

Financial Review

The Council prepares its detailed Statement of Accounts, based on legal and national requirements, to show its financial position at the end of the year. This summary of the accounts aims to provide a more user-friendly overview of the key figures for 2005/06.

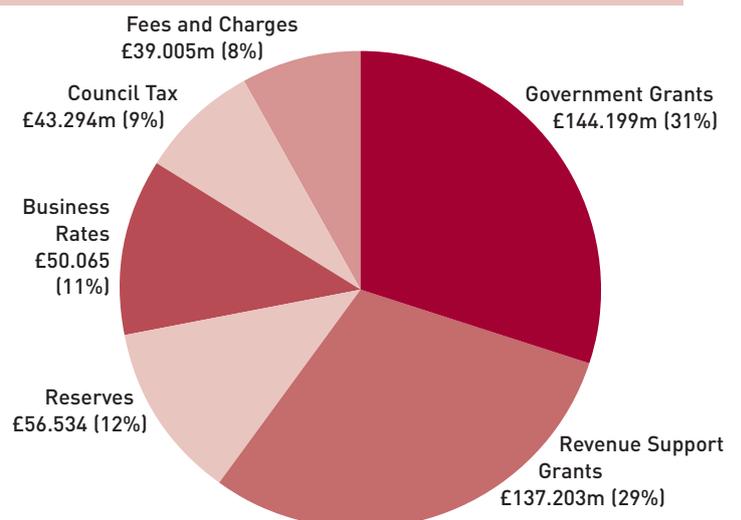
Revenue account for the year ended 31 March 2006

The Revenue Account shows the total cost of running Council Services between 1st April 2005 and 31st March 2006, and where the money came from to pay for the day to day costs of those services. In 2005/06 the difference between the total cost of those services (£470.134m) and the total funding (£470.300m) is the Council's overall surplus of £0.166m for the year. As a result of this surplus the Council's general balances have increased to £4.593m, which represents 2% of the Council's 2005/06 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.

Revenue Account 2005/06	Expenditure £000	Income £000	Net Expenditure £000
Central Services to the Public	4,007	(824)	3,183
Cultural, Environmental and Planning Services	96,877	(37,196)	59,681
Education Services	167,145	(58,235)	108,910
Highways, Roads and Transport Services	15,162	(332)	14,830
Housing Services	69,966	(68,191)	1,775
Social Services	83,843	(33,631)	50,212
Corporate and Democratic Core	37,979	(27,354)	10,625
Non Distributed Costs	(4,845)	(81)	(4,926)
Net cost of services	470,134	(225,844)	244,290
Less: Appropriations and other internal Transfers			(13,894)
Amount to be met from government grants and local taxation			230,396
Government's Revenue Support Grant			(137,203)
Business Rates Grants			(50,065)
Council Tax Receipts			(43,294)
			(230,562)
Net General Fund Surplus for the year			166

Where the money came from

In 2005/06 the Council used money from several sources to pay for the revenue costs of services. In total, the Council used £470.300m 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 charging policies to ensure that it receives the optimum amount of income from fees and charges to help provide services within its limited financial resources.



Balance sheet 2005/06 (What the council owns and is owed)

	31 March 2006 £000's
Building and Land owned by the Council	489,319
Long Term Investments	5,503
Work in Progress / Stock in Hand	622
Money owed to the Council	95,278
Money owed by the Council	(342,145)
	<hr/> 248,577
Financed by:	
Borrowing	11,988
Non-Distributable Reserves	186,518
Distributable Reserves:	
Capital Receipts	13,875
Reserves	31,769
Revenue balances	4,427
	<hr/> 248,577

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.

The balance sheet also includes a number of specific reserves which the Council has set aside to fund known future commitments. At 31 March 2006, the total of these reserves was £31.769m.

Cash Flow	Cash transactions with third parties		
	Paid £000	Received £000	Net Total £000
Day to day services	458,792	(472,875)	(14,083)
Improving the Council's assets	36,487	(23,553)	12,934
Total of new loans and investments	13,387	(12,238)	1,149
Total Cash Flow	<hr/> 508,666	<hr/> (508,666)	<hr/> 0

This shows where the Council's money came from and how the Council spent the money. It also reflects the change in the Council's financial structure during the year. The money paid out is mainly to employees and for other operating costs.

Capital expenditure

In 2005/06, the Council spent £36.298m on acquiring or improving its buildings and other assets (known as "capital" expenditure).

Fixed assets - Significant future commitments

Significant commitments for future capital investment as at 31.03.06 including the following projects:

Scheme	Purpose	£000
Kirkby Sports Centre	State of the art leisure centre with facilities to better support the needs of the community	10,636
Raven Court	Regeneration of Raven Court shopping area to improve facilities in Halewood	3,606
Supported Housing	Financial Assistance to Registered Social Landlord partners to enable them to provide Supported People housing projects	1,024
Children's Centres	Childcare facilities for children 0-5 (with creches, parent facilities, etc)	2,355

Major investments during 2005/06

Theme	Scheme	£000
Education	Building schools for the future	1,373
	Malvern school	555
Regeneration and Neighbourhoods	Prescot regeneration	2,744
	A580 East Lancashire Road Renovation Grants	3,290
Leisure, Community and Culture	Kirkby Sports Strategy	922
	Tower Hill Community Centre	1,203
Health and Social Care		834
	Improving Health Through Exercise	105
Environmental and Operational Services	Grass cutting equipment	109

Major influences on the 2005/06 accounts

In 2005, the Audit Commission changed the way that it measures a Council's performance by increasing the focus on financial management. In October 2005, the Council's external auditors (PricewaterhouseCoopers) completed their 'Use of Resources Assessment' and the results showed that Knowsley was one of the best performing local authorities in the country. The results also included a maximum score for the financial standing of the Council, showing that the Council was performing strongly in monitoring and maintaining the financial health of the organisation.

Future developments

Knowsley decides how to spend its money when it sets its annual budget, which is part of a rolling three-year spending plan for providing Council services. The Council has to ensure that it allocates the extra money to areas of high priority, and that it continues to link its use of resources to achieving improved performance. In 2006/07, the Council will invest more money in priority services while continuing to ensure affordable levels of Council Tax. There will also be the development of innovative new approaches to neighbourhood service delivery, and the Council's reserves at 31 March 2006 include resources that have been set aside for these initiatives. Full details of the Council's budget for 2006/07 and of how Council Tax bills are calculated are set out in the 2006/07 Budget leaflet.

If you have any comments on any aspect of the Statement of Accounts then please contact **Dan Barlow** by email at dan.barlow@knowsley.gov.uk or by phone on **0151 443 3622**.