges	(11,105)
Depreciation on Fixed Assets	
- On Dwellings	(3,831)
- On Other Assets	(83)
Impairment of Fixed Assets	-
Amortisation of Deferred Charges	-
	<u>(15,019)</u>
Expenditure	
HRA Interest Costs	9,906
Depreciation on Fixed Assets	
- On Dwellings	3,831
- On Other Assets	83
Transfer to/from HRA	1,199
	<u>15,019</u>

Collection Fund Income and Expenditure Account

The Collection Fund Income and Expenditure Account shows the income from Council Tax and business rates together with their distribution.

2000/2001 £000		2001/2002 £000	2001/2002 £000
	Income		
28,207	Council Tax Receivable (Note 2)		28,407
13,176	Transfers from/to General Fund - Council Tax Benefit		14,568
41,383			42,975
	Income Collectable from Business Ratepayers (Note 4)		23,753
20,779			23,753
62,162			66,728
	Expenditure		
	Precepts and Demands		
36,067	- Knowsley MBC	37,694	
1,558	- Fire and Civil Defence Authority	1,607	
3,300	- Police Authority	3,504	
			42,805
20,645	Payment to NNDR Pool	23,622	
134	Costs of Collection	131	
			23,753
404	Provision for Council Tax Bad and Doubtful Debts		423
62,108			66,981
54	Movement in year (Note 2)		(253)
(189)	Balance B/F		(135)
(135)	Balance C/F		(388)

Notes to the Collection Fund

1. Council Tax Base

Band	Value	Number of Dwellings	Band D Equivalent
A	up to £40,000	38,802	25,868
B	£40,001 to £52,000	11,335	8,816
C	£52,001 to £68,000	8,080	7,182
D	£68,001 to £88,000	3,060	3,060
E	£88,001 to £120,000	1,270	1,552
F	£120,001 to £160,000	234	338
G	£160,001 to £320,000	115	192
H	Over £320,000	17	34
		62,913	47,042
	Less Exemptions and Discounts		(5,586)
			41,456
	Collection Rate		99%
			41,041

2. Reconciliation of Knowsley Demand with Council Tax Receivable

	Estimate £000	Actual £000	Variance £000
Knowsley Demand (including Parish Precepts)	37,694	37,441	(253)
Preceptor Payments	5,111	5,111	-
	42,805	42,552	(253)
Less Benefit Received	(14,568)	(14,568)	-
	28,237	27,984	(253)
Contribution to Provision for non collection	423	423	-
Council Tax Receivable	28,660	28,407	(253)

3. Council Tax

The 2001/2002 basic amount of Council Tax at Band D for properties without a Parish precept, was calculated as follows:

	£000
Budget Requirements (excluding Parish Precepts)	186,874
less Government Grants/NNDR	(150,075)
Collection Fund Surplus	-
Council Tax Demand	36,799
divided by Council Tax Base (Note 1)	41,041
Council Tax at Band D (£)	896.63

Notes to the Collection Fund

4. National Non-Domestic Rates

NNDR is organised on a national basis. The Government specifies a rate in the £, and subject to any transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of their property by the rate in the £ set (41.6p in 2000/2001 and 43.0p for 2001/2002).

The Council is responsible for collecting NNDR from payers within its area on behalf of the Government. Sums collected are held initially within the Council's Collection Fund and then paid into an NNDR Pool administered by the Government. The Government redistributes the sums paid into the Pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income of £23.753m for 2001/2002 was based on a rateable value as at 31.3.2001 of £60.839m (£58.940m for 2000/2001).

Consolidated Balance Sheet

The General Fund Balance Sheet sets out the overall financial position of the Council (excluding Trust Funds) by comparing the net situations on the Authority's assets and liabilities.

Balance at 31.3.2001 £000		Balance at 31.3.2002 £000	Balance at 31.3.2002 £000
	Net Fixed Assets (Note 1)		
232,701	Council dwellings	30,661	
	Other Operational Assets		
223,168	- Other Land and Buildings	230,550	
25,614	- Vehicles, Plant, Furniture and Equipment	24,579	
85,338	- Infrastructure	92,320	
1,619	- Community Assets	1,278	
48,035	Non-operational Assets	43,800	
616,475			423,188
	3 Long Term Investments (Note 3)		3
	Long Term Debtors		
4,404	Mortgagors	3,373	
836	Car Loans	762	
8	Houses in Possession	8	
			4,143
621,726	Total Long Term Assets		427,334
	Current Assets		
1,794	Work in Progress/Stock in Hand (Note 4)	1,792	
31,425	Investments (Note 5)	44,100	
34,434	Debtors (Note 6)	38,801	
2,056	Imprest/Cash in Hands of Collectors	1,911	86,604
691,435	Total Assets		513,938
	Less Current Liabilities		
22,662	Short Term Borrowing (Note 7)	10,773	
32,396	Creditors (Note 8)	38,016	
919	Trust Funds Cash in Hand	948	
7,611	Cash Overdrawn (Note 9)	12,574	
			62,311
627,847	Total Assets less Current Liabilities		451,627
	Less Long Term Liabilities		
197,422	Long Term Borrowing (Note 10)	209,649	
26,420	Government Grants Deferred Account	35,747	
11,887	Provisions (Note 11)	13,024	
			258,420
392,118	Total Assets less Liabilities		193,207

Consolidated Balance Sheet

Balance at 31.3.2001 £000		Balance at 31.3.2002 £000
	Financed by	
190,776	Fixed Asset Restatement Reserve (Note 12)	(24,131)
172,517	Capital Financing Reserve (Note 13)	188,225
3,475	Deferred Capital Receipts	2,994
3,540	Usable Capital Receipts Reserve (Note 14)	3,260
11,426	Reserves (Note 15)	11,704
	Revenue Balances	
7,316	- General Fund	7,350
3,203	- Housing Revenue Account	4,193
(135)	- Collection Fund	(388)
		11,155
392,118	Total Equity	193,207

Notes to the Consolidated Balance Sheet

1. Fixed Assets

Movements in fixed assets during the year were as follows:

	Council Dwellings £000	Other Land & Buildings £000	Vehicle Plant & Equipment £000	Infra- structure £000	Non-oper- ational Assets £000	Community Assets £000	Total £000
Gross book value as at 1.4.2001	237,534	228,064	29,671	86,201	48,172	1,619	631,261
Opening Revaluations And Restatements	-	(673)	(62)	-	-	-	(735)
	237,534	227,391	29,609	86,201	48,172	1,619	630,526
Additions	11,220	11,850	1,514	7,023	1,950	32	33,589
Other Expenditure							
Disposals	12,885	-	-	-	2,264	-	15,149
Revaluations	(196,663)	837	6	897	(3,728)	(373)	(199,024)
Gross book value as at 31.3.2002	39,206	240,078	31,129	94,121	44,130	1,278	449,942
Depreciation							
Balance as at 31.3.01	4,833	4,896	4,057	863	137	-	14,786
Depreciation for year	3,712	4,632	2,493	938	193	-	11,968
Balance at 31.3.2002	8,545	9,528	6,550	1,801	330	-	26,754
Net book value as at 31.3.2002	30,661	230,550	24,579	92,320	43,800	1,278	423,188

The capital expenditure was financed as follows:

	£000
Loans	6,296
Capital Receipts	4,495
Grants	19,902
CERA	450
Other	2,446
	33,589

Depreciation, other than for Infrastructure which is written down by the amount of capitalised maintenance in the year, is calculated on the straight line method based on the following useful life of assets:

Council Dwellings	50 years
Other Land & Buildings/Community Assets	50 years
Vehicles Plant & Equipment	20 years
Non Operational Assets (excluding land and leases)	50 years

The Net Book Value as at 31.3.2002 can be split over:

	£000
GF	385,794
HRA	34,919
Trading Operations	2,475
	423,188

Notes to the Consolidated Balance Sheet

Post Balance Sheet Event

Following a successful ballot of Knowsley's Council tenants, Knowsley Metropolitan Borough Council undertook a Large Scale Voluntary Transfer (LSVT) of its housing stock on the 15 July 2002. This involved transferring approximately 17,000 dwellings and 567 staff to the newly created Knowsley Housing Trust (KHT). The impact of this has been reflected in the Authority's 2001/2002 accounts with effect from the date of the ballot (December 2001).

The main items of capital expenditure during 2001/2002 were:

	£000
Economic, Development and Planning	
- Knowsley Industrial Park (KIP) Regeneration	1,259
- Knowsley Development Partnership	2,368
- KIP Rail Freight Terminal	1,115
- Huyton Business Park	304
- Former St Kevin's Site - Acquisition of Swap Site	326
Education Services	
- New Deals III & IV	1,295
- City Learning Centres	1,055
- Specialist Schools	854
- Basic Need - Knowsley Hey & Halewood	741
General Purposes	
- Monitoring Residential Hotspots (CCTV in Northwood)	251
Leisure Services	
- Halewood Leisure Centre	4,095
- King George V Playing Fields	1,798
Highways	
- Aids to Public Transport	1,032
- Knowsley Industrial and Business Park Strategy	737
- Structural Maintenance of Highways	1,033
Housing & Environmental Health	
- Central Heating Programme	1,593
- Page Moss Regeneration	2,200
Finance	
- Core Financial Systems Replacement	122
Social Services	
- CRISSP Replacement	150
- Adaptations for the Disabled	93

Significant contracts for future capital expenditure as at 31st March 2002 include the following:

	£000
Manor Farm	875
Huyton Lathom Road Development	5,394
Kings Business Park	622
Huyton Business Park	236
Petroline Site	324
City Learning Centres	741
Basic Need - Halewood/Knowsley Hey	419
Plantation School Scheme	296

Notes to the Consolidated Balance Sheet

Halewood Leisure Centre	316
King George V Playing Fields	2,074
Aids to Public Transport	936
Structural Maintenance of Highways	383
A506 Area Highway Improvements	200
Housing Demolitions	1,500
Page Moss Regeneration	800
Central Heating Programme	600
Core Financial Systems Replacement	166
CRISSP Replacement System	157

An analysis of the type and number of fixed assets is shown below:

	31.3.2001	31.3.2002
Council dwellings	18,428	17,411
Administrative buildings	4	4
Offices	18	18
Depots and Workshops	6	6
Magistrates Courts	1	1
Museums	1	1
Leisure and sports centres	6	6
Club House	1	1
Civic halls and suites	2	2
Community and Youth Centres	15	15
Libraries	7	7
Parks, playing fields, and open spaces	375 Ha	375 Ha
Country and picnic parks	113 Ha	113 Ha
Market	1	1
Cemeteries	2	2
Allotments	122 Plots	122 Plots
Schools - Primary	28	27
- Secondary	7	7
- Other	8	8
Homes for people with learning disabilities	1	1
Centres for people with learning/physical disabilities	3	5
Day centres for the Elderly	2	2
Hostels for the Homeless	2	2
Other Social Services establishments	16	15
Commercial properties - rented/leased	223	220
- void	6	5
Industrial properties - rented/leased	398	393
- void	8	12
Public conveniences	3	3
Roads - principal	85 Km	85 Km
- other	450 Km	450 Km
Bridges	117	117
Lamp units	18,105	18,105
Vehicles and plant	209	344
Community Assets	31	20

Notes to the Consolidated Balance Sheet

2. **Deferred Charges**

An analysis of the deferred charges and their movement is as follows:

	Balance 31.3.2001 £000	Expend in year £000	Written Off £000	Balance 31.3.2002 £000
Capital Grants	-	5,099	5,099	-
Improvement Grants	-	1,308	1,308	-
Housing Associations	-	762	762	-
HRA Housing Associations	-	200	200	-
Other	-	504	504	-
TOTAL	-	7,873	7,873	-

The capital expenditure was financed as follows:

	£000
Loans	1,332
Capital Receipts	1
Grants	6,000
Other	540
	7,873

3. **Long Term Investments**

These are 3.5% Treasury Stock.

4. **Stocks and Work in Progress**

	31.3.2001 £000	31.3.2002 £000
Work in progress		
- Building Maintenance DLO	66	334
- Contract Services	21	-
- Other General Fund	270	181
Total Work in Progress	357	515
Stocks		
- Building Maintenance DLO	891	681
- Contract Services	580	497
- Other General Fund	29	26
- Leisure Services DSO	20	28
- Housing	-	45
	1,520	1,277
Less Revaluation Provision	(83)	-
Total Stocks	1,437	1,277
TOTAL	1,794	1,792

Notes to the Consolidated Balance Sheet

5. **Short Term Investments**

This represents cash on deposit and other liquid investments.

6. **Debtors**

	31.3.2001 £000	31.3.2002 £000
Amounts falling due in one year:		
Government Departments	14,653	19,369
Other Local Authorities	399	1,069
Employee Related	535	87
Housing rents	5,573	4,509
Sundry Debtors	10,110	11,474
Car loans	209	190
Payments in advance	2,196	2,024
Collection Fund	6,317	5,779
Provision for bad debts		
General	(3,973)	(3,836)
Collection Fund	(1,585)	(1,864)
	34,434	38,801

7. **Short Term Borrowing**

Source of Loan	Range of interest rates payable(%)	31.3.2001 £000	31.3.2002 £000
PWLB	2.5% to 11.375% (4.5% to 11.375%)	14,337	6,248
Deferred Purchase	Variable	1,000	1,000
Other Local Authorities	Variable	500	525
Temporary Loans	3.875% (5.1875% to 5.625%)	6,825	3,000
		22,662	10,773

8. **Creditors**

	31.3.2001 £000	31.3.2002 £000
Employee related	342	1,632
Government Departments	4,791	15,372
Other Local Authorities	167	1,213
Sundry creditors	21,404	10,804
Income in advance	1,722	1,678
Collection Fund	1,531	4,618
Interest	2,439	2,699
	32,396	38,016

Notes to the Consolidated Balance Sheet

9. Cash

At 31st March 2002 the actual bank account balance was £1.611m in hand. However, cheques raised but unpresented at the bank and other miscellaneous balances totalled £14.185m producing the cash overdrawn account figure of £12.574m.

10. Long Term Borrowing

Source of Loan	Range of interest rates payable(%)	31.3.2001 £000	31.3.2002 £000
PWLB	2.5% to 11.375% (4.5% to 11.375%)	186,291	200,043
Other Local Authorities *	Variable	9,061	8,536
Deferred Purchase	Variable	2,065	1,065
Miscellaneous	5.75%	5	5
		<u>197,422</u>	<u>209,649</u>

An analysis of loans by maturity is:

Maturing in 1-2 years	9,391	9,112
Maturing in 2-5 years	24,954	26,376
Maturing in 5-10 years	25,954	17,420
Maturing in more than 10 years (inc OLA's)	137,123	156,741
	<u>197,422</u>	<u>209,649</u>

* This represents debt transferred on Local Government reorganisation in 1974 and 1986 but administered by other Authorities.

Notes to the Consolidated Balance Sheet

11. Provisions

These monies have been set aside to cover the following potential liabilities.

	Balance 31.3.2001 £000	Receipts £000	Payments £000	Balance 31.3.2002 £000
James Holt Avenue	134	-	134	-
Pathways	54	-	-	54
Insurance	10,592	4,166	3,149	11,609
ITEC	102	-	102	-
EHS Agreement	225	-	225	-
Contract Services	56	-	-	56
New Deal	132	-	-	132
Community and Youth Rates	-	52	24	28
Rechargeable Works	42	-	-	42
Waste Minimisation	72	-	72	-
Safe Spaces	23	-	13	10
Community Consultation	30	-	-	30
Field Lane	3	-	3	-
Playgrounds	30	-	30	-
Leisure Rates	3	-	3	-
Replacement of CRISSP System	167	-	10	157
Disability Services Multi Agency Training	7	-	7	-
Council Tax	215	120	139	196
Merseyside Magistrates	-	23	-	23
Asset Register	-	28	-	28
Green Flag	-	3	-	3
Halewood Leisure Centre Rates	-	1	-	1
Kirkby Library Refurbishment	-	166	-	166
Kirkby Strategy	-	33	-	33
Whitstone Millennium Green	-	5	-	5
Arts in School	-	5	5	-
PARC - Seedcorn	-	22	18	4
King George V Feasibility	-	50	-	50
Best Value Review	-	14	-	14
Housing Survey	-	25	-	25
Education Standards Fund Match (April to Sept 2002)	-	162	-	162
School Kitchen Gas Legislation	-	78	-	78
School Finance SLA	-	13	-	13
Education NRF Funding	-	100	-	100
School Meals Client Function	-	5	-	5
	<u>11,887</u>	<u>5,071</u>	<u>3,934</u>	<u>13,024</u>

The main provisions held by the Authority at 31 March 2002 are in respect of:

- **James Holt Avenue** - Monies set aside to contribute to the shop refurbishment capital scheme.
- **Pathways** - Provision set up to contribute to pathways projects in 2002/2003.
- **Insurance** - This provision provides cover for those risks which are not insured against externally, premiums are paid into the fund from revenue accounts and claims are met directly from the fund. The Insurance Provision covers claims up to £110,000 per incident for risks associated with property and liability. Any greater claims are covered by policies held with external insurance, along with all other types of risks.

Notes to the Consolidated Balance Sheet

- **ITEC** - To provide for the final payments to contractors upon resolution of the final accounts.
- **EHS Agreement** - Monies set aside to provide for the final payment due in 2001/2002, for an Exchange Hire Scheme in respect of the leasing of major IT equipment.
- **Contract Services** - This provision is for the write-off for obsolete stock on KCS stores.
- **New Deal** - This is the employed option of the Government's New Deal Programme for 18-24 year olds. It has been funded from different sources since 1998/99, mainly by the Authority and the Employment Service.
- **Community & Youth Rates** - To provide for expenditure in 2002/2003 in respect of discretionary rate relief, mobile playbus, and area forums.
- **Rechargeable Works** - An allocation to cover losses where full recovery of costs is not made.
- **Safe Spaces** - This is funding for safe spaces shelters for young people to congregate around. The placing of the shelters has been partially rephased into 2002/2003, this is due to the extensive community consultation that must be carried out before the shelter locations are finalised.
- **Community Consultation** - This is funding to contribute towards the development of the Modernisation Agenda.
- **Replacement of CRISSP System** - To provide for the outstanding costs of replacing the Community Care database hardware and software.
- **Council Tax** - To provide for Council Tax on void housing properties.
- **Merseyside Magistrates** - To provide for related expenditure due in 2002/2003.
- **Asset Register** - To provide for the cost of setting up a database for the Sustainability, Environmental & Development Unit.
- **Green Flag** - To provide for the costs of improving parks, leading to the Green Flag Award.
- **Halewood Leisure Centre Rates** - To provide for outstanding costs relating to the Bridgefield/Halewood changeover.
- **Kirkby Library Refurbishment** - To provide for expenditure on the refurbishment of Kirkby Library.
- **Kirkby Strategy** - To provide for the review of sports facilities in Kirkby.
- **Whitstone Millennium Green** - To provide for the cost of tree planting.
- **PARC - Seedcorn** - To provide for the cost of Community & Youth play schemes.
- **King George V Feasibility** - This represents a revenue contribution for feasibility costs for the KGV capital scheme.
- **Best Value Review** - To provide for the co-ordination costs of the Community & Youth consultancy.
- **Housing Survey** - To provide for the requirement to carry out a private housing stock condition survey in 2002/2003.
- **Education Standards Fund Match (April to Sept 2002)** - To provide for match funding for the remaining time of the 18 month standards fund period which spans both 2001/2002 and 2002/2003 financial years.
- **School Kitchen Gas Legislation** - To provide for remaining works required to update gas appliances in school kitchen premises to comply with the changes in legislation.
- **School Finance SLA** - To provide for temporary staff cover due to a long term sickness and allow for a contingency plan to cover the impending retirement.
- **Education NRF Funding** - To contribute to the match funding for the Neighbourhood Renewal Fund - Teaching & Learning in the 2002/2003 financial year.
- **School Meals Client Function** - To provide for a review of the school catering service to meet statutory and nutritional requirements.

Notes to the Consolidated Balance Sheet

12. **Fixed Asset Restatement Reserve**

This reserve has been created for the valuation of assets under the new capital accounting system, as well as differences arising from future valuations, disposals and write-offs.

	2000/2001 £000	2001/2002 £000
Balance brought forward	208,583	190,776
Surplus/(Deficit) on revaluation and restatement of fixed assets	(10,156)	(199,758)
Disposal of fixed assets	(7,651)	(15,149)
Balance carried forward	190,776	(24,131)

13. **Capital Financing Reserve**

This reserve contains the amounts, which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

	2000/2001 £000	2001/2002 £000
Balance brought forward	168,182	172,517
Capital receipts set aside	3,396	3,816
Prior Year Adjustment Capital Receipts	-	-
Transferred Debt receipts set aside	15	31
Capital financing - capital receipts	3,144	4,496
- revenue	380	500
- other	5,020	12,618
Repayment of External loans	(5,418)	(4,645)
ERDF Grants set aside	-	-
Transfer from Government Grants Deferred	522	765
Less		
Write down of deferred charges	(2,724)	(1,873)
Balance carried forward	172,517	188,225

14. **Usable Capital Receipts Reserve**

Under the Local Government and Housing Act 1989 a statutory proportion of capital receipts must be set aside for loan debt redemption, as detailed under Accounting Policies (page 6). The balance is available to finance capital expenditure.

	2000/2001 £000	2001/2002 £000
Balance at beginning of year	3,280	3,540
Prior year adjustment	-	-
Capital receipts in year for sales of assets	6,800	8,032
	10,080	11,572
Less:		
Set aside for loan redemption	(3,396)	(3,816)
	6,684	7,756
Capital Receipts applied during year	(3,144)	(4,496)
Balance at end of year	3,540	3,260

Notes to the Consolidated Balance Sheet

15. Reserves

	Balance 31.3.2001 £000	Receipts £000	Payments £000	Balance 31.3.2002 £000
Strategy Reserve	1,783	109	141	1,751
Capital Reserve	867	461	1,146	182
Museum	25	25	25	25
Social Services	1,817	482	318	1,981
Contract Services Reserve	46	183	100	129
Waste Minimisation	-	72	50	22
Market Reserve	402	372	402	372
Schools	2,655	110	516	2,249
Trading Reserve	300	1,249	953	596
Building Rationalisation	213	-	-	213
Housing Benefit	-	45	45	-
Environmental Advisory Service	-	15	-	15
Meteorology Lab Equipment	-	10	-	10
Analyst Fee Reserve	-	11	-	11
Environmental Charter Reserve	-	11	-	11
KIP Railfreight	21	-	-	21
Jaguar/SSADA Strategies	15	-	15	-
Peopleside Economic	100	-	-	100
Loweswater Shops	-	16	-	16
Manor Farm	-	184	-	184
Prescot Town Centre (Wall)	-	30	-	30
SPIK Seedcorn	-	113	-	113
Winter Maintenance	59	-	-	59
Prescot Regeneration	80	-	-	80
Schools NNDR	8	-	8	-
Teachers Pensions	539	382	221	700
Excluded Pupils	-	7	-	7
Standard Fund Match	-	95	-	95
Education Development Centre	-	88	-	88
Local Agenda 21	4	-	4	-
Field Lane	-	3	-	3
Playgrounds	-	30	-	30
IT Equipment/Development	42	-	-	42
Extra District Contributions	366	-	-	366
Risk Management	188	-	-	188
Schools Maintenance	989	211	-	1,200
SHAPS	103	-	103	-
Housing Stock Transfer	-	815	-	815
Schools Devolved Contributions	804	2	806	-
	11,426	5,131	4,853	11,704

Notes to the Consolidated Balance Sheet

The main reserves held by the Authority at 31 March 2002 are in respect of:

Strategy Reserve - Monies set aside to meet identified corporate policy developments.

Capital Reserve - Monies set aside in order to maintain in part the capital programme of the Authority.

Museum - This reserve holds a bequest of £12,000 made by Arthur Rigby, and donations made from the public visiting the museum. The monies are used to purchase objects for display in the museum.

Social Services - To provide for future costs of all services.

Contract Services Reserve - This reserve is the cumulative position as a result of a combination of the net effect of surpluses/deficits generated by Contract Services trading operations and under/over recovery in respect of departmental overhead accounts.

Waste Minimisation - This represents monies set aside to contribute to Waste Minimisation initiatives such as kerbside collection of waste paper.

Market Reserve - This reserve holds the cumulated surpluses made from the Authority's markets.

Schools Reserve - This reserve is made up of individual school balances to fund future expenditure requirements for the running of the schools. The Schools Reserve is the sum of the individual balances of delegated budgets that are held by schools, and are committed to be spent by the schools. There are 68 schools with underspends totalling £2.362m and 10 schools with a total overspend of £0.223m.

Trading Reserve - This represents the combined net trading surplus for Chief Executives, Finance, Planning & Development, Building Maintenance, Leisure and Construction & Property services.

Building Rationalisation - This reserve is to fund major repairs and improvements for Housing Operational Buildings.

Environmental Advisory Service - This reserve is to cover the costs of an advisory service for issues relating to contaminated lanes.

Meteorology Lab Equipment - Funding for meteorology equipment when required in relation to Trading Standards functions.

Analyst Fee Reserve - This reserve has been set up to fund analyst fees for samples taken in accordance with the requirements of the Food Standards Agency.

Environmental Charter Reserve - Funding issues in relation to the Environment and Air Quality.

KIP Railfreight - This represents the retention element of costs associated with the construction of the Railfreight Terminal, which was completed in 2001/2002.

Peopleside Economic - A series of people related job creation projects (e.g Local Labour and Construction). This will be utilised in 2002/2003.

Loweswater Shops - Reserve set up to cover the costs of re-development of the shopping arcade. This is expected to be used in 2002/2003.

Manor Farm - Reserve set up to cover the costs of shop refurbishment. This will be utilised over the next two years.

Notes to the Consolidated Balance Sheet

Prescot Town Centre (Wall) - Reserve set up to cover new phasing of Prescot Town Centre redevelopment.

SPIK Seedcorn - Reserve set up to cover the Supporting Pathways in Knowsley regeneration scheme, which aims to improve neighbourhood facilities throughout the Borough.

Winter Maintenance - Reserve set up for covering the additional costs in severe winter periods.

Prescot Regeneration - Reserve set up to redevelop Prescot Town Centre (new roads, bus routes and pedestrian crossing).

Teachers Pensions - Reserve for the future pension costs of teachers retiring prematurely since the new regulations were introduced in 1997.

Excluded Pupils - To utilise for the tuition of pupils excluded from mainstream schools.

Standards Fund Match - To utilise for future standards fund match requirements.

Education Development Centre - To provide office accommodation for staff employed on fixed term initiatives within the Department.

Field Lane - A revenue contribution to Millennium works due for completion in 2002/2003.

Playgrounds - A revenue contribution funding the Stockbridge Village Playground works due for completion in 2002/2003.

IT Equipment/Development - Development of new systems and replacement of old IT equipment.

Extra District Contributions - Reserve created for outstanding extra district claims.

Risk Management - Reserve created for funding future risk management initiatives.

Schools Maintenance - Individual school reserves to set aside funds for maintenance requirement, such as improved security, CCTV equipment and refurbishment of playgrounds.

Housing Stock Transfer - This reserve has been created to cover set up costs following the Housing Stock Transfer.

16. Provision for Credit Liabilities (Memorandum Account)

This comprises amounts set aside from revenue and capital receipts to repay loans and credit arrangements as required by the Local Government and Housing Act 1989.

	2000/2001 £000	2001/2002 £000
Balance brought forward	55,530	58,926
Minimum Revenue Provision	5,870	6,025
Reserved capital receipts	3,396	3,816
Reserved capital receipts - Prior Year Adjustment	-	-
Reserved ERDF grants	-	-
	<u>64,796</u>	<u>68,767</u>
Amount of debt repaid	(5,870)	(6,025)
Balance carried forward	<u>58,926</u>	<u>62,742</u>

Notes to the Consolidated Balance Sheet

17. Trust Funds

The Council administers a number of Funds as sole trustee and are related principally to legacies left by individual inhabitants over a period of years.

	Balance 31.3.2001 £000	Receipts £000	Payments £000	Balance 31.3.2002 £000
King George V Playing Fields	821	35	19	837
Huyton Distress Fund	28	2	1	29
Social Services Trust Funds	76	6	4	78
Education Trust Funds	6	-	-	6
CRISSP User Fund	30	2	-	32
	<u>961</u>	<u>45</u>	<u>24</u>	<u>982</u>

18. Interest in Companies

Knowsley Development Partnership Ltd

Knowsley Development Partnership Ltd was set up on 23 October 1998 as a formally incorporated public/private sector partnership between the Council and Caddick Developments Ltd for the purpose of developing industrial units at Knowsley Industrial Park.

Caddick Developments Ltd have a majority shareholding of 829 (83%) of the 999 £1 ordinary shares. The Council's holding of 170 shares is therefore a minority share and is less than that required for the company to be regarded as an influenced company.

Copies of the company's accounts can be obtained from the Director, Knowsley Development Partnership Ltd, Calder Grange, Knottingley, WF11 8DA.

19. Group Accounts

The Authority, where it has an interest in entities, which would be regarded as subsidiaries, associates or joint ventures if the Authority were subject to the Companies Acts, is required to produce supplementary information in the form of summarised group accounts. Under this definition, the Authority has no such interests and therefore is not required to produce such group accounts.

20. Euro Costs

No expenditure was incurred during 2001/2002 in preparing for the possible national introduction of the Euro currency. There are no commitments in respect of costs to be incurred.

Statement of Total Movement in Reserves

Capital Reserves

	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Total £000
Opening Balance 1.4.2001	190,776	172,517	3,540	366,833
Repayments/loan redemption	-	(4,645)	-	(4,645)
Unrealised gains on revaluation of Fixed Assets	(199,758)	-	-	(199,758)
Net surplus/deficit on Disposal of Fixed Assets	(15,149)	-	8,032	(7,117)
Financing of Fixed Assets	-	17,614	(4,496)	13,118
Transfer from other Accounts	-	2,739	(3,816)	(1,077)
Closing Balance 31.3.2002	(24,131)	188,225	3,260	167,354

Revenue Reserves

	Collection Fund £000	General Fund £000	Specific Reserves £000	Housing Revenue Account £000	Total £000
Opening Balance 1.4.2001	(135)	7,316	11,426	3,203	21,810
Net Surplus/(Deficit) for year	(253)	34	278	990	1,049
Closing Balance 31.3.2002	(388)	7,350	11,704	4,193	22,859

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2000/2001 £000	£000	2001/2002 £000	£000
Revenue Activities			
Cash Outflows			
141,160	Cash paid to and on behalf of employees	151,555	
153,251	Other operating cash payments	176,407	
15,369	Housing Benefit paid out	18,041	
21,526	NNDR Payments to National Pool	22,441	
5,744	Precepts Paid	6,005	
337,050			374,449
Cash Inflows			
(9,024)	Rents	(6,500)	
(24,037)	Council Tax income	(32,033)	
(43,027)	NNDR (Note 1)	(41,656)	
(21,661)	Non-domestic rate receipts	(19,802)	
(103,895)	Revenue Support Grant (Note 1)	(109,994)	
(27,135)	DSS Grants for Benefits (Note 1)	(17,829)	
(43,241)	Other Government Grants (Note 1)	(75,791)	
(52,657)	Cash received for goods and services	(50,338)	
(14,161)	Other operating cash receipts	(30,275)	(384,218)
(1,788)			(9,769)
Servicing of Finance			
Cash Outflows			
17,113	Interest paid	16,761	
Cash Inflows			
(1,616)	Interest received	(1,727)	
			15,034
13,709	Net Revenue Activities (Note 2)		5,265
Capital Activities			
Cash Outflows			
24,577	Purchase of Fixed Assets	23,487	
(1,550)	Other Capital Cash Payments	(11,249)	12,238
Cash Inflows			
(6,800)	Sale of fixed assets	(8,032)	
(20,886)	Capital Grants received (Note 1)	(16,091)	
(1,016)	Other capital cash receipts	(580)	(24,703)
8,034			(7,200)
Financing			
Cash Outflows			
16,381	Repayments of amounts borrowed		14,337
Cash Inflows			
(22,448)	New loans raised		(14,675)
(6,067)			(338)
Management of Liquid Resources			
Increase/Decrease in cash and cash equivalents (Note 3)			
5,175	Short term Investments	12,675	
(7,142)	Net Increase/Decrease in cash (Note 3)	(5,137)	
			7,538
(8,034)			7,200

Notes to the Cashflow Statement

1. Analysis of Grants

Type of Grant	£000
Department for Education	
Standards Fund	17,218
Mandatory Student Awards Grant	184
New Deals	765
Supported Employment	57
DTI	368
Department of the Environment, Transport and the Regions	
Revenue Support Grant	108,419
Neighbourhood Renewal Fund	1,575
Non Domestic Business Rates	41,656
Housing Subsidy	34,045
Objective One - ESF	407
Single Regeneration Budget	7,308
European Regional Development Fund	6,181
North West Development Agency	1,045
New Deal in the Communities	190
Supporting People	67
Neighbourhood Social Fund	27
New Opportunities Fund	7
Department of Social Security	
Housing Tax Benefit Administration Grant (35%)	295
Mandatory Rent Allowances	16,662
Council Tax Benefit Admin Grant (65%)	548
Council Tax Rebates Grant	13,885
Verification Framework	267
Department of Health	
Aids/HIV/Drugs Funding	33
Community Care Standard Transitional	1,370
Social Services Training Support	170
Mental Illness (Specific)	617
Quality Projects	914
Home Office	188
Improving Information Management	17
Leaving Care	751
Building Care Capacity	350
Home Office	
Dat Co-ordinator	27
Other	
Lottery	1,581
Other Miscellaneous Grants	1,289
Total	258,483

Notes to the Cashflow Statement

2. Reconciliation of Revenue Activities

	£000	£000
Defecit for year per Consolidated Revenue Account		34
Non cash transactions		
Add Depreciation	12,170	
Add Additional charge in respect of MRP	(7,054)	
Add Direct revenue financing of Capital Expenditure	500	5,616
Less contributions from reserves/provisions		(12,103)
		(6,453)
Items on an accruals basis		
Add decrease in stocks	3	
Less increase in debtors	(4,433)	
Add increase in creditors	5,619	
		1,188
Net cashflow from revenue activities		(5,265)

3. Reconciliation of Movement in Cash and Cash Equivalents

	Balance 31.3.2001 £000	Balance 31.3.2002 £000	Movement in the year £000
Cash in hand/at bank	2,056	1,911	(145)
Bank overdraft (includes unrepresented cheques)	(8,530)	(13,522)	(4,992)
Short term investments	31,425	44,100	12,675
			7,538

Statement of Responsibilities

The Authority is required to:

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance & Information Society Technologies;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Finance & Information Society Technologies Responsibilities

The Director of Finance & Information Society Technologies is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice')

In preparing this Statement of Accounts, the Director of Finance & Information Society Technologies has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Director of Finance & Information Society Technologies has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Director's Statement

The Authority's 2001/2002 Statement of Accounts presents fairly the financial position of the Authority at the 31 March 2002, and its income and expenditure for the year ended 31 March 2002.

STEVE HOUSTON
Director of Finance
& Information Society Technologies
20th November 2002

Auditors' Report to Knowsley MBC

I have audited the Statement of Accounts on pages 4 to 40, which have been prepared in accordance with accounting policies applicable to local authorities as set out in pages 4 – 6.

Respective Responsibilities of Chief Finance Officer and Auditors

As described on the previous page, the Director of Finance & Information Society Technologies is responsible for the preparation of the Statement of Accounts. My responsibilities as independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the Statement of Accounts presents fairly the financial position and results of operations of the Council.

Basis of Opinion

I carried out my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

My audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the Statement of Accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I consider necessary in order to provide me with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity of error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

Opinion

In my opinion, the Statement of Accounts presents fairly the financial position of Knowsley Metropolitan Borough Council at 31st March 2002 and its income and expenditure for the year then ended.

Certificate

I certify that I have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

CLIVE PORTMAN
District Auditor
20th November 2002

Glossary of Terms

Capital Charges

These are charged to the revenue accounts to reflect the value of the asset being used to provide the service.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to the value, or extends the useful life, of an existing asset.

Capital expenditure is not usually a direct charge to the revenue accounts, being normally met by loan, grant, external contribution or internal capital receipts.

Capital Receipts

Income from the sale of assets and repayment of advances.

Overheads

The cost of departments which are concerned with supporting the whole range of the Council's services. These departments, which include those of the Chief Executive and the Director of Finance, are recharged to main services to identify the full cost of operating these services.

Consolidated Balance Sheet

A summary of the assets, liabilities, funds and reserves of the Council. It brings together the accounts of the Authority including the General Fund, the Housing Revenue Account, the Trading Operations and the Collection Fund but excludes the independent trust funds administered by the Authority.

Consolidated Revenue Account

The account which summarises the cost of all the functions for which the Council is responsible and demonstrates how the net cost has been financed from Government grants and local taxpayers.

Deferred Charges

Expenditure which is of a capital nature, but where no tangible asset exists for example capital grants to voluntary organisations.

Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

Housing Revenue Account (HRA)

The account which records the income and expenditure relating to the provision of council housing.

Glossary of Terms

National Non Domestic Rate (NNDR)

The level of NNDR (Business Rate) is determined by Central Government. Amounts collected by local authorities are paid into a national pool and the total is redistributed by Central Government in proportion to the population of each authority.

Precepts

The amounts collected by the Council on behalf of the Joint Boards for Police, Fire and Civil Defence and various Parish Councils.

Provisions

Amounts set aside in the accounts for liabilities, which will arise in the future, the amount and timing of which are uncertain.

Public Works Loans Board (PWLB)

A government body which provides loans to local authorities for financing capital expenditure.

Reserves

Amounts set aside in the accounts to meet future commitments, for example, to implement a policy or as a contingency.

Revenue Accounts

The day-to-day expenditure and income of the Council on such items as salaries and wages of employees, running costs of services, and the purchase of consumable materials and equipment, together with the financing costs of capital assets.

Capital Expenditure from Revenue Account (CERA)

The financing of capital expenditure directly from revenue as opposed to borrowing, other credit arrangements or grants.

Revenue Support Grant (RSG)

This is the amount of general government grant support for local authority expenditure. The level of grant is intended to enable local authorities to provide a standard level of service. In addition, the Government also pays certain 'specified' grants directly related to particular services and costs. These include Housing Subsidies, grants towards mandatory students' awards (90%), rent and Council Tax rebates and allowances (90%) and Magistrates Courts (80%).

Trading Operations

Trading Operations are services provided to clients, either within the Authority or to external organisations, on a basis other than a recharge of cost, for example, quoted price or a schedule of rates.

