

### Summary of the 2008/09 Statement of Accounts

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

### Financial Overview

Despite continued pressure on the Council's financial resources, the Accounts show that the Council is maintaining a relatively strong financial position. This is due to effective forward planning, accurate financial reporting and good budget management. Each year the Council decides how to spend its money when it sets its annual budget - which is part of a three year spending plan for providing all Council services. The Council allocates extra money to areas of high priority, whilst continuing to improve efficiency and value for money to make sure that that money is being used effectively, and that your Council Tax is set at an affordable level. The Council's success in managing its finances in 2008/09 is reflected in the Audit Commission's Use of Resources assessment - which confirms that the Council is performing well in this area.

Overall during 2008/09 the Council's total expenditure on providing services was £515m. Most of this is funded by the Government through grants and an allocation of non-domestic (business) rates. About 9% of total costs are funded through the Council Tax. At the end of the year there was a small balance of £0.123m left over after all the Council's expenditure had been paid for, and the Council's policy is to add this money to its general balances to ensure that the Council has a financial safety net in case of unexpected costs arising in the future.

There was an overall increase of £31.7m (or 33%) in our balance sheet. This is mainly due to a decrease in the Council's net pension liability during the year, arising from a change in the financial assumptions used by the actuaries in calculating the total Pension Fund liability for the Council. Merseyside Pension Fund adjusts pension contribution rates to make sure that in the longer term a balanced position is achieved.

### Impact of the Economic Recession

The Council's Accounts also reflect the impact of the recent economic downturn on the Council's financial standing. The main impact has been on asset values - with the Balance Sheet showing a reduction (or 'impairment') in the market values of its operational assets of 25% (approximately £6m). However this is only a reflection of asset values at a particular point in time, and the Council expects that as market conditions recover in future years, asset values will increase accordingly.

### Instability in the Global Banking Sector

During the year there were unprecedented concerns about the security of Council investments - particularly in the banking sector when Icelandic Banks went into receivership. Knowsley Council has a very prudent approach to the way it makes investments and was not exposed to the same risks that affected other UK authorities and organisations. However the unprecedented events in the banking sector demonstrate that all institutions can be vulnerable so the Council makes sure it constantly reviews its investments to minimise any undue risks.

### Private Finance Initiative Schemes

During 2008/09 the first of the Council's PFI-funded assets became operational when the Christ the King Learning Centre opened in October 2008. The Income and Expenditure Account shows payments relating to the overall Future Schooling in Knowsley programme of £4.707m. Under PFI arrangements, the Council will not actually own the assets for a further 25 years, so the asset is not shown on the 2008/09 Balance Sheet. The Balance Sheet does however include a reserve of £9.349m that will be used to fund future payments relating to the ongoing programme.

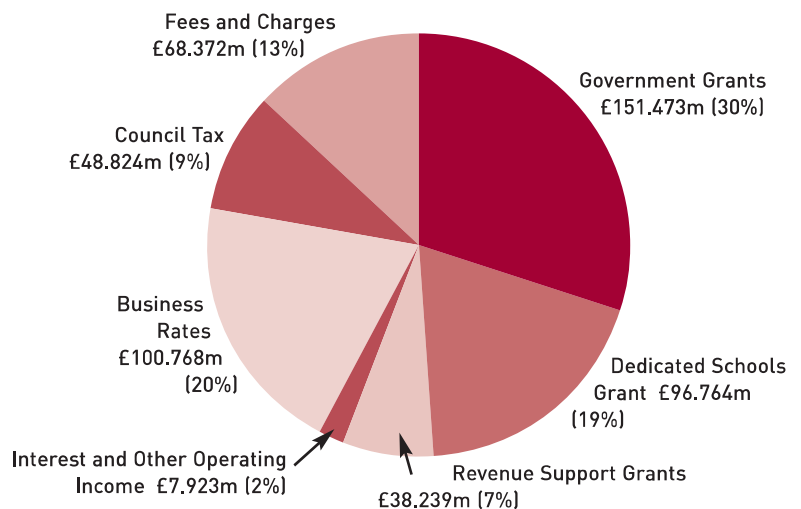
### Income and Expenditure Account for the year ended 31st March 2009

The Income and Expenditure Account shows the total cost of running Council Services between 1st April 2008 and 31st March 2009, and where the money came from to pay for the day to day costs of those services. In 2008/09 the difference between the total gross operating expenses and the total funding is the Council's overall surplus of £0.123m for the year. As a result of this surplus, the Council's general balances have increased to £4.999m which represents 3% of the Council's 2009/10 budget and is in line with the Council's policy. The Council's general balances are important as they provide the Council with capacity to spend money while awaiting income, and with flexibility to meet unforeseen expenditure pressures.

Income and Expenditure 2008/09	Expenditure £000	Income £000	Net Expenditure £000
<b>Cost of Council Services</b>			
Adult Social Care	88,714	(33,051)	55,663
Central Services to the Public	20,708	(18,194)	2,514
Cultural, Environmental and Planning Services	125,783	(48,901)	76,882
Childrens and Education Services	188,725	(151,005)	37,720
Highways, Roads and Transport Services	16,826	0	16,826
Housing Services	64,034	(63,140)	894
Corporate and Democratic Core	8,298	(2,318)	5,980
Non Distributed Costs	2,406	0	2,406
<b>Net cost of services</b>	<b>515,494</b>	<b>(316,609)</b>	<b>198,885</b>
Interest received and other operating income			(7,923)
Interest payments and other operating expenditure			19,109
<b>Amount to be met from government grants and local taxation</b>			<b>210,071</b>
Government's Revenue Support Grant			(38,239)
Business Rates Grants			(100,768)
Council Tax Receipts			(48,824)
Income and Expenditure Account deficit for the year			22,240
Amounts deducted to the General Fund balance for the year			(22,363)
<b>Net General Fund Surplus for the year</b>			<b>(123)</b>

## Where the money came from

In 2008/09 the Council used money from several sources to pay for the revenue costs of services. The Council used resources totalling £512.363m during the year. Most of this money came directly from the Government as either Revenue Support Grant or other grants for specific services. Only 9% of the Council's money came from the Council Tax. Each year, the Council reviews its fees and charges to ensure that it receives the optimum amount of income to help provide services within its limited financial resources.



## Balance sheet 2008/09 (What the council owns and is owed)

	31 March 2009 £000
Building and Land owned by the Council	494,800
Long Term Investments	10,523
Work in Progress / Stock in Hand	388
Money owed to the Council	148,305
Money owed by the Council	(528,253)
	<hr/> 125,763
Financed by:	
Non-Distributable Reserves	62,136
Distributable Reserves:	
Reserves	59,273
Revenue balances	4,354
<b>Total</b>	<hr/> <b>125,763</b>

This Council's balance sheet sets out the financial position of the Council at the end of the year and gives details of the Council's assets and liabilities.

The balance sheet also includes a number of specific reserves which the Council has set aside to fund known future commitments.

Cash Flow	Cash transactions with third parties		
	Paid £000	Received £000	Net Total £000
Day to day services	563,266	(590,755)	(27,489)
Improving the Council's assets	34,811	(31,752)	3,059
Total of new loans and investments	43,830	(19,400)	24,430
<b>Total Cash Flow</b>	<hr/> 641,907	<hr/> (641,907)	<hr/> 0

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

## Capital expenditure

In 2008/09, the Council spent £29.810m on acquiring or improving its buildings and other assets (known as "capital" expenditure). Some of the Council's major commitments and investments are shown below:

### Fixed assets - Significant future commitments

Significant commitments for future capital investment as at 31.03.09 include the following projects:

Scheme	Purpose	£000
Targeted Capital Primary Schools	To build new primary/special needs learning centres at Northwood and Greengates and primary learning centres at North Huyton Joint Catholic and Church of England and Parkbrow with extended schools facilities and links to children centre provision	29,508
Addressing the Need for Supported Housing	To provide extra care housing for older persons to assist them to live more independent lives than would be possible in residential care or nursing homes	3,228
Leisure Facilities	Implementation of Phase III will see the centre of the Borough have one main leisure hub facility with a main public pool, with satellite sites that will consist of a smaller specialist water facility and a number of dry facilities in Stockbridge Village and Prescot	3,080

### Major investments during 2008/09

Theme	Scheme	£000
Children and Family Services	Schools modernisation programme Computers for Pupils	1,413 560
Regeneration and Neighbourhoods	Highway maintenance programme Raven Court - Public service	3,792 2,178
Leisure, Community and Culture	Play Pathfinder	693
Health and Social Care	Bewley Drive Resource Centre	696
Neighbourhood Services	Vehicle and Plant replacement	2,665

## About this summary

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

## The Council's Environmental Footprint

The Council is committed to reducing its use of natural resources. An Environmental Policy is in place and an environmental management system is to be piloted to ISO14001 standard.

Knowsley has also signed the Nottingham Declaration on climate Change, making a commitment to reduce carbon emissions. A Climate Change Strategy and Action Plan for the Council was approved in October 2008, and a Climate Change Strategy for the Knowsley Partnership is in development.

### Carbon Emissions

In 2008, a new set of national performance indicators was introduced including NI 185 'Local Authority CO2 emissions'. For the first time a prescribed standard methodology for calculating the Council's carbon footprint had to be used. This has meant that the data presented for 2008/09 is not comparable to the CO2 data calculated in previous years. Further work is currently being undertaken to re-work previous data, to allow comparison.

In 2008/09, the Council's carbon footprint from energy and transport use was as follows:

Source	Tonnes of CO <sub>2</sub>
Buildings energy (inc. schools and street lighting)	27,469
Transport (inc. fleet fuel, staff mileage and rail travel)	1,649

## Air Pollution

The use of fossil fuels to produce energy for buildings and in transport also emits air pollutants such as nitrogen oxides (NO<sub>x</sub>) and particulate matter (PM<sub>10</sub>). Reducing these pollutants can improve air quality and have a positive impact on health. In the new set of national performance indicators, NI 194 relates to 'Air Quality - % reduction in NO<sub>x</sub> and primary PM<sub>10</sub> emissions through a local authority's estate and operations'. This is the first time that this data has been collated and 2008/09 will be the baseline year against which future progress will be measured.

In 2008/09, the Council's NO<sub>x</sub> and PM<sub>10</sub> emissions from energy and transport use were as follows:

Source	kg of NO <sub>x</sub>	kg of PM <sub>10</sub>
Buildings energy (inc. schools and street lighting)	39,838	1,152
Transport (inc. fleet fuel, staff mileage and rail travel)	3,673	85

## Water Usage

Data relating to the Council's water usage shows a decrease over the last 3 years:

Year	Water usage (m <sup>3</sup> )
2006/07	261,842
2007/08	215,052
2008/09	207,298

## Your Comments

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

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

## Other Information Available

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

- **Internet**

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

- **Contact Centre**

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

- **One Stop Stop Shops**

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