

Statement of Accounts for the year 2024/25



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NARRATIVE REPORT ON THE 2024/25 STATEMENT OF ACCOUNTS

1. INTRODUCTION

In preparing its annual Statement of Accounts, Knowsley Council adopts the relevant national and international accounting requirements. To comply with these accounting requirements, the Statement of Accounts is a long and complex document. This narrative report aims to help readers understand the Statement of Accounts. It explains the various accounting statements; provides a summary of the Council's overall financial position at 31 March 2025; and explains the most significant matters that are reported in the detailed Statements. The report also comments on the development and the performance of the authority during the year and how that performance has been monitored through financial and non-financial performance indicators.

Knowsley's Accounts can be accessed on the Council's website (www.knowsley.gov.uk) along with further related information including:

- Knowsley's Council Tax information leaflet
- Council budget reports
- The Council's Corporate Plan

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

2. PURPOSE OF THE ACCOUNTING STATEMENTS

The Statement of Accounts aims to help readers understand the Council's financial position at the end of the year; give assurance that expenditure was efficient and effective; and demonstrate that the Council is financially viable. To achieve this, the Statement of Accounts provides information on the following areas:

- **What money was spent and received by the Council during the year.**
 - The Comprehensive Income and Expenditure Statement shows the day-to-day revenue costs of providing services, and the income that Knowsley received from grants, fees and charges and Council Tax.
- **What assets the Council holds, what the Council is owed and what the Council owes to others.**
 - The Balance Sheet shows:
 - How much money is set aside in general balances, provisions and reserves;
 - How much money was spent on acquiring or improving assets (capital expenditure);
 - How much money is owed to the Council (debtors) and by the Council (creditors); and,
 - The Council's share of the Pensions Fund Liability.

3. THE ACCOUNTING STATEMENTS

The individual statements within the overall Statement of Accounts are as follows:

Statement of Responsibilities: This sets out the financial responsibilities of Council Members and the Council's Chief Financial Officer – the Executive Director (Resources).

Primary Statements

Movement in Reserves Statement: This statement shows the movement in the year on the different reserves held by the Council – analysed into 'usable' reserves (that can be applied to fund expenditure) and other reserves. It also shows how much money has actually been added to the Council's General Fund at the end of the year.

Comprehensive Income and Expenditure Statement: This summarises the Council's income and expenditure for the year. It also shows how the Council paid for the day-to-day cost of its services.

This Statement shows:

- the overall expenditure and income relating to the Council's services in the year;
- the principal sources of funding (such as Government Grants and Council Tax); and
- the net position at the end of the year.

The Statement includes adjustments for expenditure that relates to the Council's overall operations (rather than specific service provision); excludes amounts set aside by the Council in reserves; and makes statutory adjustments that the Government requires to avoid undue impact on the Council Taxpayer. These adjustments are recorded in the Movement in Reserves Statement.

Balance Sheet: This sets out the financial position of the Council at the end of the financial year and gives details of the Council's assets and liabilities.

Cash Flow Statement: This summarises how the Council generates and uses its cash flows by classifying them as those arising from operating, investing and financing decisions.

Explanatory Notes: Each of the main statements is accompanied by explanatory notes that provide additional analysis and help to provide a wider context to the figures.

Collection Fund: This shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Knowsley, the Council Tax precepts payable are for the Police and Crime Commissioner of Merseyside, Merseyside Fire and Rescue Authority and the Liverpool City Region Metro Mayor.

Accounting Policies: These explain how the Council accounts for its expenditure, income and balance sheet items using the recommended accounting practices.

4. FINANCIAL PERFORMANCE AGAINST SERVICE BUDGETS

The Comprehensive Income and Expenditure Statement reflects the Council's final 2024/25 Budget Monitoring position reported to the Council's Cabinet on 11 June 2025.

On 6 March 2024 the Council approved its Net Revenue Budget for 2024/25. The net revenue expenditure budget of £239.280m (£216.894m in 2023/24) was funded by Retained Business Rates and Grant Funding of £134.418m (£122.744m in 2023/24), other Government Grants of £33.155m (£26.092m in 2023/24) and Council Tax receipts of £71.707m (£68.058m in 2023/24).

Financial performance against the approved service budgets has been monitored and reported to Members throughout the year. The final 2024/25 Budget Monitoring Report to the Cabinet on 11 June 2025 confirms that a balanced position was achieved at the end of the year - an improvement of £0.404m since the Quarter 3 forecast was reported to the Cabinet on 12 February 2025.

Within the overall position there are a number of significant variances against Council service budgets which have been monitored throughout the year. The main component is a final deficit of £0.559m in Children's Services arising from significant increases in spending on Home to School Transport provision as a result of additional demand and inflation. While this remains a concern, it should also be noted that the balanced position on Children's Social Care placements represents a significant improvement compared to previous years. This demonstrates the importance of the £11m increase in funding allocated by the Council in 2024/25 to meet demand and cost pressures, and also the effectiveness of the Council's commitment to managing the increasing pressures in this area.

The Children's Services deficit is offset by surpluses across all other service areas – which demonstrates the continuing effectiveness of actions being taken by service managers with support and expertise from the finance service, across the Council to manage budget pressures, and the continued contribution of Council-wide restrictions on non-essential expenditure. The Council's continued commitment to strong financial management has provided the long-term financial resilience which is needed to cope with the challenging financial climate in which the Council is operating.

5. REVIEW OF COUNCIL PERFORMANCE DURING THE YEAR

Performance against the Council Plan 2022-25

The Knowsley Council Plan 2022-25 sets out the key strategic priorities for the Council. The Council Plan includes a detailed delivery plan which is updated annually and monitored regularly as part of the Council's overall performance and risk management framework. The annual delivery plan for 2024/25 was approved by the Cabinet in March 2024.

The key strategic priorities in the Council Plan are outline below:-



The annual outturn monitoring report for the Council Plan was presented to Cabinet on 11 June 2025. This is the final monitoring report against the 2022-25 plan. The report recognises the significant progress which the Council has continued to make in relation to the delivery of its key priorities. It also identifies the significant challenges and areas requiring further focus and attention.

The main issues identified in the Cabinet report are as follows:

5.1 Supporting Those Most in Need

(i) Following the Ofsted inspection of Children's Social Care in November 2024, the outcome of the inspection was published on 20 January 2025, with a judgement of 'Inadequate'. The Council has rapidly mobilised a 'whole Council' approach to improving services for Cared for Children, and the progress that has been made so far has been commended by the Department for Education.

This feedback is based on the significant work carried out by the service supported by the wider Council. This support includes £2m of investment that the Council has provided to support the improvement journey.

In March 2025 the Council approved a £1m programme of permanent interventions to help improve Children's Social Care services, alongside a further £1m investment to provide an overall Improvement Fund of £2m. This funding will be used to drive rapid and tangible improvements in the services provided. To date the investment has been used to:-

- Establish a new permanent Assistant Executive Director post;
- provide permanent additional capacity for the Children with Disabilities Team (a Team Manager and two Social Worker posts);
- Establish a new Principal Social Worker post;
- Establish a temporary Practice Improvement Team for one year to help train the social care workforce in good and outstanding practices and then monitor cases on an ongoing basis to ensure that the improved practice is maintained;
- Establish a temporary Improvement Programme Manager post for two years to co-ordinate and manage the Improvement Plan, be the key liaison with Ofsted and the Department for Education and provide the Executive Director (Children's Services) with direct oversight on progress of improvement implementation activity;
- Obtain temporary specialist support from an experienced improvement consultant with specialist knowledge in children with disabilities cases to provide the Council with assurance that the cases are being managed appropriately and that no child is at risk; and,
- Provide agency cover to enable key roles to be filled immediately to ensure there is no delay in the improvement work.

The primary focus for improvement is to ensure Children's Social Care staff are 'brilliant at the basics' to ensure children receive the right help, at the right time by the right person.

(ii) Special Education Needs and/ or Disabilities

Improving outcomes for children and young people with Special Educational Needs and/or Disabilities (SEND) remains a key priority.

Progress has continued to be made to improve the SEND service. For the 2024/2025 academic year, an additional 70 SEND places were created in the borough at Alt Bridge School (50 places) and Knowsley Central School (20 places). In November 2024, Cabinet approved the expansion of Alt Bridge School to deliver 130 additional specialist places, including new modular accommodation on the main school site and the development of a fit-for-purpose post-16 satellite site at the Kirkby Centre. Work is now underway, and the Alt Bridge scheme remains on track to open in September.

The Council's Head of Inclusion has met with the headteachers of Knowsley's Special Schools to discuss the wider review of special school capacity. The headteachers have agreed to visits from the Council's Inclusion and Assets Services to assess placement sufficiency. These visits took place during May and June 2025.

The local SEND governance structure has been revised to drive improvement with greater focus and accountability. Three dedicated subgroups have been established to oversee performance, improvement activity, and commissioning. This new structure has been integral to the development of the updated SEND Self-Evaluation and Improvement Plan, which were presented to the SEND Partnership Board on 4 April 2025.

(iii) Sustaining the Market for Care and Support

The Council has again approved Real Living Wage fee rates for 2025/26 to sustain the investment made to ensure that the majority of the independent sector workforce is in receipt of, as a minimum, Real Living Wage rates.

The Home Care market is buoyant with most care packages being picked up by Lead Providers or providers on the dynamic purchasing system within expected timescales. Since November 2024 the Council has also worked alongside partners, including in the independent sector to implement 'Moving with Dignity' single handed care plans. This will ensure that people receive the support they need in the least intrusive way possible, whilst maximising independence.

Under the plan to develop a sustainable nursing care sector, the Council has worked with providers and through several block contract arrangements, has been able to increase capacity in the dementia nursing and standard nursing care market by 28 beds in 2024/25.

(iv) Domestic Abuse

The Council has continued to implement changes to Knowsley's domestic abuse delivery model, with a view to establishing a greater focus on prevention and building capacity to respond to high-risk demand.

During 2024/25, a full review of domestic abuse support was conducted. Following the completion of the review, an investment of £1m additional funding was agreed by Council in March 2025. The investment will be used to further bolster existing domestic abuse services, pathways and support for victims / survivors and early intervention with children impacted by domestic abuse. The Council will invest in e-learning, training and development ensuring that professionals across the Council and partner agencies can spot the signs of domestic abuse at an early stage and will ensure that appropriate support and interventions are in place to prevent the abuse from escalating.

Additional posts will also be created to bolster capacity and provide specialist support including learning from reviews undertaken and identifying those showing the signs of perpetrating at an early stage.

(v) Hardship and Financial Support Programme.

Via the Household Support Fund, approximately 9,000 families received £15 food vouchers for each week that their free school meal eligible child is at home during the school holidays up to and including the Easter 2025 break.

Support continued regarding the provision of food and essentials, and support with domestic fuel and water bills. Children's services continued their support for the Borough's most vulnerable families with home essentials through this programme.

Following the Government's announcement to continue Household Support Fund at a 12% reduced rate for the 2025/26 financial year, the Council has agreed an ongoing programme for this period. This includes the provision of food vouchers, food and essentials from a variety of community and voluntary sector partners, support with domestic fuel, continued provision of financial advice to residents, support to vulnerable families, and support to carers and disabled residents. The future of this programme will become clearer as part of the Government's Comprehensive Spending Review. In the meantime, contingency plans have been developed should this programme be terminated.

(vi) Affordable Homes and Homelessness Support.

During 2024/25, a total of 461 (net) new homes were built in the Borough exceeding the Local Plan target of 450, of which 283 are affordable homes. The Council has also acquired 83 properties for use as temporary accommodation and continues to work towards acquiring over 100 additional properties to help meet the identified need of those deemed as homeless.

5.2 Inclusive Skills and Growth

(i) Local Plan and Economic Growth Plan

In response to the changes to National Planning Policy, the Council has begun preparations for the development of a new Local Plan. This work includes recruitment to key roles, initial scoping consultation and a review of evidence requirements.

Work is nearing completion on the development of a new Economic Growth Plan to support the Council's ambitions to drive inclusive growth, with a final version of the plan due to be presented to Cabinet and Council.

(ii) Major Developments

During 2024/25, significant progress continued to be made with major residential and commercial developments.

At Halsnead Garden Village, 1,083 homes have now secured planning approval with more than 280 completions to date. Approval was also secured to enter into agreement with Prescot Angling association and the Council continues dialogue with landowners to secure the remaining Tier 1 green space.

In Halewood, 1,249 new homes have secured planning approval and 537 have been constructed to date alongside significant investment into the local highways network to better improve accessibility, walking and cycling infrastructure.

Following conclusion of the marketing process for Archdiocese land for North Huyton Revive Phase 5, the Council will seek to engage with the new landowner to further progress development in the first half of 2025/26.

(iii) Town Centres

The Council continues to make progress with facilitating the regeneration and evolution of the Borough's Town Centres.

In Huyton, due diligence is nearing completion on the Genr8 Phase One Business Plan to support the development of the seven-acre civic campus site in Huyton Village including the Council's new headquarters. Detailed design for Phase 1 of the programme is nearing completion in order to support a planning submission during summer 2025.

In Kirkby, following Cabinet approval in January 2025, work continues to progress the Phase 2 retail development.

In Prescot, the Council are working closely with Cityheart to move the opportunity to delivery stage and demolition of vacant parts of the centre are now underway.

In Halewood, the regeneration programme is fully mobilised and has moved into planning and delivery.

(iv) Supporting residents into employment

In its 16th year the Knowsley Apprenticeship Programme has created a total of 1,724 apprenticeships hand in hand with local businesses. The Restart Programme has continued to offer support to unemployed residents who have been out of work for at least 12 months. To date 3,022 residents have now received support with 1,013 moving into employment. In July 2024 the programme was extended for 3 years to June 2027. The Ways to Work Programme (consisting of Knowsley Works, The Enable Programme and the Training Team) continued to support residents to gain employment and / or move into training or further education. The programmes have now supported 14,063 residents with 6,531 gaining employment whilst on the programmes. The Ways to Work programme has also continued to support large scale recruitment which helps enable more Knowsley residents to secure these opportunities.

(vi) Delivering the Knowsley Learning and Skills Strategy

Six mainstream secondary schools have been funded to join the Knowsley Chamber of Commerce to build partnerships with local employers and enhance their careers curriculum. Three of these schools have entered a data sharing agreement with Knowsley Advice and Guidance Service to track pupil destinations and monitor success.

Into University continues to support young people and schools from their base in Kirkby town centre. Elevate Business Partnership has been commissioned to engage with Not in Education, Employment, or Training (NEET) young people, leading to a decline in NEET figures compared to last year. Knowsley Education team and Knowsley Community College have addressed curriculum gaps by creating roll-on, roll-off provision and increasing entry-level and level 1 courses. Right to Succeed and Knowsley Council are co-funding a Career Coach position to support at-risk young people in Northwood, with potential expansion across the Borough if successful.

As part of the Department of Education Priority Investment Education Area (PIEA) project, eight secondary schools received high-quality training from Maths Hub NW3. This included six mainstream and two alternative providers. The goal was to train Key Stage 3 and Key Stage 4 teachers in the Maths Mastery approach. This phase is now complete, and schools are sharing best practices. Teachers have found it beneficial to exchange ideas with colleagues in similar contexts. The project has strengthened Maths teaching in the borough, with positive impacts on specific student groups. The overall aim is to improve KS4 Maths outcomes, though Maths teaching is just one factor influencing results. As funding is coming to an end from Department of Education, considerations are taking place for an exit strategy.

5.3 Climate Emergency – Achieving Net Zero

(i) Work has continued to progress the actions within the Council's Net Zero Delivery Plan. A combined bid of £30.5m, led by the Liverpool City Region Combined Authority, was submitted for the Public Sector Decarbonisation Scheme Phase 4 in October 2024. The Council was informed the bid was successful in March 2025, with the Council receiving £0.573m to decarbonise Stockbridge Disability Resource Centre and Bewley Drive Resource Centre.

Progress continues to implement the Council's LED lighting upgrade scheme. As of 1 April 2025, 18,740 lanterns have been installed. There are now just 62 street light lanterns and 125 sign lanterns left to install. These will be completed by August 2025.

(ii) Waste Management

Work continues in relation to waste management and improving recycling rates across the Borough.

The Liverpool City Region (LCR) Zero Waste Strategy was endorsed by Cabinet in March 2025. This has also been supported by the other LCR authorities and Merseyside Recycling and Waste Authority (MRWA, disposal authority). The final version will be published in Quarter one of 2025/26.

The Council has made good progress in preparation for the requirement to have separate food waste collections and additional recyclables by April 2026. Nine new food waste vehicles are now ordered and a provider identified for the new bin caddies and liners required.

Knowsley Members also attended an organised visit to a Food Waste Plant near to Durham in order to fully understand the scale of the facility and the pros and cons of having a similar facility in the city region.

Recruitment has commenced to create a new Recycling Engagement Team which will be responsible for delivering the Behaviour Change Programme in each ward across the Borough to improve recycling rates.

New education materials have been launched with prominent information now displayed in all libraries, leisure centres and Council buildings.

A New Home Information Pack has been developed which will be distributed to all house builders during May 2025 so that they can be provided to new homeowners as they occupy their property.

(iii) Parks and Greenspaces

Work on the Council's Green Infrastructure programme has continued at pace following the approval of the Council's Green Space Action Plan (2024-2030) in October 2024. Significant improvements have been completed at Halewood Park, Finch Woods (Halewood), Oak Plantation (Huyton) and Old Rough Park (Kirkby). Further woodland creation, infrastructure improvements, flood mitigation, sports improvements and play area improvements have been delivered across Knowsley to improve the Borough's green infrastructure. Over £1m of external grant funding has also been secured to deliver further improvements to sites across the Borough in 2025/26. The Council continues to work with volunteer groups across Knowsley to deliver events and activities that maximise the use of green spaces across Knowsley.

Performance Management

Detailed Department and Service Plans were again produced which underpin the delivery of the Council Plan and its associated Annual Delivery Plan for 2024/25. Performance reports are reviewed by Departmental Management Teams on a regular basis, with progress and issues reported to Portfolio Holders. These reports provide an overview of service performance, progress against the delivery of key priorities, including those included in the Council Plan, and the management of risks.

A review of the Council's Strategic Risk Register is also reported to the independently chaired Governance and Audit Committee.

In March 2025 the Council adopted a new Council Plan 2025-30. Following the adoption of this plan and associated annual delivery plan for 2025/26, the Council is currently reviewing its approach to performance and risk management.

6. THE COUNCIL'S ASSETS AND LIABILITIES

The Balance Sheet and the accompanying notes show the Council's financial position at the year end and reflect everything that the Council owes and is owed at that date.

General Balances represent a financial safety net in the event of unforeseen costs or emergencies. The Council has previously set its level of General Balances to take into account the strategic, operational, and financial risks facing the Authority. The Council's Balance Sheet shows that at 31 March 2024, the Authority's General Balances stood at £8.975m, which represented 3.8% of the net revenue expenditure budget. This level of General Balances reflects the greater levels of financial risk caused by continuing high inflation, social care pressures, and future financial uncertainty. On 5 March 2025 the Council agreed to maintain General Balances at 3.8% of the 2025/26 net revenue budget and agreed an allocation of £1m of available one-off resources to increase the total to £9.975m at 31 March 2025.

The Council's Balance Sheet also shows the earmarked reserves held by the Council. Details of these are reported to the Cabinet during the year. At 31 March 2025 the reserves include funding for the Council's Private Finance initiatives (£34.3m), reserves held by schools (£4.6m), and reserves earmarked for Public Health initiatives (£2.9m). A further £27.4m of reserves are established to fund specific interventions previously approved by the Council for delivering the improvement, growth, and regeneration needed to ensure the sustainability of the Borough. These include reserves to address the growing costs of social care, investment in the Borough's town centres, investment in improved jobs and employment opportunities, improvements in education, support for homelessness, and a range of community and environmental projects across the Borough.

The Executive Director (Resources) ensures the ongoing challenge of reserves as part of the budget monitoring process. This work reviews reserves which have previously been set aside to fund new investments and establishes which of these can be released for future allocation as part of the Council's ongoing financial strategy. This will ensure that the resources remain focussed on the best investments to deliver the Council's priorities for the recovery, regeneration, and sustainability of the Borough.

As in previous years, the Executive Director (Resources) will undertake further challenge of all reserves over the coming months. The position will be assessed as part of the 2025/26 mid-year budget monitoring process and a full update on all available resources will be brought to the Cabinet for consideration as part of the Council's ongoing financial strategy. At that stage there will be the opportunity for the Cabinet to consider the need for any in-year allocations of one-off resources to address emerging pressures or urgent actions to meet Council Plan priorities.

Borrowing and Investments

The Council's Treasury Management Strategy is based upon the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management in Local Authorities (the Treasury Management Code). Each year the Council approves its Treasury Management Strategy for the following year, and the Governance and Audit Committee is responsible for ensuring the effective review of the Treasury Management Strategy and performance during the year. The Treasury Management Strategy for 2024/25 was reported to the Governance and Audit Committee on 29 January 2024 and was subsequently approved by the Council on 6 March 2024.

The authorised limit for external debt for the Council for 2024/25 was £370m (£330m in 2023/24). The actual level of outstanding long-term and short-term debt at the year-end totalled £223m which included £97m of liabilities related to the Council's Private Finance Initiative schemes (£217m as at 31 March 2024 including £101m of liabilities relating to the Private Finance Initiative schemes).

At 31 March 2025, the Council had £116.171m of long-term borrowing (compared to £107.948m in 2023/24). This included £108.931m of loans from the Public Works Loans Board. Included in the balance is £0.246m relating to debt transferred on the local government reorganisation in 1974 and 1986. At 31 March 2025 the Council held cash and investments of £46.690m (the 2023/24 figure totalled £45.511m).

The Council paid £8.534m of interest and similar charges in year for its Private Finance Initiative schemes and Lease Liabilities (2023/24 £8.539m) and a further £4.591m (2023/24 £4.656m) on its treasury management activities. The Council received £2.766m of interest on its investments during the year (2023/24 £3.825m).

The Council's bank overdraft facility amounts to £0.100m, but cash balances are monitored on a daily basis and investments adjusted to ensure any overdraft charges are minimised.

Capital Expenditure

The Council's capital expenditure on acquiring or improving Council buildings and other capital assets, and how the Council paid for it, is included within the Balance Sheet and the accompanying notes.

Details of the Capital Programme for 2024/25 were reported to the Cabinet on 11 June 2025. The final level of Capital Programme expenditure for 2024/25 was £41.474m, which was £1.235m higher than the forecast of £40.239m. The Capital Programme in 2024/25 invested in a wide range of schemes, including improvements to highways across the Borough, disabled facilities and adaptations to residents' properties, new mainstream and special school places, improvements to youth facilities across the Borough, the development of Halsnead Garden Village, and improvements to Huyton Village Centre and Kirkby Town Centre.

The Council's total Capital Programme for the next three years is £97.165m, of which £67.764m is scheduled to be spent in 2025/26. The significant level of planned capital expenditure demonstrates the Council's continued commitment to investing in the future of the Borough. The importance of supporting the development of local jobs and local businesses is more important than ever, and the Council must continue to do all it can to support the Borough's economy during difficult national economic conditions.

The total amount of grant and other contributions that was spent during 2024/25 was £34.045m. Expenditure totalling £2.760m was funded by Council borrowing – and a full analysis of this borrowing is given in the notes to the accounts.

This capital expenditure during the year is reflected as additions to the value of the Council's assets held on the Council's Balance Sheet (as detailed in Notes 12 to 17 to the Accounts). The capital schemes are funded from various sources – primarily Capital Grants (Note 11); Capital Receipts (Note 24); Revenue contributions (shown within cost of service within the Comprehensive Income and Expenditure Statement); and Borrowing – which is reflected in the Council's Capital Financing Requirement (Note 37).

Pension Fund Liability

The Balance Sheet reflects the Council's participation in the Local Government Pension Scheme (administered by Merseyside Pension Fund). At the end of 2024/25 the Council's share of the overall Fund (excluding Teachers) was a net liability of £14m compared to £16m the previous year. This relatively small reduction is due a variety of factors, including an increase in the discount rate used by the Fund's actuaries to estimate the current value of future pension liabilities. The discount rate is linked to interest rates, so that as interest rates rise the actuary assumes a higher rate of return on the Fund's assets – which means that the current value of the Fund's liabilities reduces.

While the Accounts show the pension liability position at 31 March 2025, in reality the actual pension payments will not be made until many years into the future. In the short term the Council's share of the overall Fund net liability has a negative impact on the net worth of the Council. This will however be recovered, as the Council pays contributions into the Pension Fund at a rate which is calculated by the Fund's actuary to ensure that the position is balanced in the longer term based upon forecast movements in investment values and changes in actuarial assumptions.

7. MAJOR INFLUENCES ON THE 2024/25 ACCOUNTS

Audit of Local Government Accounts

The audit of the Council's 2023/24 Statement of Accounts was undertaken by the Council's new external auditors – Grant Thornton. The statutory deadline to publish the final audited accounts for 2023/24 was originally 30 September 2024, however because of the national pressure on external audit capacity, the Government introduced a statutory "backstop" date for the 2023/24 accounts of 28 February 2025. All audits had to be completed by this date.

The sector wide capacity issues within external audit firms meant that Grant Thornton's audit of the 2023/24 accounts did not start until September 2024. The intention at that stage was to complete the audit work by December 2024. However, due to additional audit workload and pressures on capacity, the audited 2023/24 Statement of Accounts, and draft versions of the Audit Reports, were considered by the Governance and Audit Committee at its meeting on 10 February 2025. The subsequent completion of the audit work did not give rise to any further changes to the Accounts, and so the Accounts approved by the Committee were signed by the Auditors and published on the Council's website on 27 February 2025 – meeting the statutory deadline of 28 February 2025.

Asset Valuations

The final 2023/24 Audit Findings Report explains the auditor's modified opinion that the 2023/24 Accounts give a true and fair view of the financial position of the Authority, except for the possible effects of the valuation of two assets. Actions to secure improved asset valuations were therefore put in place by the Council during Spring 2025.

The resultant valuations have been reflected in the 2024/25 Statement of Accounts. The impact is that overall Property, Plant and Equipment assets on the Balance Sheet have decreased by £30.628m which is offset by a reduction in Unusable Reserves. There has been no overall impact on the Council's net revenue position.

IFRS 16 – Leases

International Financial Reporting Standard 16 sets out how the Council should account for leases. It applies to leases that the Council enters into as a lessee (i.e. the Council receives the lease) but has minimal impact on leases where the Council is the lessor (i.e. the Council provides the lease). Following a consultation, CIPFA postponed the implementation of IFRS 16 until 1 April 2024 and has therefore been introduced as part of the 2024/25 accounts.

All leases for greater than 12 months have been classed as a Right of Use Asset (unless they are of a minor value) and therefore included as an asset in the Council's balance sheet. This means that there will be a greater value of assets reflected in the accounts, however, there will also be a corresponding liability to reflect the outstanding lease payments that still need to be made. Assets to the value of £7.490m have been brought onto the balance sheet as at 1 April 2024 as Right of Use Assets, along with corresponding lease liabilities of £4.090m. The £3.4m difference between these two values are leases that the Council holds but pays only a peppercorn rent and therefore have no associated liability.

In addition, under IFRS 16, Private Finance Initiative Scheme liabilities are also required to be revalued. As at 1 April 2024, these liabilities increased by £3.217m.

Dedicated Schools Grant - High Needs Block

Knowsley, along with the majority of local authorities across the country, faces significant financial pressures from the rising cost of statutory duties in relation to children and young people with special educational needs and/or disabilities. The fact that almost all local authorities are struggling with the current system suggests that the existing problems are being driven primarily by the shortfall between public expectations of support and the funding being provided by the Government to schools and local authorities to provide such support.

There was a deficit of £26.133m within the High Needs block at the end of 2024/25 (which includes £13.202m carried forward from 2023/24). The main pressure is the sustained increases in demand for Education, Health and Care Plans – again, a level of demand which is being experienced across the region and nationally.

The Council has discussed the High Needs Block pressures with the Department for Education through the former Education and Skills Funding Agency. The Education and Skills Funding Agency praised the Council's approach as good practice and agreed the Council's Deficit Management Plan. This includes the need to address the drivers of demand, actions to increase capacity, and additional challenge to reduce the number of placements in independent and non-maintained special schools.

It should be noted that, when the 2024/25 budget was set, it was anticipated that there would be a deficit of £33.108m, so the final position does represent an improvement and indicates that the Council's actions are having a positive effect. Nevertheless, this is a significant financial issue which requires a national solution.

Statutory Regulations currently allow a Dedicated Schools Grant deficit to be carried forward in a ringfenced reserve so that the deficit is not charged to the Council's revenue budget. However, it should be noted that as a consequence of carrying this debt on the Council's balance sheet, the Council is effectively forgoing potential interest on investment of around £1.2m per year.

The statutory Regulations are scheduled to remain in place until 31 March 2026, at which point there is a potential risk that any remaining deficit would have to be funded by the Council. The new Government has been urged by all stakeholders to provide clarification that this will NOT be the case, as this is a national issue affecting a large number of local authorities. The Council's Financial Strategy assumes that the long-term management of the High Needs Block deficit will remain within the Dedicated Schools Grant.

STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Council 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 Council, that officer is the Executive Director (Resources);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and,
- arrange the approval of the Statement of Accounts by the Governance and Audit Committee.

THE COUNCIL'S CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Council's Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') and the Update to the Code and Specifications for Future Codes for Infrastructure Assets.

In preparing this Statement of Accounts, the Council's Chief Finance Officer has:

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

The Council's Chief Finance Officer has also:

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

THE COUNCIL'S CHIEF FINANCE OFFICER'S STATEMENT

I certify that the Council's 2024/25 Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.



STEPHAN VAN ARENDSEN
Executive Director (Resources)
26 January 2026

STATEMENT OF THE CHAIR OF THE GOVERNANCE AND AUDIT COMMITTEE

I confirm that these accounts were approved by the Governance and Audit Committee at its meeting on 26 January 2026.



COUNCILLOR COLIN DEVER
Vice-Chairperson of the Governance and Audit Committee

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2023/24 (Restated)					2024/25		
Expenditure £000	Income £000	Net Expenditure £000	Notes		Expenditure £000	Income £000	Net Expenditure £000
244,534	(180,630)*	63,903		Children's Services	275,119	(196,171)	78,948
47,068	(29,118)	17,950		Communities and Neighbourhoods	50,254	(31,503)	18,751
10,701	(10,782)	(81)		Council Wide	17,040	(13,555)	3,485
161,331	(100,906)*	60,425		Health and Social Care	180,998	(119,121)	61,877
34,857	(20,866)	13,991		Regeneration and Economic Development	33,152	(18,692)	14,460
87,849	(59,640)	28,209		Resources	86,666	(57,570)	29,096
586,340	(401,942)	184,398		Cost of Services	643,229	(436,612)	239,719
24,942	0	24,942	10	Other Operating Expenditure	22,170	0	22,170
59,421	(50,955)	8,466	11	Financing and Investment Income and Expenditure	62,578	(59,515)	3,063
0	(227,346)*	(227,346)	12	Taxation and Non-Specific Grant Income	0	(238,507)	(223,507)
670,703	(680,243)	(9,540)		(Surplus) or Deficit on Provision of Services	727,977	(734,634)	(6,657)
		(6,667) **	26	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(12,636)
		(26)	26	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income and expenditure			531
		(32,256)	43	Remeasurement of the net defined benefit liability / (asset)			(119,337)
		16,072	43	Asset Ceiling Adjustment			117,694
		(22,877)		Other Comprehensive Income and Expenditure			(13,748)
		(32,417)		Total Comprehensive Income and Expenditure			(20,405)

- * The income figures for Children's Services, Health and Social Care, and Taxation and Non-Specific Grant Income have been restated due to the reclassification of grants. The Social Care Grant (£19.284m), Market Sustainability Improvement Fund (£2.288m), Discharge Fund (£1.701m) and Family Hubs (£1.198m) grants were classed as general grants under Taxation and Non-Specific Grant Income in error and have now been moved to the appropriate service lines.
- ** The Surplus on revaluation of property, plant and equipment has been adjusted for a prior period adjustment relating to the revaluation of the Shakespeare North Playhouse and Strategic Land Sites. – See note 6.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'. Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use such as the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt. The Unusable reserves are those that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains or losses, for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves (Restated) £000	Total Reserves (Restated) £000
Balance at 1 April 2024		(8,975)	(94,327)	(103,302)	(28)	(9,461)	(112,791)	(317,775)	(430,566)
Opening balance adjustment for Donated Assets under IFRS16 transition		0	0	0	0	0	0	(3,400)	(3,400)
Revised Opening Balance		(8,975)	(94,327)	(103,302)	(28)	(9,461)	(112,791)	(321,175)	(433,966)
Movement in reserves during 2024/25									
(Surplus) or deficit on the provision of services		(6,657)	0	(6,657)	0	0	(6,657)	0	(6,657)
Other Comprehensive Income / Expenditure		0	0	0	0	0	0	(13,748)	(13,748)
Total Comprehensive Income and Expenditure		(6,657)	0	(6,657)	0	0	(6,657)	(13,748)	(20,405)
Adjustments between accounting basis and funding basis under regulations	8	5,217	0	5,217	28	926	6,171	(6,171)	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(1,440)	0	(1,440)	28	926	(486)	(19,919)	(20,405)
Transfers to / from Earmarked Reserves	9	440	(440)	0	0	0	0	0	0
Increase or Decrease in 2024/25		(1,000)	(440)	(1,440)	28	926	(486)	(19,919)	(20,405)
Balance at 31 March 2025		(9,975)	(94,767)	(104,742)	0	(8,535)	(113,277)	(341,094)	(454,371)

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves (Restated) £000	Total Reserves (Restated) £000
Balance at 1 April 2023		(8,575)	(100,446)	(109,021)	0	(4,177)	(113,198)	(316,873)	(430,071)
Opening Balance Adjustment for Prior Period Adjustment		0	0	0	0	0	0	31,922	31,922
Revised Opening Balance		(8,575)	(100,446)	(109,021)	0	(4,177)	(113,198)	(284,951)	(398,149)
Movement in reserves during 2023/24									
(Surplus) or deficit on the provision of services		(9,540)	0	(9,540)	0	0	(9,540)	0	(9,540)
Other Comprehensive Income / Expenditure		0	0	0	0	0	0	(22,877)	(22,877)
Total Comprehensive Income and Expenditure	8	(9,540)	0	(9,540)	0	0	(9,540)	(22,877)	(32,417)
Adjustments between accounting basis and funding basis under regulations		15,259	0	15,259	(28)	(5,284)	9,947	(9,947)	0
Net Increase or Decrease before Transfers to Earmarked Reserves	9	5,719	0	5,719	(28)	(5,284)	407	(32,824)	(32,417)
Transfers to / from Earmarked Reserves		(6,119)	6,119	0	0	0	0	0	0
Increase or Decrease in 2023/24		(400)	6,119	5,719	(28)	(5,284)	407	(32,824)	(32,417)
Balance at 31 March 2024		(8,975)	(94,327)	(103,302)	(28)	(9,461)	(112,791)	(317,775)	(430,566)

The opening balance has been adjusted for a prior period adjustment relating to the revaluation of the Shakespeare North Playhouse and Strategic Land Sites. – See note 6.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

1 April 2023 Restated* £000	31 March 2024 Restated* £000	Notes		31 March 2025 £000
323,061	328,514	13	Property, Plant and Equipment	340,976
208,718	214,412	14	Infrastructure Assets	228,155
580	580	15	Heritage Assets	575
87,621	93,008	16	Investment Property	100,977
479	642	17	Intangible Assets	357
26,113	26,623	19	Long-Term Investments	25,783
599	647		Long-Term Debtors	954
647,171	664,426		Long Term Assets	697,777
0	3,026	19	Short-Term Investments	0
65,155	75,022	20	Short-Term Debtors	77,622
54,627	20,667	21	Cash and Cash Equivalents	28,707
0	1,364	22	Assets Held for Sale	745
343	373		Inventories	451
120,125	100,452		Current Assets	107,525
(8,094)	(8,271)	19	Short-Term Borrowing	(10,486)
(7,535)	(4,805)	21	Cash Overdrawn on Bank Accounts	(7,800)
(79,587)	(74,982)	23	Short-Term Creditors	(73,878)
(688)	(2,428)	24	Provisions	(2,718)
(10,653)	(5,390)	36	Grants Receipts in Advance - Revenue	(5,591)
(2,198)	(2,525)	36	Grants Receipts in Advance - Capital	(11,969)
(108,755)	(98,401)		Current Liabilities	(112,442)
(10,836)	(9,154)	24	Provisions	(8,465)
(107,725)	(107,948)	19	Long-Term Borrowing	(116,171)
0	0	39	Other Long-Term Liabilities - Leases	(3,308)
(101,202)	(93,755)	40	Other Long-Term Liabilities - PFI	(88,775)
(40,629)	(25,054)	43	Net Pension Liability	(21,770)
(260,392)	(235,911)		Long Term Liabilities	(238,489)
398,149	430,566		Net Assets	454,371
(113,198)	(112,791)	25	Usable Reserves	(113,277)
(284,951)	(317,775)	26	Unusable Reserves	(341,094)
(398,149)	(430,566)		Total Reserves	(454,371)

Property, Plant and Equipment has been restated by £17.148m as at 1 April 2023 and £31.292m as at 31 March 2024 following the revaluation of the Shakespeare North Playhouse and Strategic Land Sites as detailed in Note 13.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery (e.g. the purchase or sale of property, plant and equipment). Cash flows arising from financing activities are useful in predicting commitments on future cash flows by providers of capital (i.e. borrowing) to the Council.

2023/24 £000		2024/25 £000
(9,540)	Net (surplus) or deficit on the provision of services (Comprehensive Income & Expenditure Statement)	(6,657)
(5,145)	Adjustment to surplus or deficit on the provision of services for non-cash movements (Note 27)	(3,325)
32,990	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 27)	33,876
18,305	Net cash flows from operating activities	23,894
5,467	Net cash flows from investing activities (Note 28)	(22,129)
7,458	Net cash flows from financing activities (Note 29)	(6,810)
31,230	Net (increase) or decrease in cash and cash equivalents	(5,045)
47,092	Cash and cash equivalents at the beginning of the reporting period (Balance Sheet)	15,862
15,862	Cash and cash equivalents at the end of the reporting period (Balance Sheet)	20,907

The surplus or deficit on the provision of services and the adjustments for non-cash movements have been restated following the revaluation of the Shakespeare North Playhouse and Strategic Land Sites.

Note 1 - Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its overall financial position as at 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The following accounting policies have been consistently applied.

2 Accounting Concepts

In accordance with the Code, the Council has adopted a number of principles to be followed in selecting accounting policies to be used and the corresponding use of disclosures needed to help users understand those adopted policies and how they have been implemented.

In doing so, the Council intends that the policies adopted are those most appropriate to its particular circumstances for the purposes of presenting a true and fair view of the financial position and transactions of the Council. Policies are reviewed regularly to ensure that they remain appropriate and are changed when a new policy becomes more appropriate to the Council's circumstances. A full disclosure of any such changes will always be provided.

The concepts that the Council has regard to in selecting and applying the most appropriate policies and estimation techniques are:

- The qualitative characteristics of financial information
 - relevance
 - reliability
 - comparability
 - understandability
 - materiality
- Pervasive accounting concepts
 - accruals
 - going concern
 - primacy of legislative requirements

Accounting policies can be defined as the principles, bases, conventions, rules and practices applied, that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, losses and changes in reserves.

Materiality

Accounting policies need not be applied if the effect of applying them would be immaterial. Omissions or misstatements of items are considered material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances.

Although the Code prescribes the requirements for disclosures in the accounts, the Council need not provide a specific disclosure if the information is not material.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services supplied by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Going Concern

The accounts are prepared on a going concern basis which assumes that the functions of the Council will continue in operational existence for the foreseeable future. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council. It is management's judgement that it is appropriate to prepare the accounts on this basis.

Primacy of Legislative Requirements

Where specific legislative requirements conflict with accounting principles, legislative requirements are applied.

3 Balances

The Council's un-earmarked general balances will be assessed annually by the Executive Director (Resources) to ensure that they are maintained at an adequate level taking into account the strategic, operational and financial risks facing the authority.

4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Council has classified deposits with Money Market Funds and call accounts as cash equivalents within the Balance Sheet.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

5 Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Where the basis for measurement of an amount is uncertain, the Council will use a suitable estimation technique determined by the Executive Director (Resources). Where a reasonable estimate has been made, but is subsequently identified as being insufficiently accurate, the Executive Director (Resources) will amend the Accounts accordingly.

6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, impairment and revaluation losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This amount is known as the Minimum Revenue Provision (MRP) and is calculated by the Council on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, impairment and revaluation losses and amortisations are therefore reversed and replaced by the MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

7 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic (NDR) rates on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year-end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those falling due wholly within 12 months after the end of the period in which the employees render the related service. These include items such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees, and are recognised as an expense in services in the year. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The Council is not required to raise council tax to cover this accrual and so it is therefore reversed by way of an adjusting transaction with the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of the following pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions.
- The Local Government Pensions Scheme, administered by Wirral Metropolitan Borough Council as the Merseyside Pension Fund.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Health and Social Care Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

Both the Teachers' Pension Scheme and NHS Pension Scheme are treated as defined contribution schemes.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of Merseyside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using appropriate discount rates (based on the indicative rate of return on high quality corporate bond).

The assets of the fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities at current bid price;
- unquoted securities at professional estimate;
- unitised securities at current bid price; and
- property at market value.

The change in the net pension's liability is analysed into five components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Council Wide service line;
- Net interest on the net defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
- Remeasurements – these comprise of the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability (asset), and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. Remeasurements also include actuarial gains and losses which are the result of changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- Contributions paid to the fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

9 Events After the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes on the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. Further information can be seen in Note 5 to the accounts.

10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The Council's borrowing presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

11 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit and loss; and
- fair value through other comprehensive income.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at Fair Value through Profit and Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise and are taken to an unusable reserve, the Financial Instruments Revaluation Reserve.

Certain equity instruments which are measured at fair value through profit and loss may be classed as fair value through other comprehensive income instead if an irrevocable election is made to do so.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost and fair value through other comprehensive income, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

12 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of grant or contribution are required to be consumed as specified or returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

A grant or contribution that becomes repayable shall be accounted for as a revision to an accounting estimate. Repayment shall first be applied to any receipt in advance set up in respect of the grant or contribution. To the extent that the repayment exceeds any such receipt in advance, or where no receipt in advance exists, the repayment shall be recognised within the Comprehensive Income and Expenditure Statement as an expense.

13 Heritage Assets

Heritage assets are those with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are a distinct class of asset which is reported separately from property, plant and equipment.

Heritage Assets are measured at depreciated historical cost. They are not revalued as part of the Council's rolling programme, however the carrying value of Heritage Assets would be reviewed if there is evidence of impairment. The Council's Heritage Assets includes artwork around the borough, and these are recognised at historic cost.

14 Infrastructure Assets

Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undisbursed for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed as follows:

Part of the highways Network	Useful Life
Carriageways	30 years
Footways and cycle tracks	30 years
Structures	100 years
Street Lighting	50 years
Street Furniture	20 years
Traffic Management Systems	15 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

15 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

16 Interests in Companies and Other Entities

Councils with material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures are required to prepare group accounts. In such cases, the Council's own single-entity accounts will reflect the interests in companies and other entities as financial assets at cost, less any provision for losses.

Volair Ltd is a not-for-profit organisation, established on 1 April 2016, and wholly owned by the Council. Employing about 140 staff it delivers a wide range of leisure services. The Council will not prepare group accounts in its financial statements as the balances, transactions and cash flows of Volair Ltd are not considered to be material.

17 Investment Properties

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

18 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and,
- its expenses, including its share of any expenses incurred jointly.

Under Section 31 of the Health Act 1999, the Council is able to establish joint working arrangements with NHS bodies and to pool funds from the two organisations to create a single budget. Where pooled budgets are established, the Council's accounts reflect only the Council's share of the overall budget and exclude the share attributable to partner organisations.

19 Leases

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the authority is reasonably certain to exercise;
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

External experts were used to calculate the lease liabilities upon transition to IFRS 16.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases;
- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years that do not have any provision for rent reviews; and
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate;
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee;
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option; or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a Debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt.

20 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

21 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential

to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Where a component of an asset is replaced or restored, the current net book value of the old component shall be removed to avoid double counting and the new component reflected in the net book value. In line with the Council's approach to componentisation, only assets where changes would significantly affect the carrying value in the Balance Sheet will be separated into components.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – in this and predecessor Codes these assets have been consistently required to be measured at depreciated historical cost, but this practice has been subject to modification. The Code provides a historical summary of the modifications to historical costs and sets out how the depreciated historical cost basis of measurement has been established;
- council offices – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- school building – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- all other assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every three years. The Council carries out a rolling programme that ensures that all Property, Plant and Equipment measured at current value is revalued at least every three years. Valuations are carried out by internal and external valuers and have an effective date of 31 March. Valuations of land and building are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Buildings and community assets – straight-line allocation over the useful life of the property as estimated by the valuer; and
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The following criteria have to be met before an asset can be classified as held for sale:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

22 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant, and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

These assets are recognised on the Balance Sheet and are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator; and
- lifecycle replacement costs – recognised as additions to Property, Plant and Equipment on the Balance Sheet when the relevant works are carried out.

23 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties, and are classified as current or non-current liabilities on the Balance Sheet.

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes likely that a payment will not be made or the estimated liability is reduced, the provision is reversed and credited back to the relevant service.

Where some, or all, of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received.

24 Reserves

In addition to its general balances, the Council also sets aside resources specifically for future policy developments, to cover contingencies or for specific areas of future risk. This allows the Council to manage the impact of its spending in a planned and prudent way. These resources are kept under review by the Executive Director (Resources) as part of ongoing budget monitoring processes, and outcomes are reported to the Cabinet throughout the year, so that decisions can be made on any reallocations.

Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant notes to the accounts.

25 Revenue Expenditure Funded from Capital under Statute

Revenue expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

26 Schools

The Code confirms that the balance of control for local authority-maintained schools (those categories of school identified in the School Standards and Framework Act 1998) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows, and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

27 Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

28 Fair Value Measurement of Non-Financial Assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or,
- Level 3 inputs – unobservable inputs for the asset or liability.

Note 2 - Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2023/24 Code.

At the balance sheet date, the following new standards and amendments have been published but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom:

- IAS 21 The Effects of Changes in Foreign Exchange Rate issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts
- Changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

These changes are not expected to have a significant impact on the Council.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Accounting for Schools

The Council recognises the land and buildings used by schools in line with the requirements of the Code of Practice. Property used by schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises the schools' assets for 15 Community Schools on its Balance Sheet as it directly owns those assets. For the 26 Voluntary Aided schools, the legal ownership of the land and buildings rests with the Diocese and Archdiocese who grant a license for the schools to use them. Under this license agreement, the rights of use of the land and buildings have not transferred to the school and have therefore not been included in the Council's Balance Sheet.

Academies are not included on the Council's Balance Sheet as the Council does not control their use. When a school on the Council's Balance Sheet transfers to Academy status the Council has treated this transfer as a disposal for nil consideration on the Balance Sheet rather than an impairment.

Private Finance Initiative Assets

The Council has entered into a Private Finance Initiative (PFI) arrangement with Transform Schools for the provision of seven Centres for Learning and one Special Educational Needs School. The contract includes Hard Facilities Management for a period of 25 years from service commencement, with a contract expiry date of 31 August 2034.

The Council has also entered into a further PFI arrangement with Tay Valley Lighting to deliver street lighting and traffic sign services for a 25-year period.

Following the guidance given in the Code and the International Financial Reporting Interpretations Committee interpretation for service concession arrangements (IFRIC 12), the Council had previously concluded that the four Centres for Learning which are Community schools, the special educational needs school, and the street lighting and traffic signs should remain on the Balance Sheet. However, during 2013/14 three of the Centres for Learning transferred to Academy status and the Council has treated this transfer as a disposal for nil consideration on the Balance Sheet.

Valuation and Componentisation of Property, Plant and Equipment

Under the Code guidelines, each component of an item of Property, Plant and Equipment should be separately identified and depreciated where the cost is significant in relation to the total cost of the asset. Authorities are only required to follow these requirements where significant components of material items of Property, Plant and Equipment have been identified. The Council has determined that only assets or groups of assets with a value of above £100m will be considered for componentisation.

Assets Held for Sale

The Council had previously categorised its Strategic Housing Land Sites as Assets Held for Sale on the Balance Sheet. Developers have been granted a building lease for the provision of housing until the freehold of the individual houses have been sold. Therefore, the Council kept these sites on Balance Sheet until houses have been sold to individuals. During 2023/24 the sale of freeholds had fallen and therefore the Council felt that these sites no longer met the definition of Assets Held for Sale. During 2023/24 £17.965m of these Strategic Housing Land Sites were transferred to Surplus Assets held under Property, Plant and Equipment on the Balance Sheet.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council Balance Sheet as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property, Plant and Equipment – Where property assets are held at revalued amount in the Balance Sheet (i.e., operational land and buildings, surplus assets and investment properties), the Council has a three-year rolling programme to revalue these assets. However, in practice a significant proportion are revalued more frequently, and in many cases annually, to ensure the carrying values reflect current or fair value at the Balance Sheet Date. The valuations are undertaken by qualified property experts in accordance with RICS professional standards and Code requirements. They are estimates dependent on professional judgement based on the best information available at the time of valuation, taking into account the latest RICS guidance.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance on them. If the useful life of assets is reduced, then depreciation will increase and the carrying amount of the asset on the Balance Sheet will fall. As at 31 March 2025, the value of depreciable non-current assets held on the Balance Sheet is £459.246m. A 10% reduction in the Net Book Value would equate to £45.924m. It is estimated that the annual depreciation charge for assets would increase by £1.317m for every year that useful lives were reduced.

- Investment Properties - The Council's valuers use valuation techniques to determine the fair value of investment property. In estimating the fair value, the highest and best use of the properties is deemed to be their current use. As at 31 March 2025, the value of Investment Properties is £100.977m. The Council's Investment Properties have been assessed as Level 3 Inputs (unobservable inputs for the asset) on the fair value hierarchy for valuation purposes.

Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.

- Pensions Liability – estimation of the net liability in relation to the Merseyside Pension Fund depends on a number of complex judgements determined by the Fund's appointed actuaries. Changes in these assumptions can have a significant impact on the net liability and are detailed in Note 42 on page 121. As at 31 March 2025, the total net pension liability, including Teachers Pensions is £21.770m, however a 0.1% increase in the assumed discount rate would reduce the net pension liability by £10.605m, and a 1-year increase in assumed life expectancy would increase the net liability by £16.976m. The Council's net pension liability included in the Balance Sheet and disclosed at Note 42, includes an estimate of the total value of the Council's share of the Merseyside Pension Fund investment assets.

Note 5 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director (Resources) on 30 June 2025.

There are no events after the balance sheet date included in the accounts.

Note 6 – Prior Period Adjustment

The Council's external auditors, Grant Thornton, issued a modified opinion for the 2023/24 Statement of Accounts in that the accounts give a true and fair view of the financial position of the Council, except for the possible effects of the valuation of two assets - Shakespeare North Playhouse and strategic land.

Following the audit the Council instructed external valuers to complete valuations on these assets and the 2024/25 accounts reflect the revised valuations and a prior period adjustment has been completed.

The impact of the prior period adjustment can be seen in the following table.

Between the two years there has been an overall reduction in asset values of £30.917m which have also been reflected the Capital Adjustment Account and Revaluation Reserve. These adjustments can be seen in the individual notes to the accounts.

	Property, Plant and Equipment	Assets Held for Sale	Movement	Capital Adjustment Account	Revaluation Reserve	Movement
	£000	£000	£000	£000	£000	£000
1 April 2023 original	337,018	17,965		(254,974)	(117,499)	
Shakespeare North Playhouse Adjustment	(10,185)	0	(10,185)	18,177	(7,992)	10,185
Strategic Land Sites Adjustment	(3,772)	(17,965)	(21,737)	18,038	3,699	21,737
Subtotal	(13,957)	(17,965)	(31,922)	36,215	(4,293)	31,922
1 April 2023 restated	323,061	0		(218,759)	(121,792)	

	Property, Plant and Equipment	Assets Held for Sale	Movement	Capital Adjustment Account	Revaluation Reserve	Movement
	£000	£000	£000	£000	£000	£000
31 March 2024 original	359,431	1,364		(267,644)	(121,468)	
Shakespeare North Playhouse Adjustment	(9,142)	0	(9,142)	18,009	(8,867)	9,142
Strategic Land Sites Adjustment	(21,775)	0	(21,775)	18,076	3,699	21,775
Subtotal	(30,917)	1,364	(30,917)	36,085	(5,168)	30,917
31 March 2024 restated	328,514	1,364		(231,559)	(126,636)	

Note 7 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and expenditure Statement.

2023/24 (Restated)				2024/25		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000	£000
58,627*	5,276	63,903	Children's Services	67,618	11,330	78,948
14,903	3,047	17,950	Communities and Neighbourhoods	16,727	2,025	18,751
(312)	200	(112)	Council Wide	3,033	452	3,485
55,842*	4,583	60,425	Health and Social Care	56,012	5,865	61,877
7,909	6,082	13,991	Regeneration and Economic Development	2,090	12,370	14,460
28,895	(686)	28,209	Resources	36,837	(7,740)	29,096
165,895	18,502	184,397	Net Cost of Services	182,317	24,302	206,618
(160,176)*	(33,761)	(193,937)	Other Income and Expenditure	(183,757)	(29,519)	(213,276)
5,719	(15,259)	(9,540)	(Surplus) or Deficit on Provision of Services	(1,440)	(5,217)	(6,657)
(109,021)			Opening Combined General Fund Balance	(103,302)		
5,719			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(1,440)		
(103,302)			Closing Combined General Fund Balance	(104,742)		

- * The income figures for Children's Services, Health and Social Care, and Other Income and Expenditure have been restated due to the reclassification of grants. The Social Care Grant (£19.284m), Market Sustainability Improvement Fund (£2.288m), Discharge Fund (£1.701m) and Family Hubs (£1.198m) grants have now been moved to the appropriate service lines.

Note 7a - Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

2024/25	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Children's Services	12,057	(727)	0	11,330
Communities and Neighbourhoods	2,321	(296)	0	2,025
Council Wide	240	212	0	452
Health and Social Care	6,148	(283)	0	5,865
Regeneration and Economic Development	12,479	(109)	0	12,370
Resources	(7,365)	(375)	0	(7,740)
Net Cost of Services	25,880	(1,578)	0	24,302
Other Income and Expenditure	(39,139)	(63)	9,683	(29,519)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(13,259)	(1,641)	9,683	(5,217)

2023/24	Net Capital Statutory Adjustments £000	Net Pensions Statutory Adjustments £000	Other Statutory Adjustments £000	Total Adjustments £000
Children's Services	5,682	(406)	0	5,276
Communities and Neighbourhoods	3,215	(168)	0	3,047
Council Wide	112	119	0	231
Health and Social Care	4,732	(149)	0	4,583
Regeneration and Economic Development	6,143	(61)	0	6,082
Resources	(472)	(214)	0	(686)
Net Cost of Services	19,412	(879)	0	18,533
Other Income and Expenditure	(38,368)	1,488	3,088	(33,792)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	(18,956)	609	3,088	(15,259)

Net Capital Statutory Adjustments

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year, to those receivable without conditions or for which conditions were satisfied during the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pension Statutory Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For the Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing difference for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7b - Segmental Analysis of Income and Expenditure

Income and Expenditure on a segmental basis is analysed below:

2024/25	Revenues from External Customers £000	Depreciation and Amortisation £000
Children's Services	(1,144)	4,009
Communities and Neighbourhoods	(11,234)	2,314
Council Wide	(453)	241
Health and Social Care	(19,948)	1,524
Regeneration and Economic Development	(11,502)	9,491
Resources	(7,576)	1,453
Total Managed by Segments	(51,857)	19,032

2023/24	Revenues from External Customers £000	Depreciation and Amortisation £000
Children's Services	(1,423)	3,786
Communities and Neighbourhoods	(9,590)	2,131
Council Wide	(615)	209
Health and Social Care	(18,216)	1,509
Regeneration and Economic Development	(11,551)	8,101
Resources	(6,835)	1,654
Total Managed by Segments	(48,230)	17,390

Note 7c - Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2023/24 £000	Nature of Expenditure or Income	2024/25 £000
189,457	Employee benefits expenses	205,601
55,697	Interest payments	56,867
21,600	Precepts and levies	22,580
18,126	Depreciation, amortisation and impairment	19,531
9,850	Support service recharge expenditure	9,850
0	(Gains) / Losses on derecognition of Financial Instruments	242
3	Payments to Housing Capital Receipts Pool	0
375,970	Other service expenses	413,306
670,703	Gross Expenditure	727,977
(310,605)	Government grants and contributions	(331,585)
(197,111)	Income from local taxation	(212,540)
(9,850)	Support Service recharge income	(9,850)
(50,571)	Interest and investment income	(58,795)
3,339	Gain or loss on disposal of non-current assets	1,303
(384)	Movement in fair value of Financial Instruments	(691)
(115,061)	Fees, charges and other service income	(122,476)
(680,243)	Gross Income	(734,634)
(9,540)	(Surplus) or Deficit for Year	(6,657)

Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2024/25	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	1,641	0	0	(1,641)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	42	0	0	(42)
Changes in fair value of pooled investments and amounts written out on disposal	691	0	0	(691)
Council tax and NDR (transfers to or from the Collection Fund)	2,786	0	0	(2,786)
Holiday pay (transferred to the Accumulated Absences reserve)	1,454	0	0	(1,454)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,774)	0	0	1,774
Dedicated Schools Grant Deficit (transferred to the Dedicated Schools Grant Adjustment Account)	(13,202)	0	0	13,202
Total Adjustments to Revenue Resources	(8,362)	0	0	8,362
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	770	(770)	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0	0	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,229	0	0	(6,229)
Transfer of capital grants and contributions to Capital Grants Unapplied	2,885	0	(2,885)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,695	0	0	(3,695)
Total Adjustments between Revenue and Capital Resources	13,579	(770)	(2,885)	(9,924)
Use of the Capital Receipts Reserve to finance capital expenditure	0	798	0	(798)
Application of capital grants to finance capital expenditure	0	0	3,811	(3,811)
Total Adjustments to Capital Resources	0	798	3,811	(4,609)
Total Adjustments	5,217	28	926	(6,171)

2023/24	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(609)	0	0	609
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	42	0	0	(42)
Changes in fair value of pooled investments and amounts written out on disposal	384	0	0	(384)
Council tax and NDR (transfers to or from the Collection Fund)	4,579	0	0	(4,579)
Holiday pay (transferred to the Accumulated Absences reserve)	2,667	0	0	(2,667)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6,565)	0	0	6,565
Dedicated Schools Grant Deficit (transferred to the Dedicated Schools Grant Adjustment Account)	(8,093)	0	0	8,093
Total Adjustments to Revenue Resources	(7,595)	0	0	7,595
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	31	(31)	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(3)	3	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	6,787	0	0	(6,787)
Transfer of capital grants and contributions to Capital Grants Unapplied	9,209	0	(9,209)	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6,830	0	0	(6,830)
Total Adjustments between Revenue and Capital Resources	22,854	(28)	(9,209)	(13,617)
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	3,925	(3,925)
Total Adjustments to Capital Resources	0	0	3,925	(3,925)
Total Adjustments	15,259	(28)	(5,284)	(9,947)

Note 9 - Transfers to/from Earmarked Reserves

In addition to the Council's un-earmarked General Balances the Council sets aside resources in its earmarked reserves to fund approved policy developments and future financial commitments.

	Balance at 31 March 2023 £000	Transfers In 2023/24 £000	Transfers Out 2023/24 £000	Balance at 31 March 2024 £000	Transfers In 2024/25 £000	Transfers Out 2024/25 £000	Balance at 31 March 2025 £000
General Fund Reserves:							
Approved Budget Investments	(22,884)	(5,088)	13,461	(14,511)	(12,661)	9,405	(17,767)
Service Commitments	(33,877)	(7,728)	10,121	(31,484)	(13,066)	14,286	(30,264)
Budget Strategy Reserve	(5,995)	(8,438)	4,474	(9,959)	(2,817)	6,725	(6,051)
Workforce Remodelling	(2,886)	0	1,286	(1,600)	(519)	295	(1,824)
Centres for Learning	(28,153)	(2,010)	0	(30,163)	(3,060)	0	(33,223)
Street Lighting PFI	(2,275)	(2)	733	(1,544)	(145)	606	(1,083)
School Balances	(4,377)	(5,046)	4,356	(5,067)	(5,650)	6,161	(4,556)
Total General Fund	(100,446)	(28,312)	34,431	(94,327)	(37,918)	37,478	(94,767)

Notes

- (a) The Approved Budget Investments, Service Commitments, Budget Strategy Reserve and the Workforce Remodelling Reserve are funding for the future financial commitments of the Council's services.
- (b) Centres For Learning Reserve - Sinking fund to finance the costs of the new Centres for Learning across the Borough.
- (c) Street Lighting PFI - Contributions to development work on the street lighting private finance initiative scheme.
- (d) School Balances - Balances held on delegated budgets to fund future schools expenditure.

Note 10 - Other Operating Expenditure

2023/24 £000		2024/25 £000
1,460	Precepts	1,545
20,140	Levies	21,035
3	Payments to the Government Housing Capital Receipts Pool	0
3,339	(Gains)/losses on the Disposal of Non-Current Assets	(410)
24,942	Total Other Operating Expenditure	22,170

Note 11 – Financing and Investment Income and Expenditure

2023/24 £000		2024/25 £000
13,195	Interest payable and similar charges	13,125
1,488	Net interest on the net defined benefit liability (asset)	(63)
(3,825)	Interest receivable and similar income	(2,755)
(2,008)	Income and expenditure in relation to investment properties and changes in their fair value	(8,857)
(384)	Movement in fair value of financial instruments	(691)
0	(Gains) / Losses arising from derecognition of financial assets measured as fair value through profit and loss	242
0	Loss on disposal of interest in Academy Schools	2,073
0	Other investment income	(11)
8,466	Total Financing and Investment Income and Expenditure	3,063

Note 12 - Taxation and Non-Specific Grant Income

2023/24 (Restated) £000		2024/25 £000
(68,532)	Council tax income	(73,468)
(128,579)	Non-domestic rates income	(139,072)
(3,303)*	Non-ringfenced government grants	(1,040)
(26,932)	Capital grants and contributions	(24,927)
(227,346)	Total Taxation and Non-Specific Grant Income	(238,507)

- * The figure for Non-ringfenced government grants has been restated due to the reclassification of the Social Care Grant (£19.284m), Market Sustainability Improvement Fund (£2.288m), Discharge Fund (£1.701m) and Family Hubs (£1.198m) grants which have now been moved to the appropriate service lines.

Note 13 - Property, Plant and Equipment

Movements to 31 March 2025	Land and Buildings (Restated) £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets (Restated) £000	Assets Under Construction £000	Right of Use Asset £000	Total Property, Plant and Equipment (Restated) £000
Cost or Valuation							
at 1 April 2024	289,285	15,437	16,376	28,273	337	7,490	357,198
Additions	7,428	4,528	1,752	913	485	21	15,127
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,342	0	0	5,422	0	0	12,764
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,840)	0	0	(173)	0	0	(8,021)
Derecognition – disposals	(3,083)	(3,456)	0	(3,073)	0	0	(9,612)
Reclassifications and transfer	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	0	199	0	0	199
Other movements in cost or valuation	(7,153)	0	0	1	0	0	(7,088)
at 31 March 2025	285,979	16,509	18,128	31,555	822	7,511	360,504

Movements to 31 March 2025	Land and Buildings (Restated) £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets (Restated) £000	Assets Under Construction £000	Right of Use Asset £000	Total Property, Plant and Equipment (Restated) £000
Accumulated Depreciation and Impairment							
at 1 April 2024	(7,139)	(8,871)	(2,618)	(2,566)	0	0	(21,194)
Depreciation charge	(6,522)	(4,184)	(285)	0	0	(643)	(11,634)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(93)	0	0	(406)	0	0	(499)
Derecognition – disposals	1,010	3,456	0	2,713	0	0	7,179
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements in depreciation and impairment	6,620	0	0	0	0	0	6,933
at 31 March 2025	(6,124)	(9,599)	(2,903)	(259)	0	(643)	(19,528)
Net Book Value							
at 31 March 2025	279,855	6,910	15,225	31,296	822	6,868	340,976
at 31 March 2024	282,146	6,566	13,758	25,707	337	7,490	336,004

	Land and Buildings (Restated) £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets (Restated) £000	Assets Under Construction £000	Right of Use Asset £000	Total Property, Plant and Equipment (Restated) £000
at 31 March 2025							
Assets used by the Council	279,855	6,910	15,182	30583	822	6,868	340,220
Assets let to third parties under operating leases	0	0	43	713	0	0	756

At 1 April 2024							
Assets used by the Council	282,146	6,566	13,714	24,994	337	7,490	335,247
Assets let to third parties under operating leases	0	0	44	713	0	0	757

Note 13 - Property, Plant and Equipment (cont'd)

Movements to 31 March 2024	Land and Buildings (Restated) £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets (Restated) £000	Assets Under Construction £000	Total Property, Plant and Equipment (Restated) £000
Cost or Valuation						
at 1 April 2023	335,275	20,512	14,889	29,529	105	400,310
Opening Balance Adjustment to reflect Prior Period Adjustment	(10,525)	0	0	(3,772)	0	(14,297)
Revised Opening Balance	324,750	20,512	14,889	25,757	105	386,013
Additions	9,034	5,324	1,487	658	232	16,735
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,313	0	0	355	0	6,668
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,520)	0	0	2,203	0	(2,317)
Derecognition – disposals	(38,059)	(10,399)	0	0	0	(48,458)
Reclassifications and transfer	0	0	0	(460)	0	(460)
Assets reclassified (to)/from Held for Sale	0	0	0	(420)	0	(420)
Other movements in cost or valuation	(8,233)	0	0	180	0	(8,053)
at 31 March 2024	289,285	15,437	16,376	28,273	337	349,708

Movements to 31 March 2024	Land and Buildings (Restated) £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets (Restated) £000	Assets Under Construction £000	Total Property, Plant and Equipment (Restated) £000
Accumulated Depreciation and Impairment						
at 1 April 2023	(43,504)	(15,376)	(2,341)	(2,071)	0	(63,292)
Opening Balance Adjustment to reflect Prior Period Adjustment	340	0	0	0	0	340
Revised Opening Balance	(43,164)	(15,376)	(2,341)	(2,071)	0	(62,952)
Depreciation charge	(6,473)	(3,894)	(277)	0	0	(10,644)
Impairment losses/(reversals) recognised in the Revaluation Reserve	(2)	0	0	0	0	(2)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(241)	0	0	(495)	0	(736)
Derecognition – disposals	34,689	10,399	0	0	0	45,088
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in depreciation and impairment	8,052	0	0	0	0	8,052
at 31 March 2024	(7,139)	(8,871)	(2,618)	(2,566)	0	(21,194)
Net Book Value						
at 31 March 2024	282,146	6,566	13,758	25,707	337	328,514
at 31 March 2023	281,586	5,136	12,548	23,686	105	323,061

Following the audit of the 2023/24 accounts, the balance as at 1 April 2023 has been adjusted to reflect the revaluations of the Shakespeare North Playhouse and Strategic Land Sites that the Council owns.

Property, Plant and Equipment has been restated as at 1 April 2023 and as at 31 March 2024 following the revaluation of the Shakespeare North Playhouse and Strategic Land Sites.

Right of Use Assets

In line with International Financial Reporting Standard 16 the Council now recognises all leases for greater than 12 months as a Right of Use Asset (unless they are of a minor value). The opening balance has been adjusted for these and £7.490m of assets have been recognised on the Balance sheet.

Movements to 31 March 2025	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Donated Assets £000	Total £000
As at 1 April 2024	0	0	0	0
Recognition of Right of Use Assets	4,036	54	3,400	7,490
Additions	21	0	0	21
Depreciation charge	(427)	(27)	(189)	(643)
at 31 March 2025	3,630	27	3,211	6,868

Property, Plant and Equipment Revaluations

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Right of Use Assets £000	Total £000
Carried at historical cost	0	5,492	15,108	0	0	20,600
Valued at current / fair value as at:						
31/03/2025	119,458	0	0	31,296	6,868	157,622
31/03/2024	94,295	0	0	0	0	94,294
31/03/2023	66,102	0	0	0	0	66,102
31/03/2022	0	0	0	0	0	0
31/03/2021	0	1,418	117	0	0	1,535
Total Cost or Valuation	279,855	6,910	15,225	31,296	6,868	340,154

Note 14 – Infrastructure Assets

2023/24 £000		2024/25 £000
208,718	Net Book Value as at 1 April	214,412
0	Recognition of Assets under IFRS 16	3,096
11,774	Additions	16,816
(37)	Derecognition	0
(6,080)	Depreciation	(6,936)
37	Other movement in depreciation and impairment	767
214,412	Net Book Value as at 31 March	228,155

Following the adoption of IFRS 16, the Council's Private Finance Initiative schemes liabilities have been remeasured resulting in addition assets of £3.096m being added to the balance sheet. This is in relation to the Council's Street Lighting Private Finance Initiative Scheme.

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Note 15 - Heritage Assets

2023/24 £000	Public Art	2024/25 £000
580	Opening Balance	580
25	Additions	21
(25)	Depreciation	(26)
580	Closing Balance	575

The Knowsley Alphabet Public Art trail consists of 26 pieces of artwork which are totally unique to Knowsley. The pieces take inspiration from the borough's history, particularly from the famous artist Edward Lear who was based in Knowsley Hall in the 1830s.

The new artworks have been created especially for the Knowsley Leisure and Culture Park by artists, designers and craftspeople led by renowned artist Gordon Young. As part of the design process many local people, including school children, residents and even construction workers on site wrote their own rhymes which were incorporated with Lear's poems.

During 2023/24 further artwork pieces were commissioned for public art installations in Huyton Village.

These pieces of Public Art are reported in the Balance Sheet at cost and will be depreciated following the year of acquisition over 20 years.

Note 16 - Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2024 £000	Investment Property Income and Expenditure	31 March 2025 £000
(6,207)	Rental income from investment property	(5,697)
3,724	Direct operating expenses from investment property	3,378
(2,483)	Net (gain)/loss	(2,319)

31 March 2024 £000	Investment Properties Movement in Year	31 March 2025 £000
87,621	Opening Balance	93,008
	Additions:	
2,300	Purchases	0
3,102	Subsequent expenditure	1,011
(475)	Net gains/(losses) from fair value adjustments	6,538
	Transfers:	
460	to/from Property Plant and Equipment	420
93,008	Balance at the end of the year	100,977

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The above table summarises the movement in the fair value of investment properties over the year.

In estimating the fair value of the Council's Investment Properties and Surplus assets, the highest and best use of the properties is deemed to be their current use. The Council's Investment Properties have been assessed as Level 2 and 3 Inputs. Investment and Market approaches have been adopted having consideration to net income receivable, quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, general market data and local market knowledge gained in managing the Council's Investment Property Portfolio. There have been no changes in the valuation techniques used for 2024/25 valuation programme.

Note 17 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software intangible assets used by the Council are 5 years.

31 March 2024 £000	Software	31 March 2025 £000
	Balance at start of year:	
3,314	Gross carrying amounts	4,118
(2,835)	Accumulated amortisation	(3,476)
479	Net carrying amount at start of year	642
804	Additions	151
(641)	Amortisation for the period	(436)
642	Net carrying amount at end of year	357
	Comprising:	
4,118	Gross carrying amounts	4,269
(3,476)	Accumulated amortisation	(3,912)
642	Total	357

Note 18 - Capital Commitments

At 31 March 2025, the Council had committed to a number of capital projects in 2024/25 and future years. The major commitments are:

31 March 2024 £000	Scheme	Purpose	Expected Period	£000
16,404	Various Highways Schemes	Expenditure within the Highways Capital Programme to be completed by the Council's Highways Maintenance Contractor for the Liverpool City Region Sustainable Transport Scheme (CRSTS) and East of Halewood Highway improvement works.	2025/26	12,826
0	Huyton Active Travel Corridor and Tarbock Island	Expenditure within the Highways Capital Programme to be completed by the Council's Highways Maintenance Contractor, funded by Grant allocation from the Liverpool City Region, to enhance safety across the Borough and improve the existing cycle network, as well as improve junction capacity in an area which currently experiences congestion. This initiative aligns with Knowsley's forthcoming Local Cycling and Walking Infrastructure Plan.	2025/26 and 2026/27	11,374
5,699	Highways Key route Network Schemes	Additional CRSTS grant funding allocation from the Liverpool City Region for Key Route Network Highways improvement works to be undertaken by the Council's Highways Maintenance Contractor.	2025/26	4,350
0	Active Travel : M57 Junction – Phase 1	Expenditure within the Highways Capital Programme to be completed by the Council's Highways Maintenance Contractor, funded by Grant allocation from the Liverpool City Region, to enhance safety across the Borough and improve the existing cycle network. This initiative aligns with Knowsley's forthcoming Local Cycle and Walking Infrastructure Plan	2025/26 and 2026/27	4,196
0	Strategic Acquisitions & Demolitions - Prescot	The demolition of Stephenson's Printworks and partial demolition of Prescot Shopping Centre was identified by the public and stakeholders as one of the highest priorities in need of intervention and investment with Prescot Town Centre Master Plan.	2025/26	1,376

31 March 2024 £000	Scheme	Purpose	Expected Period	£000
2,857	Access to Halsnead Garden Village Transport	This project is closely aligned with the Liverpool City Region Growth Strategy providing transport infrastructure improvements that are primarily required to enable the Halsnead Garden Village site to be capable of development, thereby securing comprehensive development and maximising the associated benefits for Knowsley and the Liverpool City Region.	2025/26	341
894	Street Lighting LED Replacement Scheme	Expenditure to upgrade the Council's Street Lighting Inventory to LED lighting undertaken by Council's Street Lighting PFI Contract provider. These works will result in energy usage efficiencies for the Council thus producing subsequent energy cost savings. The completion of these works will also mitigate obsolescence of the current lighting columns producing savings on future maintenance repair requirements on the existing lantern stock.	2025/26	120
1,811	Plantation Primary School	Expenditure to return Plantation Primary School in Halewood to a 3-Form entry primary school for increased pupil capacity requirements with costs related to Phase 2 & Phase 3 infrastructure improvements.	n/a	0
1,030	Kirkby Town Centre Regeneration	The scheme transferred ownership of the existing town centre from St Modwen to the Council enabling the Council to bring forward a new retail development and improvements to Cherryfield Drive.	2025/26	86

Note 19 - Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity and a financial liability of another. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprise:

- long-term loans from the Public Works Loan Board (PWLB) and commercial lenders;
- short-term loans from other local authorities;
- bank overdraft;
- lease payables detailed in Note 38 (IFRS 16 impact)
- finance leases;
- Private Finance Initiative (PFI) contracts; and
- Trade payables for goods and services received.

In 2024/25 the Council agreed a commitment to lend £5.000m to Sovereign Network Homes under a 3 year credit facility arrangement. The credit facility has not been used at 31 March 2025. The expected credit loss has been calculated for this and is not material.

The Council does not hold any derivative financial liabilities.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. To meet Code Requirements, financial assets are now classified into one of three categories:

Amortised Cost – these represent investments and investment type arrangements where repayments of interest and principal take place on set dates for specified amounts. The Council holds the following investments at amortised cost:

- cash in hand;
- bank accounts and deposit accounts;
- bonds issued by multilateral development banks and UK companies;
- certificates of deposits and covered bonds issued by banks and building societies;
- fixed term deposits with banks and building societies;
- loans made for service delivery; and
- trade receivables for goods and service delivered.

Fair Value through Other Comprehensive Income – these assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through the Financial instruments Revaluation Reserve.

The Council has classified its investments in equity instruments managed by fund managers under this heading.

Fair Value through Profit and Loss – these assets are measured and carried at fair value. The Council classifies its investments in Money Market Funds and Pooled Investment funds under this heading.

The following tables detail the classification and balances of the assets and liabilities held on the Council's Balance Sheet.

Non-Current Financial Assets

	Investments		Debtors		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Fair value through profit and loss	24,460	24,151	0	0	24,460	24,151
Amortised cost	238	238	538	849	776	1,087
Fair value through other comprehensive income - designated equity instruments	1,925	1,394	0	0	1,925	1,394
Total financial assets	26,623	25,783	538	849	27,161	26,632

Current Financial Assets

	Investments		Debtors		Cash		Total	
	31 March 2024 £000	31 March 2025 £000						
Fair value through profit and loss	0	0	0	0	14,227	20,399	14,227	20,399
Amortised cost	3,026	0	40,291	43,755	1,635	508	44,952	44,263
Total financial assets	3,026	0	40,291	43,755	15,862	20,907	59,179	64,662

The total debtor figures on the balance sheet have been reduced by £33.972m in the above table to remove balances that do not meet the definition of a financial asset and relate to non-exchange transactions or payments in advance. The adjusted debtor's figure in this table therefore agrees to Note 43 – Nature and Extent of Financial Risks, total credit risk exposure at 31 March 2025.

Transferred Debt that was created through local government reorganisations in 1974 and 1986, that is administered by other local authorities on behalf of the Council, is not considered a financial instrument. The outstanding balance of £0.246m has however been included under borrowings in the following tables in order for them to agree back to the Total Borrowing figures in the Councils Balance sheet.

Non-Current Financial Liabilities

	Borrowings		Other long-term liabilities		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Amortised cost	(107,948)	(116,171)	(93,755)	(92,084)	(201,703)	(208,255)
Total financial Liabilities	(107,948)	(116,171)	(93,755)	(92,084)	(201,703)	(208,255)

Current Financial Liabilities

	Borrowings		Creditors		Total	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Amortised cost	(8,271)	(10,486)	(41,897)	(42,606)	(50,168)	(53,092)
Total financial Liabilities	(8,271)	(10,486)	(41,897)	(42,606)	(50,168)	(53,092)

The creditor figure on the balance sheet for 31 March 2025 has been reduced by £31.272m in the above table to remove balances that do not meet the definition of a financial liability and relate to non-exchange transactions or receipts in advance.

Income, Expense, Gains and Losses

	31 March 2024		31 March 2025	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net (gains)/losses on: investments in equity instruments designated at fair value through other comprehensive income financial assets measured at fair value through profit or loss	0 (384)	(26) 0	0 (449)	531 0
Total net (gains)/losses	(384)	(26)	(449)	531
Interest revenue: financial assets measured at amortised cost other financial assets measured at fair value through other comprehensive income	(763) (3,062)	0 0	(203) (2,552)	0 0
Total interest revenue	(3,825)	0	(2,755)	0
Interest expense	13,195	0	13,125	0
Fee income: financial assets or financial liabilities that are not at fair value through profit or loss	0	0	(11)	0
Total fee income	0	0	(11)	0

Fair Value of Equity instruments designated at fair value through other comprehensive income include the following:

	31 March 2024 £000	31 March 2025 £000
Fundamentum REIT	1,925	1,394
Total	1,925	1,394

The Council has elected to account for the above investments in equity instruments at fair value through comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Note 19a - Fair Value of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction.

Financial instruments, except those classified at amortised cost are carried in the Balance Sheet at fair value. For most assets, including money market funds and pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by discounting expected future profits at a suitable market rate for similar equity investments.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2025.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2025.
- The fair values of finance lease and PFI scheme liabilities are no longer required due to IFRS 16.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including cash, money market funds, call accounts, short term borrowing, trade payables and receivables is assumed to be a reasonable approximation to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

1. Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g., bond prices.
2. Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments.
3. Level 3 – fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values calculated are as follows:

	Fair Value Level	31 March 2024		31 March 2025	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities held at amortised cost					
LOBO fixed Loans	2	(6,078)	(6,928)	(6,077)	(6,641)
PWLB fixed loans	2	(101,534)	(93,706)	(111,597)	(92,296)
Market long term loans	2	(8,114)	(7,223)	(7,729)	(5,877)
PFI and Finance Leases	2	(101,203)	(109,787)	n/a *	n/a *
Liabilities for which fair value is not disclosed					
Short Term Loans	Note i	0	0	(1,007)	(1,007)
Creditors (excludes PFI and finance leases)	Note i	(67,535)	(67,535)	(65,672)	(65,672)
PFI and Finance leases 31 March 2025*				(100,290)	n/a *
Total Financial Liabilities		(284,464)	(285,179)	(292,372)	(171,493)
Financial Assets held at Amortised Cost					
Cash and Cash Equivalents	2 (Note i)	1,635	1,635	508	508
Long term deposits	2	238	238	238	238
Assets for which fair value is not disclosed					
Short term deposits	(Note i)	3,026	3,026	0	0
Trade Receivables	(Note i)	75,669	75,669	78,576	78,576
Financial Assets held at Fair Value through Profit and Loss					
Cash Equivalents	1	14,227	14,227	20,399	20,399
Long term deposits	1	24,460	24,460	24,151	24,151
Financial Assets held at Fair Value through Other Comprehensive Income					
Long term deposits	1	1,925	1,925	1,394	1,394
Total Financial Assets		121,180	121,180	125,266	125,266

*Fair value disclosures for lease and PFI liabilities are no longer required due to IFRS 16

Note i) Fair Value calculations do not apply to short term instruments as the Council deems their carrying amount to be a reasonable approximation of their fair value. The Council deems all trade receivable and payable carrying amounts to be a reasonable approximation of their fair value.

Transferred debt of £0.246m has been excluded from Liabilities held at amortised cost in this table as it is not considered a Financial Instrument.

Financial liabilities

Lender Offer Borrower Option (LOBO)

The fair value is higher than the carrying amount because the Council's Lender Offer Borrower Option portfolio includes a fixed rate loan where the interest payable is higher than the rate available for a similar loan at the balance sheet date.

Public Works Loan Board (PWLB)

The fair value is lower than the carrying amount because the Council's Public Works Loan Board portfolio includes a number of fixed rate loans where interest payable is lower than the rates available for similar loans at the balance sheet date. The Public Works Loan Board's alternative calculations, based on the aggregate net present value of future cash flows, discounted using the appropriate premature repayment rate, show the fair value of loans outstanding as at 31 March 2025 is £102.754m. This represents a variance of £10.458m when compared to the valuations above, prepared using rates available for new loans.

Market Long Term Loans

The fair value is lower than the carrying amount because the Council's Market Long Term loans have an interest rate payable that is lower than the rates available for a similar loan at the balance sheet date.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Financial assets held at amortised costs

The carrying amounts of all the Council's short-term deposits and cash equivalents are deemed to be a reasonable approximation of the fair value.

The long-term investment is an investment in a credit union and the carrying amount is deemed to be a reasonable approximation.

Financial assets held at fair value through other comprehensive income

The equity investment held in this category is a Real Estate Investment Trust Fund.

Financial assets held at fair value through profit and loss

This comprises Money Market Funds held as cash equivalent and long-term investments in other Funds.

Note 20 - Debtors

The amounts owed to the Council by others are as follows:

31 March 2024 £000		31 March 2025 £000
22,217	Trade Receivables	21,315
4,612	Prepayments	4,749
	Other Receivable Amounts:	
10,895	- Grants Due	10,346
4,194	- VAT Due from HMRC	4,976
8,788	- Other	11,060
24,316	Collection Fund	25,176
75,022	Total	77,622

Each line is presented net of an allowance for expected credit losses. As at 31 March 2025 the total expected credit loss was £27.040m (£24.299m at 31 March 2024).

Note 21 - Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 2024 £000		31 March 2025 £000
3,427	Cash balances	8,307
(4,805)	Cash overdrawn at bank	(7,800)
17,240	Short Term Deposits	20,400
15,862	Total Cash and Cash Equivalents	20,907

Note 22 - Assets Held for Sale

31 March 2024 £000	Current Assets Held for Sale	31 March 2025 £000
18,042	Balance outstanding at start of year	1,364
(18,042)	Opening Balance Adjustment for Revaluation of Assets	0
0	Revised Opening Balance	1,364
944	Newly acquired assets	0
420	Assets newly classified as held for sale: - Property Plant and Equipment	745
0	Assets declassified as held for sale: - Property Plant and Equipment	(944)
0	- Investment Properties	(420)
0	Assets sold	0
1,364	Balance Outstanding year end	745

Following the audit of the 2023/24 accounts, the balance as at 1 April 2023 has been adjusted to reflect the prior period adjustment in relation to the Strategic Land Sites that the Council owns.

Note 23 - Creditors

The amounts owed by the Council to others are as follows:

31 March 2024 £000		31 March 2025 £000
(34,793)	Trade payables	(35,067)
	Other payables	
(5,735)	- Employee Absences Accrual	(4,281)
(6,562)	- Other Employee Related	(6,625)
(4,167)	- Grants	(3,880)
(2,414)	- Other	(3,445)
(16,208)	Income in Advance	(14,394)
(5,103)	Collection Fund	(6,186)
(74,982)	Total Creditors	(73,878)

Note 24 – Provisions

A number of provisions have been set aside at 31 March 2025 to cover the following liabilities:

Current Provisions

2024/25	Street Lighting PFI £000	Collection Fund - Business Rates Appeals £000	Special Guardianship Order Historic Payments £000	Other £000	Total £000
Opening Balance	0	(1,973)	(296)	(159)	(2,428)
Increase in provision during year	0	(1,587)	0	(21)	(1,608)
Utilised during year	0	1,480	0	45	1,525
Unused Amounts	0	0	0	0	0
Reversed	0	0	0	0	0
Other Movements	(225)	0	0	18	(207)
Closing Balance	(225)	(2,080)	(296)	(117)	(2,718)

2023/24	Street Lighting PFI £000	Collection Fund - Business Rates Appeals £000	Special Guardianship Order Historic Payments £000	Other £000	Total £000
Opening Balance	0	(172)	(410)	(106)	(688)
Increase in provision during year	0	(1,973)	0	(63)	(2,036)
Utilised during year	0	172	0	0	172
Unused Amounts	0	0	114	10	124
Reversed	0	0	0	0	0
Other Movements	0	0	0	0	0
Closing Balance	0	(1,973)	(296)	(159)	(2,428)

Long Term Provisions

2024/25	Collection Fund - Business Rates Appeals £000	Insurance £000	Street Lighting PFI £000	Impact on General Fund of Collection Fund Deficit £000	Other £000	Total £000
Opening Balance	0	(6,744)	(2,410)	0	0	(9,154)
Increase in provision during year	0	(1,486)	(366)	0	0	(1,852)
Utilised during year	0	2,091	225	0	0	2,316
Unused Amounts Reversed	0	0	0	0	0	0
Other Movements	0	0	225	0	0	225
Closing Balance	0	(6,139)	(2,326)	0	0	(8,465)

2023/24	Collection Fund - Business Rates Appeals £000	Insurance £000	Street Lighting PFI £000	Impact on General Fund of Collection Fund Deficit £000	Other £000	Total £000
Opening Balance	(1,230)	(7,114)	(2,472)	(5)	(15)	(10,836)
Increase in provision during year	0	(1,881)	(160)	0	0	(2,041)
Utilised during year	1,230	2,251	222	0	0	3,703
Unused Amounts Reversed	0	0	0	5	15	20
Other Movements	0	0	0	0	0	0
Closing Balance	0	(6,744)	(2,410)	0	0	(9,154)

Detail of Provisions

Business Rates Appeals (Collection Fund): Under the Business Rates Retention System the cost of all potential backdated appeals expected to be incurred in the current and future years falls in full on the Collection Fund. Knowsley's 99% share of this cost is estimated at £2.080m and is provided for within the Collection Fund and therefore reflected in the consolidated Balance Sheet.

Insurance: Estimated settlement cost of claims received at the Balance Sheet date. The Insurance Provision covers claims above the excess/retention levels for risks associated with property and liability. The timing of the liability is dependent on the individual claims process.

Street Lighting PFI: When the Council implemented the Street Lighting PFI Contract it established a new policy to charge commuted sums up front to developers to pay for the ongoing liability of any street lighting and signs that would be accrued into the Contract upon the adoption of the development to local authority control (Lighting Authority). The charges made are based on the known liabilities for the remainder of the Contract for the assets as set out in the Contract terms, including future estimated consumption of energy. As these payments are received in advance by the Council for future known liabilities within the Street Lighting PFI Contract, the Council provides for this future liability within its accounts. This is drawn down on an annual basis to cover the costs incurred by the Council for that period for assets accrued into the Contract.

Impact on General Fund of Collection Fund Deficit: balance set aside to assist in funding the repayment of any business rates deficits in future years.

Special Guardianship Order Historic Payments

As a result of an Ombudsman ruling that awarded backdated Special Guardianship Order payments to families, the Council has identified potential claims that could be made.

Note 25 - Usable Reserves

31 March 2024 £000		31 March 2025 £000
(8,975)	General Fund Balance	(9,975)
(94,327)	Earmarked General Fund Reserves	(94,767)
(28)	Capital Receipts Reserve	0
(9,461)	Capital Grants Unapplied	(8,535)
(112,791)	Total	(113,277)

Capital Receipts Reserve

Income from the disposal of fixed assets is credited to the Capital Receipts Reserve and used for current capital spending or is set aside for future capital spending.

31 March 2024 £000		31 March 2025 £000
0	Balance 1 April	(28)
(31)	Capital Receipts in year	(770)
3	Capital Receipts Pooled	0
0	Capital Receipts used for financing	798
(28)	Balance 31 March	0

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

31 March 2024 £000		31 March 2025 £000
(4,177)	Balance 1 April	(9,461)
(9,209)	Capital grants recognised in year	(2,885)
3,925	Capital grants and contributions applied	3,811
(9,461)	Balance 31 March	(8,535)

Note 26 - Unusable Reserves

31 March 2024 (Restated) £000		31 March 2025 £000
(126,636)	Revaluation Reserve	(137,303)
(231,559)	Capital Adjustment Account	(249,687)
75	Financial Instruments Revaluation Reserve	606
1,742	Financial Instruments Adjustment Account	1,700
1,540	Pooled Investment Fund Adjustment Account	849
25,054	Pension Reserve	21,770
(454)	Deferred Capital Receipts Reserve	(454)
(6,203)	Collection Fund Adjustment Account	(8,989)
5,735	Accumulated Absences Account	4,281
12,931	Dedicated Schools Grant Adjustment Account	26,133
(317,775)	Total	(341,094)

Following the audit of the 2023/24 accounts, the balance for the Revaluation Reserve and Capital Adjustment Account as at 1 April 2023 have been adjusted to reflect the revaluations of the Shakespeare North Playhouse and Strategic Land Sites that the Council owns.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2024 (Restated) £000		31 March 2025 £000
(117,499)	Balance 1 April	(126,636)
(4,293)	Opening Balance Adjustment for Revaluation of Assets	0
(121,792)	Revised Opening Balance	(126,636)
0	Recognition of revalued lease liabilities under IFRS 16	120
(14,511)	Upward revaluation of assets	(17,487)
7,844	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	4,731
(6,667)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(12,636)
1,823	Difference between fair value depreciation and historical cost depreciation	1,969
1,823	Amount written off to the Capital Adjustment Account	1,969
(126,636)	Balance 31 March	(137,303)

Following the audit of the 2023/24 accounts, the balance as at 1 April 2023 has been adjusted to reflect the revaluations of the Shakespeare North Playhouse and Strategic Land Sites that the Council owns.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

31 March 2024 (Restated) £000		31 March 2025 £000
(254,974)	Balance 1 April	(231,559)
36,215	Opening Balance Adjustment for revalued assets and Donated Assets under IFRS16 Transition	0
0	Recognition of Donated Assets under IFRS16 Transition	(3,400)
(218,759)	Revised Opening Balance	(234,959)
17,485	Charges for depreciation and impairment of non-current assets	19,095
2,317	Revaluation losses on non-current assets	8,388
641	Amortisation of intangible assets	436
5,321	Revenue expenditure funded from capital under statute	8,194
3,370	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,433
29,134	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	38,546
(1,823)	Adjusting Amounts written out of the Revaluation Reserve	(1,969)
27,311	Net written out amount of the cost of non-current assets consumed in the year	36,577
0	Use of Capital Receipts Reserve to finance new capital expenditure	(798)
(26,969)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(34,045)
(6,787)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(6,229)
(6,830)	Capital expenditure charged against the General Fund	(3,695)
(40,586)	Capital financing applied in year	(44,767)
475	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(6,538)
(231,559)	Balance 31 March	(249,687)

Following the audit of the 2023/24 accounts, the balance as at 1 April 2023 has been adjusted to reflect the revaluations of the Shakespeare North Playhouse and Strategic Land Sites that the Council owns.

The opening 2024/25 balance has also been adjusted to reflect the recognition of Donated Assets on the Balance Sheet in accordance with the new leasing standard IFRS 16.

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gain are revalued downwards, impaired or when an investment is disposed of and gains realised.

31 March 2024 £000		31 March 2025 £000
101	Balance 1 April	75
(26)	Upward revaluation of investments	0
0	Downward revaluation of investments	531
(26)	Total Changes in revaluation and impairment during the year	531
75	Balance 31 March	606

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid on the early redemption of loans and the loss of interest when granting soft loans to third parties. Premiums and interest are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed, or the remaining term of the soft loan.

31 March 2024 £000		31 March 2025 £000
1,784	Balance 1 April Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	1,742
(42)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(42)
1,742	Balance 31 March	1,700

Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account contains gains or losses made by the Council arising from movements in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

31 March 2024 £000		31 March 2025 £000
1,924	Balance 1 April Changes in fair value of Pooled Investments	1,540
(384)		(691)
1,540	Balance 31 March	849

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes the employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

In 2024/25, the actuarial valuation for the Council's element of the pension scheme has seen a significant increase from a £0.007m surplus to a £119.815m surplus position. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation which moved the fund back into a deficit position of £13.951m and this figure has therefore been included within the accounts for 2024/25.

31 March 2024 £000		31 March 2025 £000
40,629	Balance 1 April	25,054
(32,256)	Remeasurements of the net defined benefit (liability)/asset	(119,337)
20,183	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	18,866
(19,574)	Employer's pensions contributions and direct payments to pensioners payable in the year	(20,507)
16,072	Asset Ceiling Adjustment	117,694
25,054	Balance 31 March	21,770

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31 March 2024 £000		31 March 2025 £000
(454)	Balance 1 April Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(454)
0		0
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
(454)	Balance 31 March	(454)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2024 £000		31 March 2025 £000
(1,624)	Balance 1 April Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(6,203)
(4,579)		(2,786)
(6,203)	Balance 31 March	(8,989)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2024 £000		31 March 2025 £000
8,402	Balance 1 April	5,735
(8,402)	Settlement or cancellation of accrual made at the end of the preceding year	(5,735)
5,735	Amounts accrued at the end of the current year	4,281
(2,667)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(1,454)
5,735	Balance 31 March	4,281

Dedicated Schools Budget Adjustment Account

On the 6 November 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amended the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the Councils' General Fund for a period of three financial years.

These Regulations have been extended for three years by means of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2022 to the financial years ending 31 March 2026 to provide time for Government and Councils to look at budgetary and financial management strategies to reduce the deficit.

31 March 2024 £000		31 March 2025 £000
4,838	Balance 1 April	12,931
8,093	Overspend / (underspend) against Budget	13,202
12,931	Balance 31 March	26,133

Note 27 - Cash Flow from Operating Activities

The cash flows for operating activities included the following items:

31 March 2024 £000		31 March 2025 £000
(3,863)	Interest received	(2,806)
13,190	Interest paid	13,056
(195)	Dividends received	(125)
9,132	Total	10,125

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2024 £000		31 March 2025 £000
(16,749)	Depreciation	(18,596)
(3,053)	Impairment and downward valuations	(8,887)
(641)	Amortisation	(436)
10,406	(Increase)/decrease in creditors	1,626
8,971	Increase/(decrease) in debtors	2,852
30	Increase/(decrease) in inventories	78
(609)	Movement in pension liability	1,641
(3,370)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(2,433)
(130)	Other non-cash movements charged to the surplus or deficit on provision of services	20,830
(5,145)	Total	(3,325)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2024 £000		31 March 2025 £000
706	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(13)
31	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	770
32,253	Capital grants credited to surplus or deficit on the provision of services	33,119
32,990	Total	33,876

Note 28 - Cash Flow from Investing Activities

The cash flows for investment activities included the following items:

31 March 2024 £000		31 March 2025 £000
35,684	Purchase of property, plant and equipment, investment property and intangible assets	25,191
256,760	Purchase of short-term and long-term investments	30,325
0	Other payments for investing activities	0
(31)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(770)
(254,366)	Proceeds from short-term and long-term investments	(34,312)
(32,580)	Capital grants received for investing activities	(42,563)
5,467	Net cash flows from investing activities	(22,129)

Note 29 - Cash Flow from Financing Activities

31 March 2024 £000		31 March 2025 £000
(642)	Cash receipts of short-term and long-term borrowing	(11,000)
6,937	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	8,848
247	Repayments of short-term and long-term borrowing	631
916	Other (receipts) / payments for financing activities	(5,289)
7,458	Net cash flows from financing activities	(6,810)

Note 30 - Reconciliation of Liabilities Arising from Financing Activities

2024/25	1 April 2024 £000	Financing cash flows £000	Non-cash changes £000	31 March 2025 £000
Long-term borrowings	(107,948)	(10,000)	1,777	(116,171)
Short-term borrowings	(8,271)	(369)	(1,846)	(10,486)
Lease liabilities	0	403	(4,110)	(3,707)
On balance sheet PFI liabilities	(101,202)	8,445	(3,825)	(96,582)
Total liabilities from financing activities	(217,421)	(1,521)	(8,004)	(226,946)

2023/24	1 April 2023 £000	Financing cash flows £000	Non-cash changes £000	31 March 2024 £000
Long-term borrowings	(107,725)	(854)	631	(107,948)
Short-term borrowings	(8,095)	460	(636)	(8,271)
Lease liabilities	0	0	0	0
On balance sheet PFI liabilities	(108,139)	6,937	0	(101,202)
Total liabilities from financing activities	(223,959)	6,543	(5)	(217,421)

Note 31 - Pooled Budgets

Section 75 of the NHS Act 2006 (formerly Section 31 of the Health Act 1999) allows the establishment of joint working arrangements between NHS bodies and local authorities. This enables the bodies to “pool” funds to work together to address specific local health issues. Where pooled budgets are established, the main financial statements in these accounts reflect only the Council’s share of the overall budget and exclude the share(s) attributable to partner organisations. The details of the entire pooled budget including all partners’ shares are disclosed in the notes below.

The 2022 Health and Care Act included significant structural change for NHS commissioning, Clinical Commissioning Groups (CCGs) were abolished, with their functions transferred into Integrated Care Boards (ICBs). ICBs were legally established on 1 July 2022, replacing CCGs, taking on the NHS planning functions as well as absorbing some planning roles from NHS England, they are now the statutory bodies that are responsible for planning and funding most NHS services in the area.

During 2024/25, the Council was involved with one pooled budget hosted by the Council’s Adult Social Care Service and in partnership with the Knowsley Clinical Commissioning Group / Integrated Care Board. This pooled budget covers the three areas below:

- Community Support Services - Provision of supported accommodation and community-based support.
- Mental Health - Provision of support in the community for people with a mental illness.
- Adults with Learning Disabilities - Provision of supported accommodation for adults with learning disabilities.

2023/24 £000		2024/25 £000
(49,732)	Knowsley MBC Funding	(53,139)
(26,379)	Knowsley ICB Funding	(27,901)
(76,111)	Total Funding	(81,040)
48,563	Knowsley MBC Expenditure	53,499
25,759	Knowsley ICB Expenditure	28,014
74,322	Total Expenditure	81,513
(1,789)	Net (Surplus) / Deficit on the Pooled Budget	473
(1,169)	Knowsley MBC Share of the Net (Surplus) / Deficit	360

Note 32 - Members' Allowances

31 March 2024 £000		31 March 2025 £000
787	Allowances and Expenses	790
787	Total Members' Allowances and Expenses	790

Expenses included in the above are trivial in nature at £13 in 2023/24 and nil in 2024/25.

Note 33 – Senior Officers’ Remuneration

The Council discloses officer remuneration in line with the requirements of the Code of Practice on Local Authority Accounting (the Code). Remuneration is defined for this disclosure as all amounts paid to or receivable by a person, including sums by way of expenses allowance (so far as those sums are chargeable to UK income tax). It also includes the estimated money value of any other benefits received by an employee otherwise than in cash, and payments made in respect of retirement and / or redundancy.

Post	Year	Salary, Fees and Allowances £	Pension Contribution £	Severance Payment £	Total £	Notes
Chief Executive - M Harden	2024/25	202,921	29,438	0	232,359	1
	2023/24	184,872	34,464	0	219,336	
Chief Executive - James Duncan	2024/25	29,896	5,561	0	35,547	1
	2023/24	0	0	0	0	
Executive Director (Resources)	2024/25	131,412	22,900	0	154,312	2
	2023/24	130,299	24,236	0	154,535	
Executive Director (Communities and Neighbourhoods)	2024/25	133,557	24,203	0	157,760	3
	2023/24	130,130	24,236	0	154,366	
Executive Director (Health and Social Care)	2024/25	133,557	24,842	0	158,399	3
	2023/24	130,051	24,236	0	154,287	
Executive Director (Children's Services)	2024/25	140,144	22,068	37,682	199,894	4
	2023/24	135,985	24,999	0	160,984	
Executive Director (Regeneration and Economic Development)	2024/25	133,461	24,842	0	158,303	5
	2023/24	130,299	24,236	0	154,535	
Assistant Executive Director (Adult Social Care)	2024/25	103,484	19,143	0	122,627	6
	2023/24	121,264	22,915	0	144,179	
Assistant Executive Director (Early Help and Children's Social Care)	2024/25	108,011	18,041	22,953	149,005	6
	2023/24	97,305	18,099	0	115,404	

Note 33 – Senior Officers’ Remuneration (continued)

Post	Year	Salary, Fees and Allowances £	Pension Contribution £	Severance Payment £	Total £	Notes
Assistant Executive Director (Corporate Support)	2024/25	117,859	21,934	0	139,793	7
	2023/24	115,083	21,409	0	136,492	
Assistant Executive Director (Neighbourhoods and Commercial Services)	2024/25	101,780	18,942	0	120,722	
	2023/24	97,547	18,168	0	115,715	
Assistant Executive Director (Development and Infrastructure)	2024/25	115,826	21,954	0	137,780	
	2023/24	114,788	21,415	0	136,203	
Assistant Executive Director (Education and Inclusion)	2024/25	24,237	5,706	0	29,943	8
	2023/24	109,116	20,583	0	129,699	
Assistant Executive Director (Governance and Assets)	2024/25	88,130	17,969	0	106,099	9
	2023/24	101,240	18,831	0	120,071	
Assistant Executive Director (Public Health)	2024/25	103,610	16,235	0	119,845	10
	2023/24	104,585	15,039	0	119,624	
Interim Assistant Executive Director (Culture and Regulation)	2024/25	0	0	0	0	11
	2023/24	13,932	1,559	0	15,491	
Total		1,667,885	293,778	60,635	2,022,298	
		2023/24	1,716,496	314,425	0	2,030,921

In accordance with the requirements of the Code, the Council discloses individual remuneration of all senior employees whose annualised salary is £50,000 or more, and who have responsibility for the management of the Authority to the extent that they have the power to direct and control the major activities for which they are responsible. The Code requires the figures to show the full remuneration of each senior employee, employer's pension contributions and compensation for loss of office. Where the annualised salary is £150,000 or more, the Code also requires the employee to be named. The figures also reflect nationally agreed pay awards, incremental progression, and remuneration for undertaking additional responsibilities.

The Council's annual Pay Policy Statement for 2024/25 (approved by the Council on 6 March 2024) sets out the roles of the Council's senior officers. This includes all of the Council's statutory chief officers in accordance with the Local Government and Housing Act 1989 and the Localism Act 2011.

Notes:-

1. The Chief Executive of the Council also fulfils the statutory role of Head of Paid Service as set out in the Local Government and Housing Act 1989. A new post-holder (James Duncan) was appointed to the role on 1 February 2025 to replace the previous post-holder (Mike Harden) who retired on 31 January 2025. The salary figures for the previous post-holder include payments for owed leave at their retirement date.
2. The Executive Director (Resources) also fulfils the statutory role of Chief Finance Officer as set out in the Local Government Act 1972. The Assistant Executive Director (Governance and Assets) fulfilled the role of Executive Director (Resources) on an interim basis from 1 February 2025 until the new postholder commenced employment on 28 April 2025.
3. The Executive Director (Health and Social Care) also fulfills the statutory responsibility of Director of Adult Social Services as set out in the Local Authority Social Services Act 1970.
4. The Executive Director (Children's Services) also fulfils the statutory role of Director of Children's Services as set out in the Children's Act 2004. A new post-holder was appointed to the role on an interim basis on 1 March 2025 to replace the previous post-holder who left the Council's employment on 28 February 2025. The salary figures for the previous post-holder include payments for owed leave at their leaving date.
5. The Assistant Executive Director (Adult Social Care) post was filled on an interim basis until the current postholder returned from maternity leave during 2024/25.
6. The Assistant Executive Director (Early Help and Children's Social Care) post was filled by a new post-holder on 10 April 2024 to replace the previous post-holder who left the Council's employemnt on 9 April 2024.
7. The Assistant Executive Director (Corporate Support) post also fulfils the statutory responsibility of Scrutiny Officer as set out in the Local Government Act 2000.
8. The Assistant Executive Director (Education and Inclusion) left the Council's employment on 31 July 2024, and the post was subsequently deleted.
9. The Assistant Executive Director (Governance and Assets) post also fulfils the statutory responsibility of Monitoring Officer as set out in the Local Government and Housing Act 1989.
10. The Assistant Executive Director (Public Health) also fulfils the statutory responsibility of Director of Public Health as set out in the Health and Social Care Act 2012.

11. The Interim Assistant Executive Director (Culture and Regulation) post was a temporary post established on 9 September 2020 to cover additional duties relating to Communities and Neighbourhoods Department services. The postholder left the Council's employment on 30 April 2023, and the post was subsequently deleted.

Officer Remuneration

This note shows the number of officers whose remuneration was £50,000 or more (including senior officers), grouped in £5,000 bands. Remuneration is defined for this disclosure as all amounts paid to or receivable by a person before the deduction of employee's pension contributions, and including sums by way of expenses allowance so far as those sums are chargeable to UK income tax. It also includes the estimated money value of any other benefits received by an employee otherwise than in cash, and payments made in respect of retirement and / or redundancy but excludes employer's pension contributions.

	Number of Employees	
	2023/24	2024/25
£50,001 to £55,000	146	228
£55,001 to £60,000	64	74
£60,001 to £65,000	49	43
£65,001 to £70,000	28	41
£70,001 to £75,000	24	32
£75,001 to £80,000	17	20
£80,001 to £85,000	20	7
£85,001 to £90,000	14	18
£90,001 to £95,000	7	15
£95,001 to £100,000	4	2
£100,001 to £105,000	3	2
£105,001 to £110,000	0	2
£110,001 to £115,000	1	0
£115,001 to £120,000	1	3
£125,001 to £130,000	1	1
£130,001 to £135,000	4	2
£140,001 to £145,000	0	1
£160,001 to £165,000	0	1
£180,000 to £185,000	1	0
£200,001 to £205,000	0	1
Total	384	493

Exit Packages

The Council agreed exit packages for a number of employees. These packages include the costs of compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0-£20,000	0	0	12	7	12	7	£56,178	£47,802
£20,001 - £40,000	1	0	3	4	4	4	£106,140	£118,285
Total	1	0	15	11	16	11	£162,318	£166,087

Note 34 - External Audit Costs

From 1 April 2023, Grant Thornton LLP were appointed as the external auditors of the Council. In 2024/25, Knowsley MBC incurred the following fees relating to external audit:

2023/24 £000		2024/25 £000
323	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	372
13	Fees payable in respect of other services provided by external auditors during the year	38
336	Total	410

The amount disclosed is the planned audit fee for the financial year of audit, the majority of this is recognised in expenditure in the following financial year to reflect when the work is completed. The 2024/25 figure includes additional work that was carried out during the audit of the 2023/24 accounts. The 2024/25 fee payable in respect of other services includes the audit of the 2023/24 Teachers Pension claim and estimates for the 2024/25 Teachers Pension and housing Benefits claims.

Note 35 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The Dedicated Schools Grant is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2013. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the Dedicated Schools Grant receivable for 2024/25 are shown in the following table.

DSG Receivable for 2024/25	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies recoulement			(187,084)
Academy figure recouped for year			66,264
Total DSG after academy recoulement			(120,820)
Agreed initial budgeted distribution in year	(29,869)	(90,951)	(120,820)
In year adjustments	0	(362)	(362)
Final budget distribution for year	(29,869)	(91,313)	(121,182)
Less: Actual central expenditure	43,241	0	43,241
Less: Actual ISB deployed to schools	0	91,143	91,143
In year carry forward to 2024/25	13,372	(170)	13,202
Plus / Less: DSG unusable reserve at the end of 2023/24			12,931
Addition to DSG Unusable Reserve at end of 2024/25			13,202
Net DSG position at the end of 2024/25			26,133

DSG Receivable for 2023/24	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies recouptment			(167,234)
Academy figure recouped for year			60,165
Total DSG after academy recouptment			(107,069)
Agreed initial budgeted distribution in year	(27,509)	(79,560)	(107,069)
In year adjustments	0	262	262
Final budget distribution for year	(27,509)	(79,298)	(106,807)
Less: Actual central expenditure	35,310	0	35,310
Less: Actual ISB deployed to schools	0	79,590	79,590
In year carry forward to 2023/24	7,801	292	8,093
Plus / Less: DSG unusable reserve at the end of 2022/23			4,838
Addition to DSG Unusable Reserve at end of 2023/24			8,093
Net DSG position at the end of 2023/24			12,931

Note 36 - Grant Income

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2023/24 (Restated) £000		2024/25 £000
	Non-Ringfenced Grant:	
(298)	- New Homes Bonus	(605)
(2,523)	- Services Grant	(435)
(482)	- Council Tax Support Grant	0
(7,006)	City Region Sustainable Travel Scheme	(8,458)
(2,266)	Private Developers	(4,812)
(3,363)	Liverpool City Region Combined Authority	(2,654)
(579)	Youth Investment Fund	(2,333)
(1,106)	Department for Transport	(1,902)
0	Food Waste Collection	(1,206)
(8,264)	Education Funding Agency	(962)
(383)	Shakespeare North Playhouse	(39)
(3,965)	Other	(2,561)
(30,235)	Total	(25,967)

In the 2023/24 Statement of Accounts income from the Youth Investment Fund was included within the Other line.

The Social Care Grant, Market Sustainability Improvement Fund, the Adult Social Care Discharge Fund and the Family Hubs Grant are now reflected as specific grants rather than non-ringfenced grant and shown in the table below.

Grant Income Credited to Services

2023/24 (Restated) £000		2024/25 £000
(106,807)	Dedicated Schools Grant	(121,182)
(46,746)	Housing Benefit Rebates Grant	(45,342)
(19,284)	Social Care Grant	(25,003)
(23,157)	Private Finance Initiative Subsidy	(23,157)
(18,679)	Public Health Grant	(19,321)
(17,998)	Better Care Fund	(18,959)
(7,483)	Pupil Premium	(7,634)
(2,288)	Market Sustainability Improvement Fund	(4,275)
(3,592)	Household Support Fund	(3,701)
(2,996)	Disabled Facilities Grant	(3,408)
(1,701)	Adult Social Care Discharge Fund	(2,835)
(1,506)	Education Funding Agency	(1,927)
0	Core School Budget Grant	(1,822)
(244)	UK Shared Prosperity Fund	(1,761)
(21)	Teachers' Pension Grant	(1,720)
(1,012)	Substance Misuse Treatment and Recovery	(1,719)
(1,261)	Adult Social Care Discharge Fund	(1,715)
(1,539)	Universal Infant School Meals	(1,611)
(1,077)	Stronger Families	(1,500)
(818)	Unaccompanied Asylum-Seeking Children	(1,353)
(826)	Teachers Pay Reform Grant	(1,344)
(1,128)	Adoption Support Fund	(1,140)
(1,198)	Family Hubs	(989)
(922)	Holiday Activity Fund	(902)
(1,289)	Basic Need	(799)
(722)	PE and Sports	(712)
(493)	Homelessness	(667)
(876)	Education Priority Area Funding	(660)
(660)	Benefit Verification Framework / Fraud Incentive / Tax Credits	(657)
(462)	Youth Justice Board	(464)
(471)	Homes for Ukraine and Ukraine Education Grants	(444)
(128)	Housing Benefits Discretionary Housing Payments	(391)
(95)	ADDER Grant	(145)
(110)	Ministry of Justice Turnaround Programme	(110)
(100)	Liverpool City Region Combined Authority	(103)
(713)	ESFA Schools Support	(513)
(1,463)	COVID-19 Government Grants	(237)
(869)	European Funding	0
(1,486)	Market Sustainability Improvement Grant	0
(8,150)	Other	(5,396)
(280,370)	Total	(305,618)

In the 2023/24 Statement of Accounts the UK Shared Prosperity Fund was included in the Other line.

The Social Care Grant, Market Sustainability Improvement Fund, the Adult Social Care Discharge Fund and the Family Hubs Grant are now reflected as specific grants rather than non-ringfenced grant.

Grants Receipts in Advance (Revenue Grants) - Current Liabilities

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at year-end are as follows:

31 March 2024 £000		31 March 2025 £000
(1,366)	Refugee Resettlement Programme Grants	(1,304)
(298)	CSSI Grants	(527)
(861)	FACE	(492)
(326)	Ministry of Justice Remand Grant	(384)
(279)	Children with a Social Worker Implementation Grant	(378)
(92)	Supported Accommodation Reforms	(369)
(343)	Preventing Homelessness	(344)
0	Early Help Grant	(312)
0	Waste Management Food Grant	(247)
(282)	Dedicated Schools Grant	(209)
(308)	Pupil Premium	(192)
(375)	Section 31 Grants	0
(60)	Council Tax (Energy Bills) Rebate Scheme	0
(800)	Other	(833)
(5,390)	Total	(5,591)

In the 2023/24 Statement of Accounts the CSSI grants, Social Worker Implementation Grant and Supported Accommodation Reforms were included within the Other line.

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31 March 2024 £000		31 March 2025 £000
0	Liverpool City Region Combined Authority	(7,163)
(482)	Levelling Up Fund	(2,530)
(1,104)	Standards Fund	(945)
(465)	Housing Capital Grants	(681)
(60)	Youth Investment Fund	(254)
(62)	Transport Capital Grant	(59)
(57)	Active Travel Fund	0
(295)	Other	(337)
(2,525)	Total	(11,969)

In the 2023/24 Statement of Accounts the Youth Investment Fund was included within the Other line.

Note 37 - Related Parties

The Council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the potential to control or influence the Council or be controlled or influenced by the Council. The following identifies the Council's related party transactions during 2024/25:

Central Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates and provides funding in the form of grants. Grant receipts outstanding at 31 March 2025 are shown in Note 22 (Creditors) and Note 37 (Capital Expenditure and Capital Financing).

Subsidiary and Associated Companies

On 1 April 2016, the Council created a new organisation (Volair Ltd) to deliver leisure services across the borough. Volair is a wholly owned subsidiary of the Council and a not-for-profit company. The assets, liabilities and cash flows of Volair are not considered material and as such group accounts have not been produced. From April 2016, the income and expenditure relating to leisure services are also not included in the Council's single entity accounts.

During 2024/25 the Council incurred £1.828m of expenditure and received £6.521m of income from Volair (£2.337m of expenditure and £5.991m of income in 2023/24).

There was one Council Member who expressed an interest. At 31 March 2025 outstanding debtors totalled £0.172m (£0.834m outstanding debtors at 31 March 2024) and creditors totalled £0.511m (£0.706m at 31 March 2024).

Other Public Bodies

- **Knowsley Clinical Commissioning Group / Integrated Care Board**

The Council established a partnership agreement with Knowsley Primary Care Trust during 2004/05 using powers originally under Section 31 of the Health Act 1999 (see Note 30 to the Accounts), and then under Section 75 of the NHS Act 2006. These partnership arrangements remained in place until the abolition of the Primary Care Trust on 31st March 2013. A revised Section 75 Agreement was put in place between the Council and Knowsley Clinical Commissioning Group with effect from 1 April 2013 and was subject to annual revision and update to reflect changes such as the inclusion of the Better Care Fund and Improved Better Care Fund.

The 2022 Health and Care Act included significant structural change for NHS commissioning, Clinical Commissioning Groups (CCGs) were abolished, with their functions transferred into Integrated Care Boards (ICBs). ICBs were legally established on 1 July 2022, replacing CCGs, taking on the NHS planning functions as well as absorbing some planning roles from NHS England, they are now the statutory bodies that are responsible for planning and funding most NHS services in the area.

- **Pension Fund**

Full details of the Council's Pension Fund transactions are disclosed in Note 42 to the Accounts and the Accounting Policies. One Member of the Council is a member of the Merseyside Pension Fund Committee.

- **Livv Housing Trust**

The Council incurred £1.611m of expenditure and received £1.313m of income (£0.574m of expenditure and £0.932m of income in 2023/24).

There was one member who expressed an interest in Livv Housing Trust. At 31 March 2025 there were no outstanding debtors (£0.031m at 31 March 2024) and £0.082m creditors (£0.214m creditors at 31 March 2024).

Transactions relating to Other Bodies also included:

- **Merseytravel**

The Council incurred £0.241m of expenditure and received £0.100m of income (£0.357m of expenditure and received £0.241m of income in 2023/24).

There were no expressions of interest in Merseytravel. At 31 March 2025 there were no outstanding debtors (£12.724m at 31 March 2024) and no outstanding creditors (£0.193m at 31 March 2024).

- **Police and Crime Commissioner for Merseyside**

The Council incurred £0.098m of expenditure and received £0.130m of income (£0.164m of expenditure and received £0.342m of income in 2023/24).

- There were no expressions of interest in the Police and Crime Commissioner for Merseyside. At 31 March 2025 outstanding debtors totalled £0.031m (£0.098m at 31 March 2024) and £0.014m creditors (£0.117m at 31 March 2024).

- **Merseyside Fire Authority**

The Council incurred £0.012m of expenditure and received £0.002m of income (£0.047m of expenditure and £0.003m of income in 2023/24).

The Board included two Council Members out of the three who expressed an interest. At 31 March 2025 there were no outstanding debtors (no debtors at 31 March 2024) and no creditors (no creditors at 31 March 2024).

- **Liverpool City Region Combined Authority**

The Council incurred £0.004m expenditure as well as the Levy and £0.018m of income (apart from the Levy, there were £0.049m of expenditure and £0.078m of income in 2023/24).

The Board includes two Council Members out of the 18 Members who have expressed an interest. At 31 March 2025 outstanding debtors totalled £0.450m (£1.059m at 31 March 2024) and creditors totalled £1.951m (£0.048m creditors at 31 March 2024).

- **Merseyside Recycling and Waste Authority**

The Council incurred no other expenditure apart from the Levy and received £0.459m of income (apart from the Levy, there were no other expenditure transactions and £0.417m income in 2023/24).

The board included one Council Member who expressed an interest. At 31 March 2025 there were no outstanding debtors (£0.027m debtors at 31 March 2024) and no creditors (no creditors at 31 March 2024).

- **Wirral MBC**

The Council incurred £0.257m of expenditure and received £0.070m of income in 2024/25 (£4.087m of expenditure and received £0.368m of income 2023/24).

There were no expressions of interest in Wirral MBC. At 31 March 2025 outstanding debtors totalled £0.051m (£0.048m debtors at 31 March 2024) and no creditors (£0.258m creditors at 31 March 2024).

- **Shakespeare North Trust**

Shakespeare North Playhouse is a 470-seat timber framed Shakespearean theatre which opened in July 2022. Shakespeare North Playhouse is operated by Shakespeare North Trust.

The Council incurred £0.917m of expenditure (£1.075m of expenditure in 2023/24) and received £0.044m of Income (£0.002m of income in 2023/24) relating to Shakespeare North Trust during 2024/25.

The board included one officer who expressed an interest. At 31 March 2025 outstanding debtors totalled £0.350m (£1.574m debtors at 31 March 2024) and no creditors (£0.240m creditors at 31 March 2024).

Members' and Officers' Interests

Members of the Council have direct control over the Council's financial and operational policies. During 2024/25, works and services totalling £17.027m of expenditure and £0.287m of income were commissioned from organisations in which five Members had an interest. This included £16.674m of expenditure and £0.137m of income to Tarmac that related to highways work and materials, and £0.124m of expenditure and £0.001m of income related to Southdene Community Centre. Contracts were entered into in full compliance with the Council's Constitution. Payments and grants totalling £9.392m of expenditure and £1.229m of income were paid and received, to and from housing associations, hospital trusts, and voluntary organisations, in which there were 94 expressions of interest from Members and from two officers. In all cases, the relevant Members and Officers have declared their interest and taken no part in any prejudicial discussion or decision relating to the transactions.

Note 38 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance lease and Private Finance Initiative contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2024 £000		31 March 2025 £000
279,891	Opening Capital Financing Requirement	280,310
0	Opening Balance Adjustment on transition to IFRS 16	7,954
279,891	Revised Opening Capital Financing Requirement	288,264
	Capital Investment:	
16,735	Property Plant and Equipment	15,127
11,774	Infrastructure Assets	16,816
5,402	Investment Property	1,011
944	Assets Held for Sale	0
804	Intangible Assets	151
25	Heritage Assets	21
5,321	Revenue Expenditure Funded from Capital Under Statute	8,193
41,005	Total Capital Spending	41,319
	Sources of Finance:	
0	Capital receipts	(798)
(26,969)	Government Grants and other contributions	(34,045)
0	Finance Lease Arrangements	(21)
	Sums set aside from revenue:	
(6,830)	- Direct revenue contributions	(3,695)
(6,787)	- Minimum revenue provision	(6,229)
(40,586)	Total Sources of Finance	(44,788)
280,310	Closing Capital Financing Requirement	284,795

Explanation of movements in year

31 March 2024 £000		31 March 2025 £000
419	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(3,469)
419	Increase/(decrease) in Capital Financing Requirement	(3,469)

Note 39 - Leases

Right of Use Assets

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date;
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- the weighted average of the incremental borrowing rates used to discount liabilities was 4.75%;
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.

This has resulted in the following additions to the Balance Sheet:

- £7.490m Property, plant and equipment – land and buildings (right-of-use assets);
- £3.308m Non-current creditors (lease liabilities); and
- £0.399m Current creditors (lease liabilities).

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets (£10,000). The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2024/25 £000
Value at 1 April 2024	(4,090)
Additions during the year	(20)
Principal repaid in year	403
Value at 31 March 2025	(3,707)
 Categorised as:	
Other Land and Buildings	(3,686)
Vehicles, plant and equipment	(21)
Value at 31 March 2025	(3,707)

	2024/25 £000
Lease Liabilities Maturity Profile	
Within one year	(568)
Between one and two years	(529)
Between two and five years	(1,432)
Over five years	(2,394)
Total Liabilities	(4,923)

The amount charged to the Comprehensive Income and Expenditure Statement amounted to £0.181m in 2024/25 and related to interest expense on the lease liabilities.

Council as Lessor

The Council leases out property under operating and finance leases. The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts).

	Finance Lease		Operating Lease	
	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000
Within one year	2	2	240	240
One to two years	2	2	240	215
Between 2 and 5 years	7	7	634	625
Over 5 years	2,146	2,144	19,322	19,187
	2,157	2,156	20,436	20,268

Note 40 - Service Concession Arrangements

The Council currently has two Private Finance Initiative schemes in operation, the first relating to the provision of Centres for Learning, and the second for the provision of street lighting services.

Movement in PFI Assets

2024/25	Centres for Learning £000	Street Lighting £000	Total £000
Cost or Valuation			
at 1 April 2024	63,305	29,209	92,514
IFRS 16 adjustment on transition	0	3,096	3,096
Additions	9	0	9
Revaluation increases/(decreases) recognised in the Revaluation Reserve	6,131	0	6,131
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	92	0	92
Other Movements in cost or valuation	(2,153)	764	(1,389)
at 31 March 2025	67,384	33,069	100,453
Accumulated Depreciation and Impairment			
at 1 April 2024	(1,332)	(6,534)	(7,866)
Depreciation charge	(1,166)	(584)	(1,750)
Other Movements in depreciation and impairment	1,998	0	1,998
at 31 March 2025	(500)	(7,118)	(7,618)
Net Book Value			
at 31 March 2025	66,884	25,951	92,835
at 1 April 2024	61,973	22,675	84,648

2023/24	Centres for Learning £000	Street Lighting £000	Total £000
Cost or Valuation			
at 1 April 2023	59,368	29,209	88,577
Additions	141	0	141
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,009	0	5,009
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0
Other Movements in cost or valuation	(1,213)	0	(1,213)
at 31 March 2024	63,305	29,209	92,514
Accumulated Depreciation and Impairment			
at 1 April 2023	(1,486)	(5,950)	(7,436)
Depreciation charge	(1,059)	(584)	(1,643)
Other Movements in depreciation and impairment	1,213	0	1,213
at 31 March 2024	(1,332)	(6,534)	(7,866)
Net Book Value			
at 31 March 2024	61,973	22,675	84,648
at 1 April 2023	57,882	23,259	81,141

a) Centres for Learning / Primary Learning Centre

On 13 December 2007, the Council entered into a Private Finance Initiative (PFI) arrangement with Transform Schools for the provision of seven Centres for Learning. The contract includes Hard Facilities Management for a period of 25 years from service commencement, with a contract expiry date of 31 August 2034.

On 19 May 2011, the PFI arrangement with Transform Schools was amended to incorporate the new Special Educational Needs School at Bluebell Park in respect of the building works and ongoing services. The Hard Facilities Management Services will be provided by the PFI Contractor from the opening of the school on 1 September 2012 until the expiry of the contract on 31 August 2034.

Four of the total seven Centres for Learning were Council owned and these Centres were included in the Council's Balance Sheet. However, during 2013/14 three of these Centres for Learning transferred to Academy status and the Council treated this transfer as a disposal for nil consideration on the Balance Sheet. The Centres for Learning that are Voluntary Aided have not been included on the Council's Balance Sheet on the basis that Liverpool Archdiocese has legal ownership of the land and of the residual interest at the end of the agreement. Bluebell Park Primary Learning Centre is Council owned and therefore the fixed asset figures are included in the Balance Sheet.

b) Street Lighting

During 2011/12, the Council entered into a Private Finance Initiative scheme with Tay Valley Lighting to deliver street lighting and traffic sign services for a 25-year period. The scheme includes the replacement of over 70% of the stock with a new white light solution enabling the Council where appropriate, to dim and trim the lighting across the borough in order to reduce the CO2 emissions and the levels of electricity consumed.

Value of liabilities under PFI arrangements

As well as assets being held on the Balance Sheet the Council also has to include the outstanding liability to Transform Schools for the Centres for Learning and Tay Valley Lighting for Street Lighting. This liability is split between long and short-term liabilities on the Balance Sheet and comprises the following figures.

Movement in PFI Liabilities

2024/25	Centres for Learning £000	Street Lighting £000	Total £000
Balance outstanding at start of year	(77,155)	(24,047)	(101,202)
IFRS 16 Adjustment on Transition	(121)	(3,096)	(3,217)
Payments during the year	6,759	1,686	8,445
Lease Remeasurement in year	156	(764)	(608)
Balance outstanding at year-end	(70,361)	(26,221)	(96,582)

2023/24	Centres for Learning £000	Street Lighting £000	Total £000
Balance outstanding at start of year	(82,942)	(25,197)	(108,139)
Payments during the year	5,787	1,150	6,937
Balance outstanding at year-end	(77,155)	(24,047)	(101,202)

Payments due under PFI schemes 2024/25

Reimbursement of Capital Expenditure	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	6,002	1,805	7,807
Payable within two to five years	29,219	6,778	35,997
Payable within six to ten years	35,140	12,924	48,064
Payable within eleven to fifteen years	0	4,714	4,714
Total	70,361	26,221	96,582

Interest Payments	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	5,834	1,886	7,720
Payable within two to five years	17,474	6,266	23,740
Payable within six to ten years	7,368	4,506	11,874
Payable within eleven to fifteen years	0	250	250
Total	30,676	12,908	43,584

Payment for Services	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	8,653	2,445	11,098
Payable within two to five years	37,497	12,279	49,776
Payable within six to ten years	54,966	16,046	71,012
Payable within eleven to fifteen years	0	4,322	4,322
Total	101,116	35,092	136,208

Payments due under PFI schemes 2023/24

Reimbursement of Capital Expenditure	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	6,173	1,274	7,447
Payable within two to five years	26,185	5,427	31,612
Payable within six to ten years	40,457	9,977	50,434
Payable within eleven to fifteen years	4,340	7,369	11,709
Total	77,155	24,047	101,202

Interest Payments	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	5,799	2,178	7,977
Payable within two to five years	18,495	7,432	25,927
Payable within six to ten years	10,681	6,149	16,830
Payable within eleven to fifteen years	167	858	1,025
Total	35,142	16,617	51,759

Payment for Services	Centres for Learning £000	Street Lighting £000	Total £000
Payable within one year	4,678	1,865	6,543
Payable within two to five years	21,659	9,082	30,741
Payable within six to ten years	31,246	12,879	44,125
Payable within eleven to fifteen years	2,393	5,944	8,337
Total	59,976	29,770	89,746

Note 41 - Termination Benefits

The Council terminated the contracts of 9 employees during 2024/25, incurring liabilities of £0.155m (16 employees costing £0.162m in 2023/24). See Note 32c for the number of exit packages and total cost per band.

Note 42 - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers Pensions Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of the members' pensionable salaries. The scheme is a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The total contributions made to the Teachers Pensions Scheme by the Council in the year to 31 March 2025 was £1.152m (£1.193m in 2023/24).

The total contributions expected to be made to the Teachers Pensions Scheme by the Council in the year to 31 March 2026 is £1.152m.

NHS Pension Scheme

From 1 April 2013, Public Health responsibilities transferred from primary care trusts to local authorities. NHS staff have also transferred to the Council who have maintained their membership in the NHS Pension Scheme. The Scheme provides specified benefits and the Council contributes towards the cost by making contributions based on a percentage of the members' pensionable salaries. The scheme is an unfunded defined benefit scheme but the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25 the Council paid £0.084m to the NHS Pension Scheme (£0.064m in 2023/24).

Note 43 - Defined Benefit Pension Scheme

Local Government Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, which is administered by the Merseyside Pension Fund – this is a defined benefit scheme where the Council and employees pay contributions to the fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The Merseyside Pension Fund is a multi-employer scheme operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Fund Pensions Committee, which comprises Councillors and representatives from other employers. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

The transactions that are included in the 2024/25 Comprehensive Income and Expenditure Statement in respect of the Council's pension scheme are set out in the following table, based upon information provided to the Council by the Pension Fund's independent actuary. The cost of retirement benefits is shown in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to be met in the year is based on the amounts set by the Pension Fund, so the real cost of accrued retirement benefits is reversed out of the accounts as indicated in the Movement in Reserves Statement.

The overall net liability for retirement benefits has decreased during the twelve-month period to 31 March 2025. This relatively small reduction is due a variety of factors, including an increase in the discount rate used by the Fund's actuaries to estimate the current value of future pension liabilities. The discount rate is linked to interest rates, so that as interest rates rise the actuary assumes a higher rate of return on the Fund's assets – which means that the current value of the Fund's liabilities reduces.

The total contributions made to the Merseyside Pension Fund by the Council in the year to 31 March 2025 was £19.355m (£18.381m in 2023/24).

The total contributions expected to be made to the Merseyside Pension Fund by the Council in the year to 31 March 2026 is £19.226m.

General Fund Transactions

Comprehensive Income and Expenditure Statement

2024/25				2024/25		
LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000		LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000
18,164	0	18,164	Service cost comprising:	18,380	0	18,380
8	0	8	Current service cost	0	0	0
3	0	3	Past service cost	0	0	0
520	0	520	(Gain) / Loss from curtailments	0	0	0
520	0	520	Administration expenses	549	0	549
Financing and Investment Income and Expenditure:						
1,036	452	1,488	Net interest expense	(475)	412	(63)
19,731	452	20,183	Total charged to Surplus and Deficit on Provision of Services	18,454	412	18,866

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement

2023/24				2024/25		
LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000		LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000
(13,459)	0	(13,459)	Remeasurement of the net defined benefit liability comprising: Return on plan assets (excluding the amount included in the net interest expense)	10,649	0	10,649
7,061	57	7,118	Actuarial gains and losses - experience	(1,032)	0	(1,032)
(11,765)	(151)	(11,916)	Actuarial gains and losses arising on changes in demographic assumptions	(2,789)	(49)	(2,838)
(13,999)	0	(13,999)	Actuarial gains and losses arising on changes in financial assumptions	(125,735)	(381)	(126,116)
(32,162)	(94)	(32,256)	Total charged to Other Comprehensive Income and Expenditure Statement	(118,907)	(430)	(119,337)
(12,431)	358	(12,073)	Total charged to the Comprehensive Income and Expenditure Statement	(100,453)	(18)	(100,471)

Movement in Reserves Statement

2023/24				2024/25		
LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000		LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000
(19,731)	(452)	(20,183)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(18,454)	(412)	(18,866)
18,381	1,193	19,574	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	19,355	1,152	20,507
(1,350)	741	(609)	Total amount shown in the Movement in Reserves Statement	901	740	1,641

Pensions Assets and Liabilities Recognised in the Balance Sheet

2023/24				2024/25		
LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000		LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000
(885,710)	(8,989)	(894,699)	Present value of the defined obligation – funded	(785,023)	(7,819)	(792,842)
(16,065)	0	(16,065)	Present value of the defined obligation – unfunded	(13,951)	0	(13,951)
901,782	0	901,782	Fair value of plan assets	918,789	0	918,789
(16,072)	0	(16,072)	Asset Ceiling Adjustment	(133,766)	0	(133,766)
(16,065)	(8,989)	(25,054)	Net (liability) / asset arising from the defined benefit obligation	(13,951)	(7,819)	(21,770)

Asset Ceiling

Following the pensions valuation by the Council's actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2025. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuaries calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. However, this asset ceiling calculation is larger than the asset and therefore the fund is back in deficit again. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

Movement in the Value of Scheme Assets

There are no assets to cover the Teachers' added years' liabilities. The movement in assets relating to the LGPS is provided in the following table.

2023/24 £000		2024/25 £000
861,078	Opening fair value of scheme assets	901,782
41,014	Interest income	43,805
13,459	Remeasurement gain / (loss): - The return on plan assets, excluding the amount included in the net interest expense	(10,649)
18,381	Contributions from employer	19,355
6,713	Contributions from employees into the scheme	7,075
(38,343)	Benefits / transfers paid	(42,030)
(520)	Administration expenses	(549)
901,782	Closing value of scheme assets	918,789

LGPS - Pension Scheme - Assets comprised of:

31 March 2024				31 March 2025		
Quoted £000	Unquoted £000	Total £000		Quoted £000	Unquoted £000	Total £000
			Equities			
114,215	2,870	117,085	UK	117,910	2,519	120,429
222,022	130,955	352,977	Global	234,207	147,135	381,342
336,237	133,825	470,062	Subtotal Equities	352,117	149,654	501,771
			Bonds			
4,295	0	4,295	UK Government	9,743	0	9,743
7,992	0	7,992	UK Corporate	5,451	0	5,451
44,743	0	44,743	UK Index Linked	23,520	0	23,520
5,980	0	5,980	Overseas Corporate	5,279	0	5,279
0	574	574	Derivative Contracts	0	4,434	4,434
3,539	0	3,539	Overseas Government	4,233	0	4,233
326	0	326	Collateralized Bonds	43	0	43
66,875	574	67,449	Subtotal Bonds	48,269	4,434	52,703
			Property			
0	0	0	Property Loans	9,356	0	9,356
0	40,272	40,272	UK Direct Property	0	40,009	40,009
765	36,541	37,306	UK Property Managed	907	23,280	24,187
0	27,932	27,932	Global Property Managed	0	25,597	25,597
765	104,745	105,510	Subtotal Property	10,263	88,886	99,149
			Alternatives			
96	40,463	40,559	UK Private Equity	0	48,676	48,676
478	46,298	46,776	Global Private Equity	605	38,598	39,203
0	287	287	Other Alternatives UK	0	101	101
0	23,149	23,149	Other Alternatives Global	0	24,388	24,388
0	30,037	30,037	Global Infrastructure	0	28,822	28,822
0	54,429	54,429	UK Infrastructure	0	51,699	51,699
287	13,009	13,296	UK Opportunities	0	12,900	12,900
1,244	31,567	32,811	Global Opportunities	1,411	36,683	38,094
0	3,635	3,635	Global Multi Asset	0	3,830	3,830
0	4,974	4,974	Global Goodhart	4,837	0	4,837
2,105	247,848	249,953	Subtotal Alternatives	6,853	245,697	252,550
8,808	0	8,808	Cash and cash equivalents	12,616	0	12,616
414,790	486,992	901,782	Total Assets	430,118	488,671	918,789

Movements in the Fair Value of Scheme Liabilities

2023/24				2024/25		
LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000		LGPS £000	Teachers Additional Unfunded Pensions £000	Total £000
(891,883)	(9,824)	(901,707)	Opening balance at 1 April	(901,775)	(8,989)	(910,764)
(18,164)	0	(18,164)	Current service cost	(18,380)	0	(18,380)
(42,050)	(452)	(42,502)	Interest cost	(43,330)	(412)	(43,742)
(6,713)	0	(6,713)	Contributions from scheme participants	(7,075)	0	(7,075)
			Remeasurement gains and losses:			
(7,061)	(57)	(7,118)	- Actuarial gains / (losses) - experience	1,032	0	1,032
11,765	151	11,916	- Actuarial gains / (losses) from changes in demographic assumptions	2,789	49	2,838
13,999	0	13,999	- Actuarial gains / (losses) from changes in financial assumptions	125,735	381	126,116
(8)	0	(8)	Past service cost	0	0	0
(3)	0	(3)	Gains / (losses) on curtailments	0	0	0
38,343	1,193	39,536	Benefits / transfers paid	42,030	1,152	43,182
(901,775)	(8,989)	(910,764)	Balance as at 31 March	(798,974)	(7,819)	(806,793)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Teachers' Pension Scheme Unfunded Liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2023/24	Local Government Pension Scheme	2024/25
	Mortality assumptions	
	Longevity at retirement for current pensioners	
20.9	Men	20.8
23.4	Women	23.5
	Longevity at retirement for future pensioners	
22.2	Men	22.1
25.2	Women	25.2
	Other assumptions	
2.7%	Rate of inflation	2.6%
4.2%	Rate of increase in salaries	4.1%
2.8%	Rate of increase in pensions	2.7%
4.9%	Rate for discounting scheme liabilities	5.8%

2023/24	Teachers Additional Unfunded Pensions	2024/25
	Mortality assumptions	
	Longevity at retirement for current pensioners aged 65	
20.9	Men	20.8
23.4	Women	23.5
	Longevity at retirement for current pensioners aged 75	
12.6	Men	12.5
14.5	Women	14.5
	Other assumptions	
2.7%	Rate of inflation	2.7%
2.8%	Rate of increase in pensions	2.8%
4.9%	Rate for discounting scheme liabilities	5.7%

Impact of assumptions on the obligation:

Increase by 0.1% (Gain) or Loss Assumption	LGPS £000	Teachers Additional Unfunded Pensions £000
Longevity	16,615	361
Rate of inflation	11,113	48
Rate of increase in salaries	2,030	0
Rate for discounting scheme liabilities	(10,559)	(46)

The objectives of the Local Government Pension Scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis.

The total contributions expected to be made to the Merseyside Pension Fund by the Council in the year to 31 March 2026 is £19.226m.

The weighted average duration of the defined benefit obligation for Local Government Pension Scheme members is 17 years in 2024/25 (17 years in 2023/24). The weighted average duration for former teachers receiving additional unfunded pensions is 6 years in 2024/25 (6 years in 2023/24).

Note 44 – Nature and Extent of Risks Arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in December 2021).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Levelling Up Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit risk – the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing loss to the Council;
- Liquidity risk – the possibility that the Council might not have cash available to make contracted payments on time; and
- Market risk – the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit risk

The Council is exposed to credit risk on the following categories of financial assets and commitments held on the balance sheet:

31 March 2024 £000	Exposure Category	31 March 2025 £000
20,043	Treasury investment	20,182
46,632	Trade and other receivables	48,546
235	Service Investments: loans	235
66,910	Total Credit Risk exposure	68,963

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other Local Authorities, Police and Crime Commissioners and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The Council's policy is to ensure that high investment rates are not secured at the expense of unacceptable credit risk, by capping its exposure to financial institutions and placing limits on investments with counterparties (other than the UK Government). As many separate institutions increasingly fall under a single group umbrella, where one banking licence is held

by a parent company, the Council also sets group limits in order to minimise its counterparty risk to a single banking group.

The Council is alerted to changes in credit ratings through the use of its advisor's creditworthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria for that class of investment, its further use as a new investment is immediately restricted to a lesser category or, if necessary, withdrawn completely until such a time as the counterparty's financial standing improves again.

The Council's maximum exposure to credit risk in relation to its investments of £46.182m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2025 that this was likely to happen.

The following table summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity. This table also includes credit risk exposure of £0.235m for non-Treasury Management service investments:

31 March 2024			31 March 2025	
Long Term £000	Short Term and Cash Equivalents £000	Credit Rating	Long Term £000	Short Term and Cash Equivalents £000
0	14,001	AAA	0	20,178
0	1,005	A+	0	0
0	0	A-	0	1
3	0	UK Government AA-	3	0
235	0	UK Credit Union	235	0
0	5,034	Unrated Local Authority	0	0
238	20,040	Total Credit Risk Exposure of Investments	238	20,179
26,385	226	Credit Risk not applicable *	25,544	221
26,623	20,266	Total Treasury Investments	25,782	20,400

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any particular sum of money.

No other significant financial loans, guarantees or commitments have been provided to meet Council service delivery objectives.

The following analysis summarises the Council's potential maximum exposure to credit loss. The Council makes a provision for past due debtors based on the actual collection performance of previous years and according to the perceived level of risk associated with those debtors. The expected credit loss for debtors is therefore based on the bad debt provision. All activities are supported by written procedures and policies including a Debt Recovery Strategy, Write-Off Policy and Partnership Working Agreement with Legal Services.

There were no instances of counterparties failing to meet contractual obligations in relation to investments maturing during the financial year; and the Council does not expect any future losses from non-performance by any of its counterparties in relation to investments outstanding at the balance sheet date. The expected credit loss calculation for investments is based on historical default data published by credit rating agencies, multiplied by 52% to adjust for current and forecast economic conditions. This was calculated as very close to 0 and therefore not a material figure requiring disclosure.

Estimated maximum exposure to default 31 March 2024 £000		Balance Sheet 31 March 2025 £000	Total credit risk exposure 31 March 2025 £000	Expected credit loss 31 March 2025 £000	Estimated Maximum Exposure to default 31 March 2025 £000
0	Total Investments	46,182	20,417	0	0
0	Employee Related Debtors	1,122	1,122	0	0
33,915	Trade and Other Debtors	47,424	43,482	(6,889)	36,593
33,915	Total	94,728	65,021	(6,889)	36,593

Only receivables meeting the definition of a financial asset are included in this table. The adjusted credit risk exposure therefore differs to the balance sheet figures by excluding debtor related services covered by statute and those that are not contractually based where the credit risk is deemed minimal.

Employee related debtors e.g., car loans and salary sacrifice schemes are recovered through automatic salary deductions, thereby eliminating any risk of default. If an employee leaves the Council and has debt outstanding, the credit risk is transferred to other entities and individuals.

On 31 March 2025 £8.048m of the total sundry debtor balance outstanding is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2024 £000		31 March 2025 £000
3,375	Less than one month	525
1,497	one to six months	1,280
1,560	Six months to one year	672
4,881	More than one year	5,571
11,313	Total	8,048

The Council has a clearly documented credit policy setting out the Council-wide responsibilities to minimise the risk to the Council of income that cannot be collected or is difficult to collect. Debt is managed centrally with system-based recovery routines and overdue letter cycles. All available recovery methods are utilised including telephone collection, external collection agents, bankruptcy and charging orders where appropriate.

A comprehensive analysis of all outstanding debt is undertaken, and collection performance monitored and reported to senior management on a monthly basis throughout the year.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. In addition to maintaining liquid balances that can be drawn upon as required, the Council has ready access to borrowings from the Public Works Loans Board, other local authorities and commercial lenders. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, there is a risk that the Council will be bound to replenish a significant proportion of its longer-term debt portfolio at a time of unfavourable interest rates. The strategy is therefore to keep the upper limit of fixed rate borrowing to mature in each period as shown in the following table:

Liquidity Risk

2024/25 Maturity Period of Fixed Rate Borrowing	Upper Limit of Fixed rate Borrowing to mature in each period	Public Works Loan Board Maturity at 31 March £000	Lender Offer Borrower Option Maturity at 31 March £000	Long Term Loans at 31 March £000	Other Loans Maturity at 31 March £000	Total Maturity at 31 March £000	Actual % Maturity of Fixed rate Borrowing at 31 March
Under 12 months	50%	2,666	6,077	106	1,391	10,240	8%
1-2 years	50%	10,000	0	0	384	10,384	8%
2-5 years	50%	2,486	0	0	555	3,041	2%
5-10 years	80%	5,736	0	0	0	5,736	5%
10 years and above	100%	90,709	0	6,300	0	97,009	77%
		111,597	6,077	6,406	2,330	126,410	

2023/24 Maturity Period of Fixed Rate Borrowing	Upper Limit of Fixed rate Borrowing to mature in each period	Public Works Loan Board Maturity at 31 March £000	Lender Offer Borrower Option Maturity at 31 March £000	Long Term Loans at 31 March £000	Other Loans Maturity at 31 March £000	Total Maturity at 31 March £000	Actual % Maturity of Fixed rate Borrowing at 31 March
Under 12 months	50%	1,455	6,078	106	385	8,024	7%
1-2 years	50%	1,147	0	0	384	1,531	1%
2-5 years	50%	2,486	0	0	939	3,425	3%
5-10 years	80%	5,736	0	0	0	5,736	5%
10 years and above	100%	90,710	0	6,300	0	97,010	84%
		101,534	6,078	6,406	1,708	115,726	

Transferred debt of £0.246m has been excluded from the above table as it is not a contractual obligation and not considered a liquidity risk. The debt was created through local government reorganisation in 1974 and 1986 and administered by other local authorities on behalf of the Council.

The Council had £6.077m of “Lender’s offer, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable once the loan falls out of the fixed rate period and becomes “callable” on a semi-annual basis. The £6.077m LOBO shown in the fixed rate maturity period of under 12 months, with a principal balance of £6m that became callable from 25 November 2013.

If a LOBO is called and the rate changed by the Lender, the Council will have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay this loan. The maturity date is therefore uncertain, but the Council shows all LOBOs in the maturity period that their fixed period ends to ensure sufficient funds are available to repay the loans if called.

Through a combination of careful planning of new loans taken out and making early repayments where it is economic to do so, the Council ensures that prudential targets are achieved. All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise;
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost are not carried on the Balance Sheet at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. Changes in interest payable and receivable on variable rate borrowings and investments would be posted to the Surplus or Deficit on the Provision of Services. However, the Council did not hold any variable rate borrowing as at 31 March 2024. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Council has a number of strategies for managing interest rate risk. The treasury management strategy is to aim to keep a maximum of 50% of borrowings in variable rate loans. At 31 March 2025, the Council had no exposure to variable rate borrowing. The treasury management team receives professional advice and has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If all interest rates had been 1% higher on 31 March 2025 with all other variables held constant, the financial effect would be a decrease in fair value of fixed rate borrowings liabilities of £11.553m (no impact on Comprehensive Income and Expenditure).

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Currency Exchange Risk

On the balance sheet date, the Council held no financial assets denominated in foreign currencies. The Council is not exposed to any significant risk of adverse movements in the currency exchange rate.

Price risk

The market prices of the Council's fixed units in pooled funds are governed by prevailing interest rates and the market risk associated with instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. The risk is limited by the Council's maximum exposure to property investments of £7m.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. The risk is limited by the Council's maximum exposure to equity investments of £18m.

The Council's investment in a real estate investment trust (REIT) is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £2m. A 5% fall in residential property prices at 31 March 2025 would result in a £0.100m charge to Other Comprehensive Income and Expenditure which would be reflected in the Financial Instruments Revaluation Reserve.

Note 45 - Trust Funds

2023/24 Capital Value of Fund £000	Fund	2024/25 Capital Value of Fund £000
830	King George V Playing Fields	830
21	Mayor's Charity	41
31	Other	33
882		904

The Council administers the King George V Playing Fields Trust Fund as sole trustee. This trust fund is a permanent Endowment from the sale of land left to KMBC from benefactors.

The Council also administers the Mayor's Charity. This fund was established in 1975 to raise funds for charitable purposes in the borough as the trustees see fit.

Note 46 – Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

The Council is aware of claims made against other Councils with reference to 'Task and Finish'. The Council's Waste service currently operates a 'Task and Finish' model. The Trade Unions have indicated that they are considering submitting equal pay claims, however there is no detail of the nature and scope of these potential claims. The Council will continue to engage with Unions over the course of 2025/26 to keep abreast of Union intentions.

Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to precepting authorities and the Government of council tax and business rates. The Council's share of the relevant Collection Fund balances are included in the Council's Balance Sheet.

31 March 2024			Collection Fund	31 March 2025		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
0	(85,470)	(85,470)	INCOME:			
(51,128)	0	(51,128)	Council Tax Receivable	0	(91,177)	(91,177)
(3,517)	0	(3,517)	Business Rates Receivable	(60,655)	0	(60,655)
			Transitional Protection Receivable	(1,185)	0	(1,185)
(54,645)	(85,470)	(140,115)	Total amounts to be credited	(61,840)	(91,177)	(153,017)
			EXPENDITURE:			
			Apportionment of Previous Year's Estimated Surplus/(Deficit):			
848	866	1,714	Knowsley MBC	2,672	(57)	2,615
9	43	52	Merseyside Fire and Rescue Authority	27	(3)	24
0	123	123	Police and Crime Commissioner for Merseyside	0	(8)	(8)
0	10	10	Liverpool City Region Metro Mayor	0	(1)	(1)
			Precepts, demands and shares:			
47,816	69,518	117,334	Knowsley MBC	54,260	73,252	127,512
483	3,440	3,923	Merseyside Fire and Rescue Authority	548	3,555	4,103
0	9,781	9,781	Police and Crime Commissioner for Merseyside	0	10,323	10,323
0	738	738	Liverpool City Region Metro Mayor	0	740	740
			Charges to Collection Fund:			
(2,259)	2,137	(122)	Increase/(decrease) in allowance for impairment	0	3,117	3,117
1,993	0	1,993	Increase/(decrease) in allowance for appeals	1,603	0	1,603
0	0	0	Transitional Protection payable	0	0	0
134	0	134	Charge to General Fund for allowable collection costs for non-domestic rates	134	,0	134
49,024	86,656	135,680	Total amounts to be debited	59,244	90,987	150,231
(5,621)	1,186	(4,435)	(Surplus)/Deficit arising during the year	(2,596)	(259)	(2,855)
(859)	(927)	(1,786)	(Surplus)/Deficit b/f at 1 April	(6,480)	259	(6,221)
(6,480)	259	(6,221)	(Surplus)/Deficit c/f at 31 March	(9,076)	0	(9,076)

Notes to the Collection Fund

Note 1 - Council Tax

Most dwellings within the Borough are subject to council tax and each dwelling is allocated to one of eight bands according to its open market capital value at 1 April 1991. Each band is then converted to a “Band D equivalent” to establish the tax base, with individual charges being calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the tax base.

The tax base for 2024/25 was 38,957 (38,820 in 2023/24). The tax base was approved at the Council meeting on 24 January 2024 and was calculated as follows:

2024/25				
Band	Valuation band limits £	Calculated no of dwellings No	Ratio to band D	Equated No of dwellings No
A	Up to and including - 40,000	37,943	6/9	25,295
B	40,001 - 52,000	15,070	7/9	11,721
C	52,001 - 68,000	10,374	8/9	9,221
D	68,001 - 88,000	4,890	9/9	4,890
E	88,001 - 120,000	1,951	11/9	2,385
F	120,001 - 160,000	326	13/9	471
G	160,001 - 320,000	130	15/9	217
H	More than - 320,001	18	18/9	36
Adjustment				(15,279)
Council Tax Base				38,957

2023/24				
Band	Valuation band limits £	Calculated no of dwellings No	Ratio to band D	Equated No of dwellings No
A	Up to and including - 40,000	38,091	6/9	25,394
B	40,001 - 52,000	14,932	7/9	11,614
C	52,001 - 68,000	10,208	8/9	9,074
D	68,001 - 88,000	4,770	9/9	4,770
E	88,001 - 120,000	1,881	11/9	2,299
F	120,001 - 160,000	325	13/9	469
G	160,001 - 320,000	133	15/9	221
H	More than - 320,001	17	18/9	34
Adjustment				(15,055)
Council Tax Base				38,820

Collection Fund surpluses (or deficits) declared by the billing authority in relation to council tax are apportioned (or proportionately charged) to the relevant precepting bodies in the subsequent financial year. For Knowsley, the council tax precepting bodies are the Police and Crime Commissioner for Merseyside (PCCM), the Merseyside Fire and Rescue Authority (MFRA) and the Liverpool City Region Metro Mayor.

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit on council tax expected to arise at the end of the financial year. In January 2024 it was estimated that there would be a £0.069m council tax deficit on the Collection Fund (£1.042m surplus in January 2023) and therefore this would be recovered from the relevant preceptors in 2024/25.

Note 2 - Business Rates

The Council collects business rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. For 2024/25 the total rateable value at the year end is £130.8m (£129.9m in 2023/24). The national multipliers for 2024/25 were 49.9p for qualifying small businesses, with the standard multiplier being 54.6p for all other businesses (also 49.9p and 51.2p respectively in 2023/24).

Under the Business Rates Retention Pilot Scheme, introduced across the Liverpool City Region in 2017/18, Knowsley retains 99% of its collectable business rates with the remaining 1% being paid to the Merseyside Fire and Rescue Authority (MFRA).

The business rates shares payable for 2024/25 were estimated before the start of the financial year as £54.260m to Knowsley and £0.548m to MFRA. These sums have been paid in 2024/25 and charged to the Collection Fund in year. The actual net income from business ratepayers for 2024/25 was £60.103m (£54.777m in 2023/24), which now presents an in-year surplus due largely to new and expanding businesses within the Borough, which has afforded greater business rates revenues.

In addition to the local management of business rates, authorities are expected to finance successful appeals made by ratepayers in respect of rateable values as defined by the VOA and hence business rates outstanding at 31 March 2025. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The total successful prior year appeals awarded and charged to the provision during 2024/25 was £1.495m, with a further increase to the provision of £1.603m charged to the Collection Fund in year, leaving a total of £2.101m at 31 March 2025 to cover future payments for those appeals still pending. Knowsley's 99% share of the provision (£2.080m) is included in its balance sheet.

Independent Auditor's Report to the Members of Knowsley Metropolitan Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Knowsley Metropolitan Borough Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and

have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director (Resources) use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Executive Director (Resources) conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director (Resources) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director (Resources) with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Executive Director (Resources) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Executive Director (Resources)

As explained more fully in the Statement of Responsibilities, 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 Executive Director (Resources). The Executive Director (Resources) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director (Resources) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director (Resources) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, Local Government Act 1972 and Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).
- We enquired of management and the governance and audit committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the governance and audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - Manual material journals across the year and at year end and journals posted by the users with Admin Access to the system.
 - Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;

- journal entry testing, with a focus on material manual journals, post year-end journals, journals around the year-end, and journals over performance materiality posted on the weekend;;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pension liability valuations; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including significant accounting estimates. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except on the 10 February 2025 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. In November 2024, Ofsted undertook a focused inspection of the Authority's children's services and identified serious and widespread weaknesses.

We recommend the Authority should continue to deliver and embed improvements to Children's Services, building on the solid foundations put in place and positive improvement trajectory to date. Improvement should be delivered at pace but should be sustainable and underpinned by sufficient financial resources. Members should receive regular and detailed progress reports on the delivery of the Improvement Plan.

In addition, on the 8 December 2025 we identified a new significant weakness in how the Authority's plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Authority's growing deficit on the Dedicated Schools Grant and significant cumulative deficit forecast at March 2026. We recommend the Authority mitigating the forecast overspend for 2025/26 in order to protect reserves by:

- continuing to focus on early intervention and prevention to reduce the demand for EHCPs and complexity of need and increase inclusion in mainstream schools;
- increasing sufficiency of placements using available funding to reduce reliance on non-maintained and independent special schools; and
- undertaking further modelling of the likely trajectory of the DSG deficit over the medium term and ensuring that forecasts are reported to Members as part of key financial planning reports.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Knowsley Metropolitan Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Farrar

John Farrar
Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Liverpool

29 January 2026

Glossary

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current:

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation:

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rates are a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of, the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes, related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.