

### Summary of the 2009/10 Statement of Accounts

Our annual Statement of Accounts is important in showing how we use public money to provide services to the people of Knowsley. The full Statement of Accounts has to be prepared in line with national accounting rules and is a lengthy and complex technical document. This Summary provides a brief overview of the main facts and figures.

### Financial Overview

Despite continued pressure on the Council's financial resources, the Accounts show that the Council is maintaining a relatively strong financial position. This is due to effective forward planning, accurate financial reporting and good budget management. Each year the Council decides how to spend its money when it sets its annual budget - which is part of a three year spending plan for providing all Council services. The Council allocates extra money to areas of high priority, whilst continuing to improve efficiency and value for money to make sure that that money is being used effectively, and that your Council Tax is set at an affordable level.

Overall during 2009/10 the Council's total expenditure on providing services was £674.236m. Most of this is funded by the Government through grants and an allocation of non-domestic (business) rates. About 9% of total costs are funded through the Council Tax. At the end of the year there was a small balance of £0.121m left over after all the Council's expenditure had been paid for, and the Council's policy is to add this money to its general balances to ensure that the Council has a financial safety net in case of unexpected costs arising in the future.

There was an overall decrease of £186.006m (or 149%) in our balance sheet, due mainly to two separate issues. Firstly there was an increase of £92.108m in the Council's net pension liability during the year, arising from a change in the financial assumptions used by the actuaries in calculating the total Pension Fund liability for the Council. Merseyside Pension Fund adjusts pension contribution rates to make sure that in the longer term a balanced position is achieved.

Secondly, as part of the transition to International Financial Reporting Standards the Council has adopted new requirements for how Private Finance Initiative (PFI) schemes are shown in the accounts. The main change is that because the Council has effective control of these assets they should be shown on the Council's balance sheet from the date they become operational. As a result the 2009/10 balance sheet includes £91.451m of fixed assets relating to the four new Centres for Learning owned by the Council, and also a new long term liability to the private sector company of £92.875m. However, this liability is programmed to be fully repaid under the funding package for the scheme.

The balance sheet also reflects the reduction in asset values of £65.169m due to the demolition of the old schools, and which is shown as a one-off cost in the Income and Expenditure Account. As a result there is a significant impact on the overall Income and Expenditure Account deficit for the year; however as required under the accounting regulations, the Council offsets this so that there is no actual financial impact on the Council's overall balances at outturn.

### Instability in the Global Banking Sector

During the year there were continued concerns about the stability of the UK economy and banking sector, and the impact on the security and value of local authority investments. Knowsley Council has a very prudent approach to the way it makes investments and only lends to institutions with very high credit ratings. As a result of this approach it avoids exposure to the same risks that have affected other UK authorities and organisations. However the unprecedented events in the banking sector in recent years demonstrate that even top-rated institutions can be vulnerable so the Council makes sure it constantly reviews its investments to minimise any undue risks.

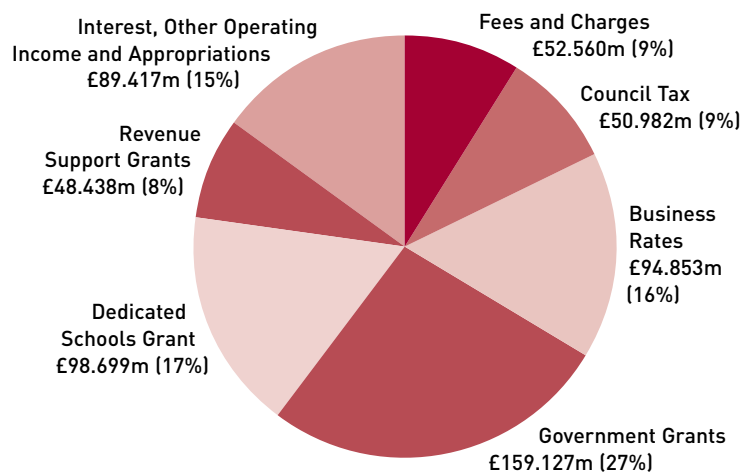
### Income and Expenditure Account for the year ended 31 March 2010

The Income and Expenditure Account shows the total cost of running Council Services between 1 April 2009 and 31 March 2010, and where the money came from to pay for the day to day costs of those services. In 2009/10 the difference between the total gross operating expenses and the total funding is the Council's overall surplus of £0.121m for the year. As a result of this surplus, the Council's general balances have increased to £5.120m which represents 3% of the Council's 2010/11 budget and is in line with the Council's policy. The Council's general balances are important as they provide the Council with capacity to spend money while awaiting income, and with flexibility to meet unforeseen expenditure pressures.

Income and Expenditure 2009/10	Expenditure £000	Income £000	Net Expenditure £000
<b>Cost of Council Services</b>			
Adult Social Care	106,560	(48,192)	58,368
Central Services to the Public	22,568	(20,140)	2,428
Cultural, Environmental, Regulatory and Planning Services	120,635	(68,968)	51,667
Education and Childrens Services	320,779	(187,188)	133,591
Highways, Roads and Transport Services	21,860	0	21,860
Housing Services	72,806	(71,873)	933
Corporate and Democratic Core	5,679	(550)	5,129
Non Distributed Items	3,349	0	3,349
<b>Net cost of services</b>	<b>674,236</b>	<b>(396,911)</b>	<b>277,325</b>
Interest received and other operating income			(2,892)
Interest payments and other operating expenditure			27,285
<b>Amount to be met from government grants and local taxation</b>			<b>301,718</b>
Government's Revenue Support Grant			(48,438)
Business Rates Grants			(94,853)
Council Tax Receipts			(50,982)
Income and Expenditure Account deficit for the year			107,445
Amounts deducted to the General Fund balance for the year			(107,566)
<b>Net General Fund Surplus for the year</b>			<b>(121)</b>

## Where the money came from

In 2009/10 the Council used money from several sources to pay for the revenue costs of services. The Council used resources totalling £594.076m during the year. Most of this money came directly from the Government as either Revenue Support Grant or other grants for specific services. Only 9% of the Council's money came from the Council Tax. Each year, the Council reviews its fees and charges to ensure that it receives the optimum amount of income to help provide services within its limited financial resources.



## Balance Sheet 2009/10 (What the Council owns and is owed)

	31 March 2010 £000
Building and Land owned by the Council	509,598
Investments	111,041
Work in Progress / Stock in Hand	319
Money owed to the Council	33,838
Money owed by the Council	(716,047)
	(61,251)
Financed by:	
Non-Distributable Reserves	(121,520)
Distributable Reserves:	
Reserves	55,149
Revenue balances	5,120
<b>Total</b>	<b>(61,251)</b>

This Council's balance sheet sets out the financial position of the Council at the end of the year and gives details of the Council's assets and liabilities. It also includes a number of specific reserves which the Council has set aside to fund known future commitments.

Cash Flow	Cash transactions with third parties		
	Paid £000	Received £000	Net Total £000
Day to day services	580,483	(587,428)	(6,945)
Improving the Council's assets	26,598	(23,440)	3,158
Total of new loans and investments	20,301	(16,514)	3,787
<b>Total Cash Flow</b>	<b>627,382</b>	<b>(627,382)</b>	<b>0</b>

This shows where the Council's money came from and how the Council spent the money. The money paid out is mainly to employees and for operating costs.

## Capital expenditure

In 2009/10, the Council spent £93.247m on acquiring or improving its buildings and other assets (known as 'capital' expenditure). Some of the Council's major capital commitments and investments are shown below:

### Fixed assets - Significant future commitments

Significant commitments for future capital investment as at 31.03.10 include the following projects:

Scheme	Purpose	£000
Targeted Capital Primary Schools	To build two new primary/special needs learning centres at Northwood and Greengates and two primary learning centres at North Huyton Joint Catholic and Church of England and Parkbrow with extended schools facilities and links to children centre provision.	30,780
Stockbridge Village Regeneration	This programme will provide a state of the art learning environment for children whilst also offering a range of other activities for families through dedicated community provision with the additional facilities of a family health centre, a new neighbourhood centre / leisure facility and library.	25,500
Leisure Facilities	The implementation of Phase III will see the centre of the Borough have one main leisure hub facility with a main public pool, with satellite sites that will consist of a smaller specialist water facility and a number of dry facilities in Stockbridge Village and Prescot.	24,975

### Major investments during 2009/10

Theme	Scheme	£000
Children and Family Services	Centres for Learning - Private Finance Initiative	70,434
	Schools' Modernisation Programme	867
	Future Schooling in Knowsley - Targeted Capital Primary Fund	819
Regeneration and Neighbourhoods	Highway Maintenance Programme	4,206
	Private Tenants Grants	1,431
	Energy Efficiency Grants	825
Leisure, Community and Culture	Play Pathfinder	1,800
Neighbourhood Delivery	Vehicle and Plant Replacement	586

## About this summary

This Summary provides a brief overview of the main facts and figures based upon our full audited Statement of Accounts. However, the full Statement of Accounts has to be prepared in line with national accounting rules and is a lengthy and complex technical document. There will be further technical changes in 2010/11 as all Local Authority accounts will need to fully comply with International Financial Reporting Standards.

## Your Comments

We have tried to present this summary in a user-friendly way - but to help us continue to make improvements please let us know your views. Contact Dan Barlow, Assistant Borough Treasurer, by email at [dan.barlow@knowsley.gov.uk](mailto:dan.barlow@knowsley.gov.uk) or by phone on **0151 443 3622**.

You can also request a version of the Summary Statement of Accounts in a more accessible format - for example translated into another language or available in larger print. Please call 0151 443 3064 if you wish to discuss the options that are available.

## Other Information Available

There are several other ways in which you can access further information about the Council:

- **Internet**

The Council website ([www.knowsley.gov.uk](http://www.knowsley.gov.uk)) contains a whole host of up-to-date information on the activities of the Council and its partners.

- **Contact Centre**

You can contact us on **0151 489 6000** or by email at [customerservices@knowsley.gov.uk](mailto:customerservices@knowsley.gov.uk)

- **One Stop Stop Shops**

You can visit our One Stop Shops in Halewood, Huyton, Kirkby and Prescot.