

Summary of the 2007/08 Statement of Accounts

The Council's accounts are important in showing how we use public money to provide services to the people of Knowsley. This summary of our accounts shows our financial position at 31 March 2008 and gives an overview of the Council's financial performance during 2007/2008.

Financial Overview

In 2007/08, despite another year of increasing pressure on resources, the Council's accounts continue to show 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 your Council Tax is set at an affordable level. During the year, service budgets are continually monitored and reviewed to make sure that money is being used effectively. The Council's success in managing its finances in 2007/08 was reflected in the excellent Use of Resources assessment that it received from the Audit Commission.

Overall during 2007/08 the Council spent over £456m on providing services. At the end of the year there was a small balance of £0.242m 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 a reduction of £49.6m (or 34%) in our balance sheet value - mainly because of an increase in the Council's net pension liability. This follows a major revaluation of all the assets and liabilities that are managed by the Merseyside Pension Fund on behalf of the Council, and the Fund has therefore decided to increase pension contribution rates to make sure that in the longer term a balanced position is achieved.

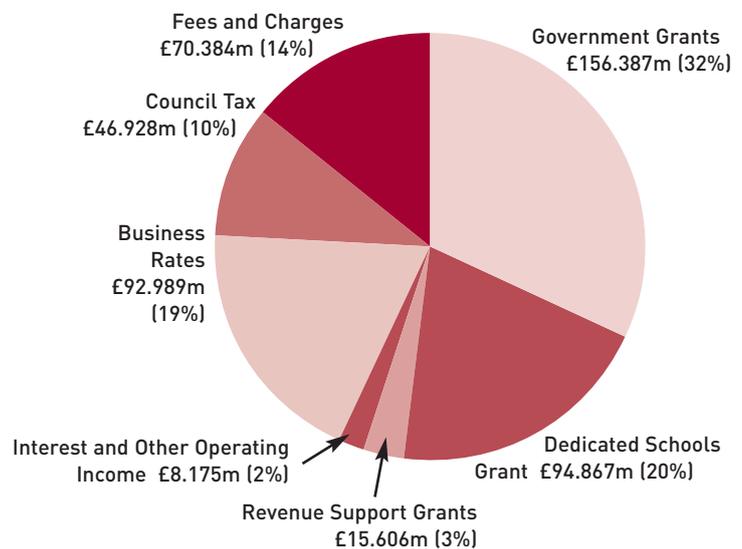
Income and Expenditure Account for the year ended 31st March 2008

The Income and Expenditure Account shows the total cost of running Council Services between 1st April 2007 and 31st March 2008, and where the money came from to pay for the day to day costs of those services. In 2007/08 the difference between the total gross operating expenses and the total funding is the Council's overall surplus of £0.242m for the year. As a result of this surplus, the Council's general balances have increased to £4.876m which represents 3% of the Council's 2008/09 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 2007/08	Expenditure £000	Income £000	Net Expenditure £000
Cost of Council Services			
Adult Social Care	72,991	(38,369)	34,622
Central Services to the Public	20,061	(17,278)	2,783
Cultural, Environmental and Planning Services	87,234	(47,606)	39,628
Childrens and Education Services	184,268	(157,324)	26,944
Highways, Roads and Transport Services	17,147	(744)	16,403
Housing Services	59,010	(57,819)	1,191
Corporate and Democratic Core	9,804	(2,498)	7,306
Non Distributed Costs	6,362	0	6,362
Net cost of services	456,877	(321,638)	135,239
Interest received and other operating income			(8,175)
Interest payments and other operating expenditure			10,728
Amount to be met from government grants and local taxation			137,792
Government's Revenue Support Grant			(15,606)
Business Rates Grants			(92,989)
Council Tax Receipts			(46,928)
Income and Expenditure Account surplus for the year			(17,731)
Amounts credited to the General Fund balance for the year			17,489
Net General Fund Surplus for the year			242

Where the money came from

In 2007/08 the Council used money from several sources to pay for the revenue costs of services. The Council used resources totalling £485.336m during the year. Most of this money came directly from the Government as either Revenue Support Grant or other grants for specific services. Only 10% 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 2007/08 (What the council owns and is owed)

	31 March 2008 £000
Building and Land owned by the Council	484,252
Long Term Investments	5,212
Work in Progress / Stock in Hand	478
Money owed to the Council	115,997
Money owed by the Council	(511,131)
	94,808
Financed by:	
Non-Distributable Reserves	30,818
Distributable Reserves:	
Capital Receipts	8,163
Reserves	51,447
Revenue balances	4,380
Total	94,808

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.

Cash Flow	Cash transactions with third parties		
	Paid £000	Received £000	Net Total £000
Day to day services	500,211	(515,193)	(14,982)
Improving the Council's assets	29,548	(22,132)	7,416
Total of new loans and investments	100,174	(92,608)	7,566
Total Cash Flow	629,933	(629,933)	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 2007/08, the Council spent £31.964m on acquiring or improving its buildings and other assets (known as "capital" expenditure). Some of the Council's major commitments and investments are shown below:

Fixed assets - Significant future commitments		
Significant commitments for future capital investment as at 31.03.08 include the following projects:		
Scheme	Purpose	£000
Targeted Capital Primary Schools	To build two new primary learning centres at Northwood and Greengates with extended schools facilities and links to children centre provision	9,597
Decent Homes for all	To raise standards of housing through renewal, energy efficiency and disabled facilities works	3,267
Beehive Project	Development of accommodation to provide managed workspace and office space for social firms and social enterprises	2,632

Major investments during 2007/08		
Theme	Scheme	£000
Children's Services	Longview Children's Centre	1,202
	Schools modernisation programme	941
Regeneration and Neighbourhoods	Highway maintenance programme	4,641
	Raven Court - Public service	1,747
Leisure, Community and Culture	Kirkby Sports Strategy	2,578
Health and Social Care	Supported accommodation	314
	Improving Care Home environment	210
Neighbourhood Delivery	Vehicle and Plant replacement	555

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. For example, in 2007/08 there were major changes in how we have to show the value of the Council's assets and liabilities to make sure that the information is comparable with other public and private sector organisations. These technical changes are likely to continue in future as the Government has the aim that from 2010/11, all Local Authority accounts will comply with International Accounting Standards.

Your comments

We have tried to write this summary in a user-friendly way without unnecessary jargon. So that we can continue to make improvements next year, please let us know your views. For example: How easy is this leaflet to understand? How useful did you find it? What additional information would you like to see included? You can e-mail your comments to dan.barlow@knowsley.gov.uk or phone 0151 443 3622.

The Council's Environmental Footprint

The Council also assesses its impact on the environment and is committed to reducing its use of natural resources. An Environmental Policy is in place and Knowsley has signed the Nottingham Declaration on Climate Change, making a commitment to reduce Carbon emissions.

A Climate Change Strategy and Action Plan has been drafted, following best practice guidance produced by the Carbon Trust and Energy Saving Trust.

In 2007/08, the Council's Carbon Footprint from energy and transport use was as follows:

Source	Tonnes of CO ₂
Buildings energy (inc. schools and street lighting*)	14,100
Heating Oil	1,203
Fleet fuel	
- Biodiesel	1,993
- Unleaded	173
Staff mileage	644

* Electricity is currently purchased on a green tariff, which has reduced CO₂ emissions by 6,951 tonnes to the figure shown.

In 2007/08 the use of fossil fuels in schools, council buildings and street lighting reduced by 1.42% compared to the previous year and electricity consumption increased by 1.02%. The downwards trend on fossil fuel use is as a result of the Energy Conservation Team's proactive interventions using real time energy monitoring systems to identify and correct erroneous consumptions.

On electricity however there is a detectable trend upwards which can be related to the increased use of Computers and ancillary equipment. The Energy Conservation Team are working closely with IT staff to try and reduce this trend.

Overall, CO₂ emissions are down by 1.5%

CO₂ emissions from staff mileage increased by 1% in 2007/08.

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