



Knowsl@y Council

2000 / 2001

Statement of Accounts

1. The Council has, as in the previous year, supplied every household and business in the Borough with a shortened and simplified version of the accounts together with background information on services, strategies and development.

Contents

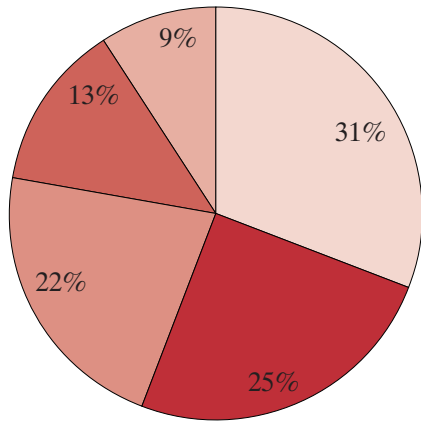
2. This publication provides in more detail the statements of accounts of the Council for the year 2000/2001. They consist of:

	Pages
Statement of Accounting Policies	4 - 6
This explains the basis of the figures in the accounts and the Council's compliance with the relevant recommended accounting practices;	
Consolidated Revenue Account	7 - 12
This summarises in one account all of the income and expenditure incurred by the Council in providing all of the services for which it is responsible and how the net cost has been financed;	
Housing Revenue Account	13 - 15
Which shows income and expenditure on Council housing;	
Collection Fund	16 - 18
Which shows income from Council Tax, Business Rates, and outstanding Community Charge together with their distribution;	
Consolidated Balance Sheet	19 - 32
Which sets out the financial position of all the Funds of the Council as at 31st March 2001, excluding the Trust Funds which it administers;	
Statement of Total Movement in Reserves	33
Which analyses all movement of capital and revenue reserves and brings together all recognised gains and losses during the period between 1st April 2000 and 31st March 2001;	
Cash Flow Statement	34 - 36
Which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes;	
Statement of Responsibilities	37
Auditor's Report	38
Glossary of Terms	39 - 40
Various notes to the accounts support these accounts.	

3. This Statement of Accounts has been prepared in accordance with the 2000 Code of Practice.

4. This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. In broad terms the following three charts show where the Council's money comes from, what it is spent on and what services it provides.

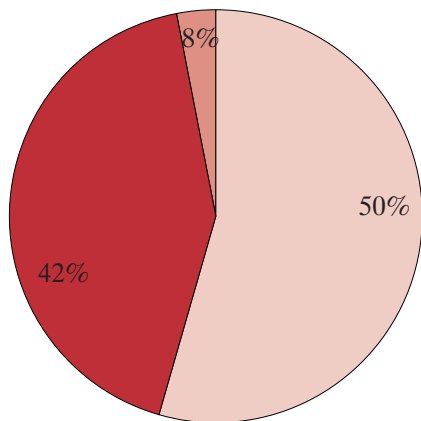
Where the money comes from



	£m	%
Rents, Fees and Charges	84.0	25
Revenue Support Grant	103.9	31
Other Government Grants	73.9	22
Business Rates Grant	43.0	13
Net Council Tax	28.2	9
	<hr/>	<hr/>
	333.0	100
	<hr/>	<hr/>

Based on gross expenditure on all funds

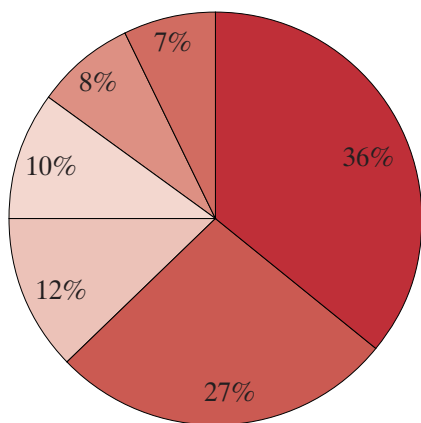
What the money is spent on



	£m	%
Employees	140.8	42
Running Expenses	164.9	50
Capital Finance	27.3	8
	<hr/>	<hr/>
	333.0	100
	<hr/>	<hr/>

Based on gross expenditure on all funds

What the money provides



	£m	%
Central Services	22.3	7
Cultural, Environmental & Planning Services	33.5	10
Education Services	118.2	36
Highways, Road & Transport Services	28.2	8
Housing Services	91.5	27
Social Services	39.3	12
	<hr/>	<hr/>
	333.0	100
	<hr/>	<hr/>

Based on gross expenditure on all funds

Budget

5. The main components of the General Fund Revenue Budget for 2000/2001 and how these compare with actual income and expenditure are set out below:

	Budget £000	Actual £000	Difference £000
Service Expenditure (Net)	172,511	202,305	29,794
Interest and Capital Financing Costs	8,977	(22,720)	(31,697)
Use of Reserves/Balances	615	2,518	1,903
	<u>182,103</u>	<u>182,103</u>	<u>-</u>
Council Tax	35,181	35,181	-
Government Grants	146,922	146,922	-
	<u>182,103</u>	<u>182,103</u>	<u>-</u>

6. The net difference between the actual and budget figures (£31.697) was mainly due to a change in the policy for depreciating certain fixed assets. Previously, certain classes of buildings were not depreciated on the grounds that a repairs and maintenance programme was extending the useful life of the asset.

Capital

7. A significant capital programme was undertaken in the year with actual expenditure amounting to £44.784m, a 31.9% increase from the previous year.
8. With borrowing approvals limited to £12.312m the Council has enhanced its programme by attracting grants of £20.590m and using £3.144m capital receipts.

Further Information

9. Further information about the accounts is available from the Finance Department, Municipal Buildings, Huyton L36 9YZ (Tel: 0151 489 6000). This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before each annual audit is completed. The availability of the accounts for inspection is advertised in the local press.

STEVE HOUSTON

Director of Finance
& Information Society Technologies

Accounting Standards

The accounts in this report are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and Local Authority (Scotland) Accounts Advisory Committee (LASAAC), which has effect from April 2000 and as disclosed below.

In addition, the accounts have been prepared in accordance with CIPFA's Best Value Accounting Code of Practice, which came into force for Statement of Accounts for the 2000/01 year.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised and classified as a fixed asset.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS) by Mr I Brand, FRICS. Fixed assets are classified into the groupings required by the 2000 Code of Practice on Local Authority Accounting, in the UK. The valuations have been determined as follows:

- council houses are at net realisable value;
- land, operational properties and other operational assets are at the lower of net current replacement and net realisable value;
- non-operational assets, including investment properties and assets that are surplus to requirements, are at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value. Fixed assets under construction are included, at historic cost;
- infrastructure assets are at historic cost, net of depreciation;
- community assets have been assessed to have nil value and are excluded from the balance sheet.

The surpluses arising on the initial valuation of fixed assets have been credited to the Fixed Asset Restatement Reserve. Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations are adjusted in the interim period, as they occur in line with the requirements of Financial Reporting Standard 11 - Impairment of Fixed Assets and Goodwill.

Capital Charges

All revenue accounts except the Housing Revenue Account are charged with a capital charge for all fixed assets used in the provision of services. The charge covers the annual provision for depreciation plus a capital financing charge determined by applying the specified notional rate of 6% interest to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service. The charge made to the HRA is an amount equivalent to the statutory capital financing charges in accordance with Item 8 Part 2 Schedule 4 of the Local Government and Housing Act 1989.

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

Newly acquired assets are not depreciated in the year of acquisition, whilst assets in the course of construction are not depreciated until they are brought into use.

Depreciation is calculated using the straight line method.

Accounting Policies

Deferred Charges

Expenditure on deferred charges has been written off to service revenue accounts on the basis of the benefit obtained by the service from the expenditure. As no benefit accrues beyond the date it is incurred, expenditure has been written off totally in the current year.

Stocks, Stores and Work in Progress

These items are included in the accounts at actual or current cost, rather than at the lower of cost and net realisable value as specified in SSAP 9. It is considered that the difference between the two methods of valuation is not significant in relation to the total value of stocks held.

Work in progress is valued at cost including an allocation of overheads.

Debtors and Creditors

The transactions of the Authority are recorded on an income and expenditure basis. All sums due to or from the Authority, with certain exceptions where the changes from year to year are not material, are included irrespective of whether the cash has actually been received or paid.

Debtors are shown net of a provision for bad debts of £5.558m to cover rent arrears (£2.683m), Housing Benefit overpayment provision (£0.113m), Council Tax arrears (£1.284m), NNDR arrears (£0.300m) and other miscellaneous debtors (£1.178m).

Reserves

These are amounts set aside for earmarked purposes. Details of Reserves held at 31st March 2001 are shown in The Statement of Total Movement in Reserves and in Note 16 to the Consolidated Balance Sheet.

Provisions

These are amounts set side for potential liabilities which will be incurred, but where there is uncertainty as to the amounts concerned or the dates on which these liabilities arise. Details of Provisions held at 31st March 2001 are shown in Note 12 to the Consolidated Balance Sheet.

Overheads

Overheads are fully allocated to service Portfolio's. Office accommodation is allocated in accordance with area occupied, whilst central departmental expenses are charged on the basis of staff time spent on services or, where available, on various performance measures.

Capital Receipts

Income from the disposal of fixed assets is credited to the useable capital receipts reserve. Any proportion reserved for the repayment of external loans has been credited to the capital financing reserve.

Under the Local Government and Housing Act 1989 75% of Housing Revenue Account sales from the disposal of assets is held as a provision against debt redemption. The balance is available to finance either capital expenditure or debt redemption.

Pension Costs

The costs of providing pensions for employees has been charged to the accounts in accordance with the statutory requirements governing the Merseyside Pension Fund and Teachers Superannuation Scheme.

These costs have been determined on the basis of contribution rates that are set to eventually meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations. As a result, the Council does not comply with the accounting requirements of SSAP24 "Accounting for Pension Costs" and the liabilities included in the balance sheet are understated in respect of pension costs. In accordance with standard accounting practice for local authorities, the additional costs that it would have been necessary to provide for in the accounts are disclosed by way of a note to the accounts.

Government Grants

Grants and subsidies are credited to the appropriate revenue and capital accounts to match the expenditure to which they relate. Accruals have been made for balances known to be receivable for the period to 31st March 2001.

Leasing

The policy on leasing, together with details of payments in the year and estimated outstanding obligations, is outlined in Note 2 to the Consolidated Balance Sheet. There were no new finance leases in 2000/2001.

Internal Interest

Internal Interest is paid to / received from revenue on the basis of average monthly balances and the 7 day money market rate. It is included in the Consolidated Revenue Account as contributions to / from reserves.

Consolidated Revenue Account

The Consolidated Revenue Account reports the net cost for the year of the services for which Knowsley is responsible and demonstrates how that cost has been financed from government grants and income from local taxpayers.

The "Best Value Accounting - Code of Practice" issued by CIPFA came into effect on 1 April 2001, and requires all local authorities to report the cost of services provided in a specified format. This format is different to previous years. In order that the 1999/2000 information set out in the Consolidated Revenue Account may be compared to 2000/01, this has been recast into the format set out within the "Best Value Accounting - Code of Practice".

1999/2000		2000/2001		
£000	Services	Expenditure £000	Income £000	Net £000
22,887	Central Services	58,588	33,271	25,317
30,895	Cultural, Environmental & Planning Services	46,796	15,984	30,812
87,728	Education Services	118,215	26,434	91,781
12,757	Highways, Roads & Transport Services	16,126	1,918	14,208
2,159	Housing Services	90,597	88,436	2,161
30,196	Social Services	39,178	5,314	33,864
186,622	Net Cost of Services	369,500	171,357	198,143
861	Parish Precepts			887
	Net Surplus:			
167	- Trading Operations (Note 1)			(180)
(17,663)	Transfer from Asset Management Revenue Account (Note 2)			(14,264)
(1,605)	Interest and Investment Income			(1,617)
(34)	County Balances Transferred			-
168,348	Net Operating Expenditure			182,969
(548)	Transfer to/(from) HRA balances			1,362
	Contributions to Earmarked Reserves			
20	- Schools' Balances			1,612
(1,598)	- Other reserves (Note 3)			(1,549)
	Contributions to/(from) Capital Reserves			
5,494	- Financing of capital expenditure			3,510
1,457	- Provision for repayment of external loans			1,465
22	Statutory amount to be set aside for the repayment of loans principal (Note 6)			(8,897)
173,195	Amount to be met from Government Grant and Taxpayers			180,472
(34,256)	Demands on the Collection Fund			(36,067)
(103,373)	Government Grants			(103,895)
(38,003)	Distribution from non-domestic rate pool			(43,028)
-	Transfer from Collection Fund			-
(2,437)	(Surplus) / Deficit for the year			(2,518)
	General Fund Balances			
2,361	Balance at beginning of year			4,798
2,437	Surplus / (Deficit) for year			2,518
4,798	Balance at end of year			7,316

1. Significant Trading Operations

The authority operates several trading operations, whereby services are provided to users on the basis of an agreed charge, for example, either a quoted price or a schedule of rates. Trading accounts are maintained for such activities, which matches the income and expenditure for the services provided by the Trading Operation. Details of the significant Trading Operations of the Authority are set out in the table below.

	Surplus/(Deficit) £000	Turnover £000
Organisation		
Building Maintenance	(9)	14,532
Highways and Sewerage	162	3,903
Refuse Collection	(121)	2,298
Grounds Maintenance	8	3,524
Street Sweeping	-	1,657
Transport	139	3,142
School Meals	(54)	4,018
Building Cleaning	11	2,592
Leisure	5	3,990
Housing Management	4	3,152
Construction and Property	4	1,562
Information Technology	(213)	5,040

2. Asset Management Revenue Account

	£000	£000
Income		
Capital charges - General Fund	29,381	
- HRA	13,927	
- Trading Operations	229	43,537
Expenditure		
Provision for depreciation	12,243	
External interest charges	17,030	29,273
Net surplus for the year		14,264

3. Reserves

The net transfer of £1.549m to the General Fund Summary Revenue Account related to the following Reserve Accounts:

	£000
Strategy Reserve	125
Capital Reserve	(3,130)
KCS Reserve	119
Market Reserve	6
Market Contribution	(89)
Trading Reserves	
- Planning and Development	(143)
- Chief Executives	(136)
- Finance Trading	(36)
- Building Maintenance Trading	(9)
- Leisure Trading	5
- Construction and Property Trading	(9)
Building Rationalisation	(100)
Computer Equipment	(250)
Housing Benefit	(41)
Schools NNDR	4
Teachers Pensions	141
Local Agenda 21	(16)
IT Equipment/Development(DE/DPD)	(352)
Gully Cleansing	(30)
Jaguar/SSADA Strategies	(94)
Peopleside Economic	(11)
Winter Maintenance	(23)
Social Services	625
Extra District Contributions	366
Risk Management	188
Schools Maintenance	434
SHAPS	103
Schools Devolved Contributions	804
	<hr/>
	(1,549)

4. Provisions

Provisions have been made relating to the following items and are included within appropriate Service lines.

	£000
Safe Spaces	23
Community Consultation	30
New Deal	124
Rechargeable Works	20
Waste Minimisation	72
Field Lane	3
Playgrounds	30
Leisure Rates	3
Replacement of CRISSP System	167
Disability Services Multi Service Training	7
Council Tax	215
	<hr/>
	694

5. Provision for Repayment of External Loans

This represents the actual principal repayments of other external loans. These comprise payments for transferred debt held by other authorities and repayments under deferred purchase schemes.

	£000
Transferred Debt Repayments	477
Deferred Purchase Repayments	1,000
Transferred Debt Income Coroners	(12)
	1,465

6. Statutory Amount to be Set Aside for the Repayment of Loans Principal

This is the minimum amount which must be charged to the Authority's revenue account each year and set aside as a provision for credit liabilities. The following calculation determines that amount, which has been charged within the above account.

	GF £000	HRA £000	Sub Total £000	Total £000
Outstanding loan advances	94,168	157,671	251,839	
Less reserved part of capital receipts	11,423	29,647	41,070	
	82,745	128,024	210,769	
Initial credit ceiling 1.4.2000				
Minimum revenue provision at 4% (2% HRA)	3,310	2,560	5,870	5,870
Less: Amounts Charged to the Revenue Account				
Amount charged as depreciation against the Revenue Account			12,765	
Depreciation on Government Grant write off			(522)	
Deferred Charges (net of grant)			2,524	14,767
Net Charge to the Revenue Account			(8,997)	(8,997)

7. Section 137 Repayments

Section 137 of the Local Government Act 1972 enables a local authority to incur expenditure up to the product of £5.00 per head of relevant population, for the benefit of people in its area on activities or projects not specifically authorised by other powers. Expenditure amounted to £0.194m in 2000/2001 (£0.185m in 1999/2000) compared to a maximum allowable of £0.766m. The majority of the expenditure relates to the provision of grants to voluntary bodies.

8. Agency Work

The Council carries out agency work on behalf of the North West Water. This work includes repairs to the sewer system and maintenance of sewage pumping stations. Total expenditure in 2000/2001 was £0.638m (£0.835m in 1999/2000).

9. Local Authority (Goods and Services) Act 1970

In 2000/2001 the Council provided no services to public bodies under this Act.

10. **Publicity**

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. During 2000/2001 expenditure on publicity totalled £1.792m (£1.226m in 1999/2000) and included recruitment of staff costs of £0.169m (£0.261m in 1999/2000), Media and Customer Relations Unit costs of £0.133m (£0.071m in 1999/2000) and Industrial Promotion costs of £0.602m (£0.527m in 1999/2000).

11. **Pension Costs**

Teachers: In 2000/2001 the Council paid an employer's contribution of £2.80m to the Department for Education and Employment in respect of teachers' pensionable pay. In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2000/2001 these amounted to £1.77m, representing 4.68% of pensionable pay.

Other employees: In 2000/2001 the Council paid an employer's contribution of £6.92m, representing 10.9% of employees' pensionable pay into the Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last review being at 31 March 1998. Under Superannuation Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2000/2001 these amounted to £1.47m, representing 2.32% of pensionable pay.

The Fund's Actuary had advised that the pension costs that it would have been necessary to provide for in the year in accordance with SSAP 24, 'Accounting for Pension Costs' are £8.57m, representing 13.5% of pensionable pay.

12. **Employees Remuneration Over £40,000**

Authorities are required to provide details of the number of employees whose remuneration is in excess of £40,000. Remuneration relates to all taxable amounts paid to or receivable by an employee and includes sums due by way of expenses allowance and the estimated money value of any other benefits received by an employee otherwise than in cash, excluding Merseyside Police remuneration. In 2000/2001 these were:

Remuneration	Number of Employees	
	1999/2000	2000/2001
£40,000 - £49,999	72	77
£50,000 - £59,999	8	20
£60,000 - £69,999	5	7
£70,000 - £79,999	1	2
£80,000 - £89,999	6	1
£90,000 - £99,999	1	4
£100,000 - £109,999	-	-
£110,000 - £119,999	-	1
£120,000 - £129,999	-	-

13. **Members' Allowances**

During 2000/2001, the Council paid a total of £0.680m in respect of Members' Allowances. Further details can be obtained from the Committees and Elections Manager, Chief Executive's Department, Municipal Buildings, Huyton.

14. Related Party Transactions

The Accounting Standards Board introduced FRS 8 to ensure that Financial Statements contained the disclosures necessary to draw attention to the possibility that the reported financial position may have been affected by the existence of related parties and material transactions with them. The CIPFA/LASAAC Joint Committee considers the related parties of local authorities to include:

- Central Government (see note 1 page 35)
- Local authorities and other bodies precepting or levying demands on the Council Tax (see page 16)
- Subsidiary and Associated Companies (see note 19 pages 31 and 32)
- Members and Chief Officers
- Pension Fund (see note 11 page 11)

Material transactions with these parties are disclosed throughout this document.

15. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total costs of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

Charges have been set for the functions prescribed in Regulation 4 of the Building (Local Authority Charges) Regulations 1998, namely:

- A plan charge, payable when plans of the building work are deposited with the Authority.
- An inspection charge, payable on demand after the Authority carry out the first inspection in respect of which the charge is payable.
- A building notice charge, payable when the Building notice is given to the Local Authority.
- A reversion charge, payable for building work in relation to a building:-
 - i. which has been substantially completed before plans are first deposited with the Authority in accordance with Regulation 18(2)(a)(i) of the Approved Inspectors Regulations, or
 - ii. in respect of which plans for further building work have been deposited with the Authority in accordance with Regulation 18(3) of the Approved Inspectors Regulations, on the first occasion on which those plans have been deposited.
- A regularisation charge which is payable at the time of the application to the Authority in accordance with Regulation 13(A) of the Building Regulations.

	Chargeable £	Non Chargeable £	Total Building Control £
Expenditure			
Employee Expenses	236,097	62,269	298,366
Premises	5,449	1,437	6,886
Transport	10,558	2,785	13,343
Supplies and Services	19,100	5,038	24,138
Central and Support Services	40,276	10,622	50,898
Total Expenditure	<u>311,480</u>	<u>82,151</u>	<u>393,631</u>
Income			
Building Regulation Charges	334,231	-	334,231
Miscellaneous Income	-	-	-
Total Income	<u>334,231</u>	<u>-</u>	<u>334,231</u>
Net Surplus/(Deficit) for Year	<u>22,751</u>	<u>(82,151)</u>	<u>(59,400)</u>

Housing Revenue Account

The Housing Revenue Account details the costs of managing and maintaining the Authority's dwelling stock, together with income received from rents, grants and other sources.

1999/2000 £000		2000/2001 £000
	Expenditure	
	Supervision and Management (Net)	
5,588	- General	5,069
2,562	- Special	2,710
17,399	Repairs and Maintenance	15,851
33,938	Housing Benefit Payments	30,690
600	Provision for Bad / Doubtful Debts	1,445
14,368	Capital Financing Costs (Note 2)	13,945
1,459	Revenue Contributions to Capital Outlay (Note 2)	-
75,914	Total Expenditure	69,710
	Income	
582	Charges for Services	531
	Rents	
41,991	- Dwellings (Note 3)	41,413
214	- Other	387
31,808	Housing Revenue Account Subsidy (Note 6)	28,090
408	Mortgage Interest (Note 7)	346
201	Interest on Cash balances	165
162	Housing Benefit Transfers	140
75,366	Total Income	71,072
(548)	(Deficit)/Surplus	1,362
	Housing Revenue Account Balances	
2,389	Balance at Beginning of Year	1,841
(548)	(Deficit)/Surplus for Year	1,362
1,841	Balance as at 31st March	3,203

1. Housing Stock

The Council was responsible for managing an average of 18,585 dwellings during 2000/2001. The stock was made up as follows:

	1999/2000 £000	2000/2001 £000
Houses	12,444	12,216
Flats	6,244	6,093
Bungalows	276	276
Total average stock	18,964	18,585

The change in the stock can be summarised as follows:

	1999/2000 £000	2000/2001 £000
Stock at 1st April	19,186	18,742
less: Sales	(378)	(283)
Demolition etc.	(66)	(31)
Stock at 31st March	18,742	18,428

2. Capital Financing Costs

Capital financing costs incurred by the HRA are analysed as follows:

	1999/2000 £000	2000/2001 £000
Loan Charges		
Minimum Revenue Provision	2,554	2,560
Interest	10,439	10,039
Debt Management	58	73
CERA	1,459	-
	14,510	12,672
Deferred Purchase Scheme Payments	1,317	1,273
	15,827	13,945

3. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids. During the year an average of 7.43% (£3.204m) of lettable properties were vacant; in 1999/2000 the figure was 5.43% (£2.498m). Average rents were £48.14 a week in 2000/2001 an increase of £1.31 or 2.8% over the previous year. After allowing for housing benefit payments (£30.73m) the net rent collectable was £10.68m.

4. Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. Over 74% of the Council's tenants receive some help with the cost of rent.

Notes to the Housing Revenue Account

5. Rent Arrears

At 31.3.2001 rent arrears as a proportion of gross rent income are 13.34% of the amount due compared to 6.75% at 31.3.2000.

	1999/2000 £000	2000/2001 £000
Arrears at 31st March	2,836	5,525

6. Housing Revenue Account Subsidy

Housing Revenue Account Subsidy is intended not only to finance housing benefits but also contributes to the cost of housing provision to the extent that the local authority's resources fall short of its expenditure requirements. The subsidy is calculated by reference to a notional HRA, which is based on a range of estimates which central government believes an authority should spend and how much income it should raise.

NOTIONAL HRA

	1999/2000 £000	2000/2001 £000
Expenditure		
Management and Maintenance	18,957	18,863
Charges for Capital	12,728	12,500
Housing Benefits	34,134	31,118
Other Reckonable Expenditure	-	-
	<u>65,819</u>	<u>62,481</u>
Income		
Rents	33,482	34,039
Other Reckonable Income	-	-
Interest on receipts	529	352
	<u>34,011</u>	<u>34,391</u>
Housing Revenue Account Subsidy Payable	31,808	28,090
Prior Year Adjustment	-	-
	<u>31,808</u>	<u>28,090</u>

7. Mortgage Interest

Interest receivable by the Council for mortgages can be analysed as follows:

	1999/2000 £000	2000/2001 £000
Right to Buy Mortgages	375	346
Other Mortgages	33	-
	<u>408</u>	<u>346</u>

Collection Fund Income and Expenditure Account

The Collection Fund Income and Expenditure Account shows the income from Council Tax and business rates together with their distribution.

1999/2000 £000		2000/2001 £000	£000
	Income		
24,667	Council Tax Receivable (Note 2)		28,207
14,401	Transfers from/to General Fund - Council Tax Benefit		13,176
39,068			41,383
	Income Collectable from Business Ratepayers (Note 4)		20,779
20,483			20,779
59,551			62,162
	Expenditure		
34,256	Precepts and Demands - Knowsley MBC	36,067	
1,515	- Fire and Civil Defence Authority	1,558	
3,102	- Police Authority	3,300	
			40,925
20,349	Payment to NNDR Pool	20,645	
134	Costs of Collection	134	
			20,779
384	Provision for Council Tax Bad and Doubtful Debts		404
59,740			62,108
(189)	Movement in year (Note 2)		54
-	Balance B/F		(189)
(189)	Balance C/F		(135)

1. Council Tax Base

Band Value	Number of Dwellings	Band D Equivalent
A up to £40,000	38,870	25,913
B £40,001 to £52,000	11,085	8,622
C £52,001 to £68,000	7,988	7,100
D £68,001 to £88,000	2,926	2,926
E £88,001 to £120,000	1,157	1,414
F £120,001 to £160,000	218	315
G £160,001 to £320,000	110	183
H Over £320,000	17	34
	62,371	46,507
Less Exemptions and Discounts		(5,516)
		40,991
Collection Rate	x	99%
		40,581

2. Reconciliation of Knowsley Demand with Council Tax Receivable

	Estimate £000	Actual £000	Variance £000
Knowsley Demand (including Parish Precepts)	36,067	36,121	54
Preceptor Payments	4,858	4,858	-
	40,925	40,979	54
 Less Benefit Received	(13,176)	(13,176)	-
	27,749	27,803	54
 Contribution to Provision for non collection	404	404	-
Council Tax Receivable	28,153	28,207	54

3. Council Tax

The 2000/2001 basic amount of Council Tax at Band D for properties without a Parish precept, was calculated as follows:

	£000
Budget Requirements (excluding Parish Precepts)	182,103
less Government Grants/NNDR	(146,922)
Collection Fund Surplus	35,181
Council Tax Demand	35,181
divided by Council Tax Base (Note 1)	40,581
Council Tax at Band D	866.93

4. **National Non-Domestic Rates**

NNDR is organised on a national basis. The Government specifies a rate in the £, and subject to any transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of their property by the rate in the £ set (48.9p in 1999/2000 and 41.6p for 2000/2001).

The Council is responsible for collecting NNDR from payers within its area on behalf of the Government. Sums collected are held initially within the Council's Collection Fund and then paid into an NNDR Pool administered by the Government. The Government redistributes the sums paid into the Pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The NNDR income of £20.779m for 2000/2001 was based on a rateable value as at 31.3.2001 of £58.940m (£50.166m for 1999/2000).

Consolidated Balance Sheet

The General Fund Balance Sheet sets out the overall financial position of the Council (excluding Trust Funds) by comparing the net situations on the Authority's assets and liabilities.

Balance at 31.3.2000 £000		Balance at 31.3.2001 £000	£000
	Net Fixed Assets (Note 1)		
241,638	Council dwellings	232,701	
	Other Operational Assets		
225,125	- Other Land and Buildings	224,787	
26,657	- Vehicles, Plant, Furniture and Equipment	25,614	
79,551	- Infrastructure	85,338	
37,888	Non-operational Assets	48,035	
<hr/>		<hr/>	<hr/>
610,859			616,475
3	Long Term Investments (Note 4)		3
	Long Term Debtors		
5,067	Mortgagors	4,404	
930	Car Loans	836	
8	Houses in Possession	8	
		<hr/>	<hr/>
			5,248
<hr/>			<hr/>
616,867	Total Long Term Assets		621,726
	Current Assets		
1,556	Work in Progress/Stock in Hand (Note 5)	1,794	
26,250	Investments (Note 6)	31,425	
23,346	Debtors (Note 7)	34,434	
902	Imprest/Cash in Hands of Collectors	2,056	
669	Cash in Hand (Note 10)	-	
		<hr/>	<hr/>
			69,709
<hr/>			<hr/>
669,590	Total Assets		691,435
	Less Current Liabilities		
20,773	Short Term Borrowing (Note 8)	22,662	
32,811	Creditors (Note 9)	32,396	
903	Trust Funds Cash in Hand	919	
-	Cash Overdrawn	7,611	
		<hr/>	<hr/>
			63,588
<hr/>			<hr/>
615,103	Total Assets less Current Liabilities		627,847
	Less Long Term Liabilities		
193,244	Long Term Borrowing (Note 11)	197,422	
11,990	Government Grants Deferred Account	26,420	
10,095	Provisions (Note 12)	11,887	
		<hr/>	<hr/>
			235,729
<hr/>			<hr/>
399,774	Total Assets less Liabilities		392,118

Balance at 31.3.2000 £000		Balance at 31.3.2001 £000	£000
	Financed by		
208,583	Fixed Asset Restatement Reserve (Note 13)	190,776	
168,182	Capital Financing Reserve (Note 14)	172,517	
4,040	Deferred Capital Receipts	3,475	
3,280	Usable Capital Receipts Reserve (Note 15)	3,540	
9,239	Reserves (Note 16)	11,426	
	Revenue Balances		
4,798	- General Fund	7,316	
1,841	- Housing Revenue Account	3,203	
(189)	- Collection Fund	(135)	
			10,384
399,774	Total Equity		392,118

Notes to the Consolidated Balance Sheet

1. Fixed Assets

Movements in fixed assets during the year were as follows:

	Council Dwellings £000	Other Land & Buildings £000	Vehicle Plant & Equipment £000	Infra- structure £000	Non-oper- ational Assets £000	Total £000
Gross book value as at 1.4.2000	241,638	225,484	28,313	79,551	37,894	612,880
Opening Revaluations And Restatements	(9,917)	(718)	-	-	480	(10,155)
	<u>231,721</u>	<u>224,766</u>	<u>28,313</u>	<u>79,551</u>	<u>38,374</u>	<u>602,725</u>
Additions	9,860	7,422	1,539	6,650	10,716	36,187
Other Expenditure						
Disposals	4,047	2,505	181	-	918	7,651
Revaluations						
Gross book value as at 31.3.2001	<u>237,534</u>	<u>229,683</u>	<u>29,671</u>	<u>86,201</u>	<u>48,172</u>	<u>631,261</u>
Depreciation						
Balance as at 31.3.2000	-	359	1,656	-	6	2,021
Depreciation for year	4,833	4,537	2,401	863	131	12,765
Balance at 31.3.2001	<u>4,833</u>	<u>4,896</u>	<u>4,057</u>	<u>863</u>	<u>137</u>	<u>14,786</u>
Net book value as at 31.3.2001	<u>232,701</u>	<u>224,787</u>	<u>25,614</u>	<u>85,338</u>	<u>48,035</u>	<u>616,475</u>

The capital expenditure was financed as follows:

	£000
Loans	13,805
Capital Receipts	2,752
Grants	14,952
CERA	380
Other	4,298
	<u>36,187</u>

Depreciation, other than for Infrastructure which is written down by the amount of capitalised maintenance in the year, is calculated on the straight line method based on the following useful life of assets:

Council Dwellings	50 years
Other Land & Buildings	50 years
Vehicles Plant & Equipment	20 years
Non Operational Assets (excluding land and leases)	50 years

The Net Book Value as at 31.3.2001 can be split over:

	£000
GF	377,545
HRA	246,362
Trading Operations	2,485
	<u>626,392</u>

The main items of capital expenditure during 2000/2001 were:

	£000
Economic, Development and Planning	
- Prescott Town Centre	1,689
- Knowsley Industrial Park (KIP) Regeneration	1,226
- Knowsley Development Partnership	1,999
- Kings Business Park (Hazels Speculative Office Development)	1,381
- KIP Rail Freight Terminal	5,861
- Multi-Purpose Resource Centre	1,132
- Partnership for Learning	943
Education Services	
- Bowring School - Learning Campus	816
- New Deals IV	658
- City Learning Centres	1,293
- EBD	885
General Purposes	
- Intercomm 2000/Digital TV	417
- Kirkby One Stop Shop	785
Leisure Services	
- Halewood Leisure Centre	2,107
- Whiston Library Learning Resource Centre	150
- Replacement of Changing Facilities and Pitches	390
- Kirkby Swimming Pool	146
- King George V Playing Fields	147
Highways	
- Boroughwide Traffic Calming Strategy	302
- Structural Maintenance of Highways	638
- Urban Traffic Control	260
Housing & Environmental Health	
- Central Heating Programme	1,523
Finance	
- Electronic Document Management & Workflow	238
Social Services	
- Physical/Learning Disability Service (Clubhouse)	96
- MISG Multi-Agency Centres	74

Significant contracts for future capital expenditure as at 31st March 2001 include the following:

	£000
KIP Railfreight Terminal	1,175
A506 Area Highway Improvements	220
Boroughwide Traffic Calming Strategy	200
Knowsley Development Partnership	2,340
Aids to Public Transport	200
Walking Strategy	145
Halewood Leisure Centre	4,145
King George V Playing Fields	3,435
Disabled Access	75
Huyton Lathom Road Development	5,487
KIP Regeneration	1,305
Central Heating Programme	2,750
City Learning Centres/New Deal for Schools	3,133
Core Financial Systems Replacement	288
Basic Need - Halewood/Knowsley Hey	1,160
CRISSP Replacement System	307

Notes to the Consolidated Balance Sheet

An analysis of the type and number of fixed assets is shown below:

	31.3.2000	31.3.2001
Council dwellings	18,742	18,428
Administrative buildings	5	4
Offices	18	18
Depots and Workshops	6	6
Magistrates Courts	1	1
Museums	1	1
Leisure and sports centres	6	6
Club House	1	1
Civic halls and suites	2	2
Community and Youth Centres	16	15
Libraries	7	7
Parks, playing fields, and open spaces	375 Ha	375 Ha
Country and picnic parks	113 Ha	113 Ha
Market	1	1
Cemeteries	2	2
Allotments	114 Plots	122 Plots
Schools - Primary	28	28
- Secondary	7	7
- Other	8	8
Homes for people with learning disabilities	1	1
Centres for people with learning/physical disabilities	4	3
Day centres for the Elderly	3	2
Hostels for the Homeless	2	2
Other Social Services establishments	15	16
Commercial properties - rented/leased	200	223
- void	18	6
Industrial properties - rented/leased	387	398
- void	25	8
Public conveniences	3	13
Roads - principal	85 Km	85 Km
- other	450 Km	450 Km
Bridges	117	117
Lamp units	18,000	18,105
Vehicles and plant	283	209
Community Assets	-	31

2. Leases

The Council's policy is generally to acquire vehicles and equipment through leasing, and during 2000/2001 this was exclusively through operating lease agreements. There were no new finance leases in the year and all existing finance leases are now into their secondary term. The total capital value of finance lease agreements at 31 March 2001 is approximately £0.033m of which the estimated outstanding obligations amount to £0.006m p.a. with payments for the year amounting to £0.006m (£0.006m in 1999/2000). Other lease payments of a non-capital nature in 2000/2001 include operating leases of £2.023m (£1.767m in 1999/2000) and Exchange Hire Schemes of £0.648m (£0.648m in 1999/2000). The Authority has future operational leasing obligations amounting to £6.034m (for primary periods up to March 2011) and Exchange Hire Schemes of £0.648m (ending March 2002).

3. Deferred Charges

An analysis of the deferred charges and their movement is as follows:

	Balance 31.3.2000 £000	Expend in year £000	Written Off £000	Balance 31.3.2001 £000
Capital Grants	-	6,837	6,837	-
Improvement Grants	-	1,176	1,176	-
Housing Associations	-	360	360	-
HRA Housing Associations	-	200	200	-
Other	-	85	85	-
TOTAL	-	8,658	8,658	-

The capital expenditure was financed as follows:

	£000
Loans	1,610
Capital Receipts	392
Grants	5,934
Other	722
	<u>8,658</u>

4. Long Term Investments

These are 3.5% Treasury Stock.

5. Stocks and Work in Progress

	31.3.2000 £000	31.3.2001 £000
Work in progress		
- Building Maintenance DLO	123	66
- Contract Services	52	21
- Other General Fund	120	270
Total Work in Progress	<u>295</u>	<u>357</u>
Stocks		
- Building Maintenance DLO	790	891
- Contract Services	510	580
- Other General Fund	41	29
- Leisure Services DSO	27	20
	<u>1,368</u>	<u>1,520</u>
Less Revaluation Provision	(107)	(83)
Total Stocks	<u>1,261</u>	<u>1,437</u>
TOTAL	<u>1,556</u>	<u>1,794</u>

6. Short Term Investments

This represents cash on deposit.

7. Debtors

	31.3.2000 £000	31.3.2001 £000
Amounts falling due in one year:		
Government Departments	8,859	14,653
Other Local Authorities	1,223	399
Employee Related	201	535
Housing rents	2,863	5,573
Sundry Debtors	9,768	10,110
Car loans	232	209
Payments in advance	1,517	2,196
Collection Fund	3,199	6,317
Provision for bad debts		
General	(3,215)	(3,973)
Collection Fund	(1,301)	(1,585)
	23,346	34,434

8. Short Term Borrowing

Source of Loan	Range of interest rates payable(%)	31.3.2000 £000	31.3.2001 £000
PWLB	4.5% to 11.375%	16,382	14,337
Deferred Purchase	Variable	1,000	1,000
Other Local Authorities	Variable	492	500
Temporary Loans	5.1875% to 5.625% (5.8125%)	2,900	6,825
		20,774	22,662

9. Creditors

	31.3.2000 £000	31.3.2001 £000
Employee related	329	342
Government Departments	2,654	4,791
Other Local Authorities	1,004	167
Sundry creditors	22,454	21,404
Income in advanc	1,399	1,722
Collection Fund	2,582	1,531
Interest	2,389	2,439
	32,811	32,396

10. **Cash**

At 31st March 2001 the actual bank account balance was £1.336m in hand. However, cheques raised but unpresented at the bank and other miscellaneous balances totalled £8.947m producing the cash overdrawn account figure of £7.611m.

11. **Long Term Borrowing**

Source of Loan	Range of interest rates payable(%)	31.3.2000 £000	31.3.2001 £000
PWLB	4.5% to 11.375%	180,628	186,291
Other Local Authorities *	Variable	9,546	9,061
Deferred Purchase	Variable	3,065	2,065
Miscellaneous	5.75%	5	5
		<u>193,244</u>	<u>197,422</u>
An analysis of loans by maturity is:			
Maturing in 1-2 years		17,396	9,391
Maturing in 2-5 years		22,058	24,954
Maturing in 5-10 years		31,279	25,954
Maturing in more than 10 years(inc OLA's)		122,511	137,123
		<u>193,244</u>	<u>197,422</u>

* This represents debt transferred on Local Government reorganisation in 1974 and 1986 but administered by other Authorities.

12. **Provisions**

These monies have been set aside to cover the following potential liabilities.

	Balance 31.3.2000 £000	Balance 31.3.2001 £000
James Holt Avenue	300	134
Pathways	54	54
Insurance	8,716	10,592
ITEC	102	102
EHS Agreement	275	225
Contract Services	56	56
New Deal	8	132
Community and Youth Rates	8	-
Rechargeable Works	22	42
Waste Minimisation	-	72
Safe Spaces	-	23
Community Consultation	-	30
Field Lane	-	3
Playgrounds	-	30
Leisure Rates	-	3
Replacement of CRISSP System	-	167
Disability Services Multi Agency Training	-	7
Council Tax	-	215
	<u>9,541</u>	<u>11,887</u>

The main provisions held by the Authority at 31 March 2001 are in respect of:

- **James Holt Avenue** - Monies set aside to contribute to the shop refurbishment capital scheme.
- **Pathways** - Provision set up to contribute to pathways projects in 2001/02.
- **Insurance** - This provision provides cover for those risks which are not insured against externally, premiums are paid into the fund from revenue accounts and claims are met directly from the fund. The Insurance Provision covers claims up to £110,000 per incident for risks associated with property and liability. Any greater claims are covered by policies held with external insurance, along with all other types of risks.
- **ITEC** - To provide for the final payments to contractors upon resolution of the final amounts due.
- **EHS Agreement** - Monies set aside to provide for the final payment due in 2001/2002, for an Exchange Hire Scheme in respect of the leasing of major IT equipment.
- **Contract Services** - This provision is for the write-off for obsolete stock on KCS stores.
- **New Deal** - This is the employed option of the Government's New Deal Programme for 18-24 year olds. It has been funded from different sources since 1998/99, mainly by the Authority and the Employment Service.
- **Rechargeable Works** - An allocation to cover losses where full recovery of costs is not made.
- **Waste Minimisation** - Monies set aside to contribute to Waste Minimisation initiatives such as kerbside collection of waste paper.
- **Safe Spaces** - This is funding for safe spaces shelters for young people to congregate around. The placing of the shelters has been partially rephased into 2001/02, this is due to the extensive community consultation that must be carried out before the shelter locations are finalised.
- **Community Consultation** - This is funding for community consultation on the Modernisation Agenda, this consultation was originally scheduled to take place in 2000/01 and has been rescheduled to 2001/02.
- **Field Lane** - A revenue contribution to Millennium works due for completion in 2001/02.
- **Playgrounds** - A revenue contribution funding the Stockbridge village Playground works due for completion in 2001/02.
- **Leisure Rates** - Provision made for rate revaluation due to changes but not billed until 2001/02.
- **Replacement of CRISSP System** - To provide for the outstanding costs of replacing the Community Care database hardware and software.
- **Disability Services Multi Agency Training** - Provision to pay Disability Services Multi Agency to provide training to Knowsley employees as and when necessary.
- **Council Tax** - To provide for Council Tax on void housing properties.

13. Fixed Asset Restatement Reserve

This reserve has been created for the valuation of assets under the new capital accounting system, as well as differences arising from future valuations, disposals and write-offs.

	1999/2000 £000	2000/2001 £000
Balance brought forward	153,504	208,583
Surplus/(Deficit) on revaluation and restatement of fixed assets	61,535	(10,156)
Disposal of fixed assets	(6,456)	(7,651)
Balance carried forward	<u>208,583</u>	<u>190,776</u>

14. Capital Financing Reserve

This reserve contains the amounts, which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

	1999/2000 £000	2000/2001 £000
Balance brought forward	148,451	168,182
Capital receipts set aside	4,034	3,396
Prior Year Adjustment Capital Receipts	-	-
Transferred Debt receipts set aside	16	15
Capital financing - capital receipts	4,477	3,144
- revenue	1,045	380
- other	4,901	5,020
Repayment of External loans	6,482	(5,418)
ERDF Grants set aside	3,969	-
Transfer from Government Grants Deferred	173	522
Less		
Write down of deferred charges	(5,366)	(2,724)
Balance carried forward	<u>168,182</u>	<u>172,517</u>

15. Usable Capital Receipts Reserve

Under the Local Government and Housing Act 1989 a statutory proportion of capital receipts must be set aside for loan debt redemption, as detailed under Accounting Policies (page 6). The balance is available to finance capital expenditure.

	1999/2000 £000	2000/2001 £000
Balance at beginning of year	4,479	3,280
Prior year adjustment	-	-
Capital receipts in year for sales of assets	7,312	6,800
	<u>11,791</u>	<u>10,080</u>
Less:		
Set aside for loan redemption	(4,034)	(3,396)
	<u>7,757</u>	<u>6,684</u>
Capital Receipts applied during year	(4,477)	(3,144)
Balance at end of year	<u>3,280</u>	<u>3,540</u>

16. Reserves

	Balance 31.3.2000 £000	Receipts £000	Payments £000	Balance 31.3.2001 £000
Strategy Reserve	1,658	433	308	1,783
Capital Reserve	2,368	2,009	3,510	867
Museum	24	1	-	25
Social Services	1,192	762	137	1,817
Contract Services Reserve	82	145	181	46
Market Reserve	396	6	-	402
Schools	1,043	1,612	-	2,655
Trading Reserves - Chief Executive	163	191	327	27
-Finance Trading	70	597	633	34
-Planning & Development	296	48	191	153
-Building Maintenance Trading	21	-	4	17
-Leisure Trading	59	6	-	65
- Construction and Property Trading	13	4	13	4
Housing -Building Rationalisation	313	-	100	213
- Computer Equipment	250	-	250	-
Housing Benefit	41	-	41	-
KIP Railfreight	21	-	-	21
Gully Cleansing	30	-	30	-
Jaguar/SSADA Strategies	109	-	94	15
Peopleside Economic	111	-	11	100
Winter Maintenance	82	-	23	59
Prescot Regeneration	80	-	-	80
Schools NNDR	4	4	-	8
Teachers Pensions	397	445	303	539
Local Agenda 21	21	-	17	4
IT Equipment/Development (DE/DPD)	395	-	353	42
Extra District Contributions	-	366	-	366
Risk Management	-	188	-	188
Schools Maintenance	554	699	264	989
SHAPS	-	103	-	103
Schools Devolved Contributions	-	859	55	804
	9,793	8,478	6,845	11,426

The main reserves held by the Authority at 31 March 2001 are in respect of:

Strategy Reserve - Monies set aside to meet identified corporate policy developments.

Capital Reserve - Monies set aside in order to maintain in part the capital programme of the Authority.

Museum - This reserve holds a bequest of £12,000 made by Arthur Rigby, and donations made from the public visiting the museum. The monies are used to purchase objects for display in the museum.

Social Services - To provide for future costs of Community Care and the replacement of the Community Care Database.

Contract Services Reserve - This reserve is the cumulative position as a result of a combination of the net effect of surpluses/deficits generated by Contract Services trading operations and under/over recovery in respect of departmental overhead accounts.

Market Reserve - This reserve holds the cumulated surpluses made from the Authority's markets.

Schools Reserve - This reserve is made up of individual school balances to fund future expenditure requirements for the running of the schools. The Schools Reserve is the sum of the individual balances of delegated budgets that are held by schools, and are committed to be spent by the schools. There are 72 schools with underspends totalling £2.534m and 7 schools with a total overspend of £0.121m.

Trading Reserve Chief Executives - This is a cumulative position as a result of recharged trading accounts.

Trading Reserve Finance - This represents the trading surplus in respect of services provided by the Finance Department to other departments under a service level agreement.

Trading Reserve Planning and Development - This is the surplus on the Administration Account and will be used as a contribution towards costs in 2001/02.

Trading Reserve Building Maintenance Trading - This reserve is the cumulative position as a result of a combination of the net effect of surpluses/deficits generated by Building Maintenance trading operation.

Trading Reserve Leisure Trading - This reserve holds the cumulated surpluses made from the contract for sports facilities within the Department.

Trading Reserve Construction and Property Trading - This represents the trading surplus in respect of services provided by Design Consultancy and will be used to contribute to IT equipment in 2001/02.

Building Rationalisation - This reserve is to fund major repairs and improvements for Housing Operational Buildings.

KIP Railfreight - This represents the legal and consultancy costs associated with the construction of the Railfreight Terminal.

Jaguar/SSADA Strategies - A series of community projects involving Ford's staff prior to the transfer to Jaguar. This will be utilised in 2001/02.

Peopleside Economic - A series of people related job creation projects (e.g Local Labour and Construction). Approximately £0.04m will be utilised in 2001/02.

Winter Maintenance - Reserve set up for covering the additional costs in severe winter periods.

Prescot Regeneration - Reserve set up to redevelop Prescot Town Centre (new roads, bus routes and pedestrian crossing).

Schools NNDR - Reserve for rebates on school's non domestic rates.

Teachers Pensions - Reserve for the future pension costs of teachers retiring prematurely since the new regulations were introduced in 1997.

Local Agenda 21 - Funds used by Sustainable Development Unit to review the impact of the sustainability agenda for the Authority.

IT Equipment/Development - Development of new systems and replacement of old IT equipment. The reserve is likely to be used in 2001/02.

Extra District Contributions - Reserve created for outstanding extra district claims.

Risk Management - Reserve created for funding future risk management initiatives.

Schools Maintenance - Individual school reserves to set aside funds for maintenance requirement, such as improved security, CCTV equipment and refurbishment of playgrounds.

SHAPS - Monies set aside for to meet any future liabilities associated with costs incurred by the housing management agents.

Schools Devolved Contributions - Capital funding held by the LEA, but devolved to individual schools. School spend is monitored through the Education Asset Management Plan.

17. Provision for Credit Liabilities (Memorandum Account)

This comprises amounts set aside from revenue and capital receipts to repay loans and credit arrangements as required by the Local Government and Housing Act 1989.

	1999/2000 £000	2000/2001 £000
Balance brought forward	47,527	55,530
Minimum Revenue Provision	5,774	5,870
Reserved capital receipts	4,034	3,396
Reserved capital receipts - Prior Year Adjustment	-	-
Reserved ERDF grants	3,969	-
	61,304	64,796
Amount of debt repaid	(5,774)	(5,870)
Balance carried forward	55,530	58,926

18. Trust Funds

The Council administers a number of Funds on behalf of Trusts and other third parties related principally to legacies left by individual inhabitants over a period of years. These are not included in the balance sheet.

	Balance 31.3.2000 £000	Receipts £000	Payments £000	Balance 31.3.2001 £000
King George V Playing Fields	794	47	20	821
Huyton Distress Fund	27	2	1	28
Social Services Trust Funds	60	37	21	76
Education Trust Funds	6	-	-	6
CRISSP User Fund	49	10	29	30
Charles McGhee Holiday Fund	14	1	-	15
Fred Curran Olympic Trust Fund	41	1	-	42
Sean Hughes Trust Fund	13	-	-	13
The Mayor of Knowsley Charity Fund	19	59	47	31
	1,023	157	118	1,062

19. Interests in Companies

Liverpool Airport Plc

On 1st April 1988 the Council acquired 2,312,270 fully paid up £1 ordinary shares in Liverpool Airport Plc. On 31st May 1990, British Aerospace Plc took a majority shareholding of 76% with the remaining 24% being retained by the five Local Authorities in proportion to their population. In July 1997, Peel Holdings Plc took over the majority shareholding of Liverpool Airport Plc from British Aerospace Plc.

The Council's holding is therefore a minority share and less than that required for the company to be regarded as an influenced company. The shares were allocated at no cost to the Council and hence their value is not recorded in the balance sheet.

Copies of the Company's accounts can be obtained from the Finance Director, Liverpool Airport Plc, South Terminal, Liverpool Airport, Liverpool L24 1YD.

Knowsley Development Partnership Ltd

Knowsley Development Partnership Ltd was set up on 23 October 1998 as a formally incorporated public/private sector partnership between the Council and Caddick Developments Ltd for the purpose of developing industrial units at Knowsley Industrial Park.

Caddick Developments Ltd have a majority shareholding of 829 (83%) of the 999 £1 ordinary shares. The Council's holding of 170 shares is therefore a minority share and is less than that required for the company to be regarded as an influenced company.

Copies of the company's accounts can be obtained from the Director, Knowsley Development Partnership Ltd, Calder Grange, Knottingley, WF11 8DA.

Statement of Total Movement in Reserves

Capital Reserves

	Fixed Asset Restatement Reserve £000	Capital Financing Reserve £000	Usable Capital Receipts £000	Total £000
Opening Balance 1.4.2000	208,583	168,182	3,280	380,045
Repayments/loan redemption	-	(5,418)	-	(5,418)
Unrealised gains on revaluation of Fixed Assets	(239)	-	-	(239)
Net surplus/deficit on Disposal of Fixed Assets	(7,651)	-	6,800	(851)
Financing of Fixed Assets	-	8,544	(3,144)	5,400
Transfer from other Accounts	-	1,209	(3,396)	(2,187)
Closing Balance 31.3.2001	200,693	172,517	3,540	376,750

Revenue Reserves

	Collection Fund £000	General Fund £000	Specific Reserves £000	Housing Revenue Account £000	Total £000
Opening Balance 1.4.2000	(189)	4,798	9,239	1,841	15,689
Net Surplus/(Deficit) for year	54	2,518	1,198	1,362	5,132
Closing Balance 31.3.2001	(135)	7,316	10,437	3,203	20,821

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

1999/2000 £000	Services	£000	£000	2000/2001 £000
	Revenue Activities			
	Cash Outflows			
131,694	Cash paid to and on behalf of employees		141,160	
118,422	Other operating cash payments		153,251	
16,950	Housing Benefit paid out		15,369	
19,176	NNDR Payments to National Pool		21,526	
5,479	Precepts Paid		5,744	337,050
291,721				
	Cash Inflows			
(7,537)	Rents		(9,024)	
(26,258)	Council Tax income		(24,037)	
(38,003)	NNDR (Note 1)		(43,027)	
(19,310)	Non-domestic rate receipts		(21,661)	
(103,373)	Revenue Support Grant (Note 1)		(103,895)	
(28,934)	DSS Grants for Benefits (Note 1)		(27,135)	
(43,316)	Other Government Grants (Note 1)		(43,241)	
(42,972)	Cash received for goods and services		(52,657)	
(18,508)	Other operating cash receipts		(14,161)	(338,838)
(36,490)				(1,788)
	Servicing of Finance			
	Cash Outflows			
17,314	Interest paid		17,113	
	Cash Inflows			
(1,605)	Interest received		(1,616)	15,497
(20,781)	Net Revenue Activities (Note 2)			13,709
	Capital Activities			
	Cash Outflows			
18,630	Purchase of Fixed Assets	24,577		
12,374	Other Capital Cash Payments	(1,550)	23,027	
	Cash Inflows			
(7,312)	Sale of fixed assets	(6,800)		
(11,152)	Capital Grants received (Note 1)	(20,886)		
(531)	Other capital cash receipts	(1,016)	(28,702)	(5,675)
(8,772)				8,034
	Financing			
	Cash Outflows			
9,826	Repayments of amounts borrowed			16,381
	Cash Inflows			
(13,426)	New loans raised			(22,448)
(3,600)				(6,067)
	Increase/Decrease in cash and cash equivalents (Note 3)			
10,272	Cash		(7,142)	
2,100	Investments		5,175	(1,967)
8,772				(8,034)

1. Analysis of Grants

Type of Grant	£000
Department for Education	
Standards Fund	9,177
Mandatory Student Awards Grant	451
New Deals	2,094
Supported Employment	52
Department of the Environment, Transport and the Regions	
Revenue Support Grant	103,895
Non Domestic Business Rates	43,027
Housing Subsidy	28,091
Objective One	242
Single Regeneration Budget	8,539
European Regional Development Fund	9,195
North West Development Agency	722
Highways Agency	21
Transport Support Grant	100
New Deal in the Communities	118
Neighbourhood Wardens Programme	15
Department of Social Security	
Housing Tax Benefit Administration Grant (35%)	259
Mandatory Rent Allowances	14,643
Council Tax Benefit Admin Grant (65%)	481
Council Tax Rebates Grant	12,492
Verification Framework	257
Department of Health	
Aids/ HIV	18
Community Care Standard Transitional	1,089
Social Services Training Support	153
Mental Illness (Specific)	519
Quality Projects	682
Home Office	5
Home Office	
Magistrates Courts	24
Probation Service	1,536
Dat Co-ordinator	27
Other	
Lottery	1,452
Other Miscellaneous Grants	671
Total	<u>240,047</u>

2. **Reconciliation of Revenue Activities**

	£000	£000
Surplus for year per Consolidated Revenue Account		2,518
Non cash transactions		
Add Depreciation	12,765	
Add Additional charge in respect of MRP	(8,897)	
Add Direct revenue financing of Capital Expenditure	2,778	6,646
Less contributions from reserves/provisions		(10,183)
		(1,019)
Items on an accruals basis		
Add decrease in stocks	(238)	
Add decrease in debtors	(12,038)	
Less decrease in creditors	(414)	(12,690)
Net cashflow from revenue activities		(13,709)

3. **Reconciliation of Movement in Cash and Cash Equivalents**

	Balance 1.4.2000 £000	Balance 31.3.2001 £000	Movement in the year £000
Cash in hand/at bank	902	2,056	1,154
Bank overdraft (includes unrepresented cheques)	(234)	(8,530)	(8,296)
Short term investments	26,250	31,425	5,175
			(1,967)

Statement of Responsibilities

The Authority's 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 Director of Finance & Information Society Technologies;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Finance & Information Society Technologies Responsibilities

The Director of Finance & Information Society Technologies is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice')

In preparing this Statement of Accounts, the Director of Finance & Information Society Technologies has:

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

The Director of Finance & Information Society Technologies has also:

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

Director's Statement

The Authority's 2000/01 Statement of Accounts presents fairly the financial position of the Authority at the 31 March 2001, and its income and expenditure for the year ended 31 March 2001.

STEVE HOUSTON
Director of Finance
& Information Society Technologies
20 November 2001

I have audited the Statement of Accounts on pages 1 to 36, which have been prepared in accordance with CIPFA/LASAAC with the Code of Practice on Local Authority Accounting in the United Kingdom and the Authority's accounting policies as set out in pages 4 - 6.

Respective Responsibilities of Chief Finance Officer and Auditors

As described on the previous page, the Director of Finance & Information Society Technologies is responsible for the preparation of the Statement of Accounts. My responsibilities as independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the Statement of Accounts presents fairly the financial position of the Council.

Basis of Opinion

I carried out my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant audit standards.

My audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the Statement of Accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I consider necessary in order to provide me with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity of error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

Opinion

In my opinion, the Statement of Accounts presents fairly the financial position of Knowsley Metropolitan Borough Council at 31st March 2001 and its income and expenditure for the year then ended.

Certificate

I certify that I have completed the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

CLIVE PORTMAN

District Auditor

23 November 2001

Glossary of Terms

Capital Charges

These are charged to the revenue accounts to reflect the value of the asset being used to provide the service.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to the value, or extends the useful life, of an existing asset.

Capital expenditure is not usually a direct charge to the revenue accounts, being normally met by loan, grant, external contribution or internal capital receipts.

Capital Receipts

Income from the sale of assets and repayment of advances.

Overheads

The cost of departments which are concerned with supporting the whole range of the Council's services. These departments, which include those of the Chief Executive and the Director of Finance, are recharged to main services to identify the full cost of operating these services.

Consolidated Balance Sheet

A summary of the assets, liabilities, funds and reserves of the Council. It brings together the accounts of the Authority including the General Fund, the Housing Revenue Account, the Trading Operations and the Collection Fund but excludes the independent trust funds administered by the Authority.

Consolidated Revenue Account

The account which summarises the cost of all the functions for which the Council is responsible and demonstrates how the net cost has been financed from Government grants and local taxpayers.

Deferred Charges

Expenditure which is of a capital nature, but where no tangible asset exists for example capital grants to voluntary organisations.

Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under long term debtors.

Housing Revenue Account (HRA)

The account which records the income and expenditure relating to the provision of council housing.

National Non Domestic Rate (NNDR)

The level of NNDR (Business Rate) is determined by Central Government. Amounts collected by local authorities are paid into a national pool and the total is redistributed by Central Government in proportion to the population of each authority.

Precepts

The amounts collected by the Council on behalf of the Joint Boards for Police, Fire and Civil Defence and various Parish Councils.

Provisions

Amounts set aside in the accounts for liabilities, which will arise in the future, the amount and timing of which are uncertain.

Public Works Loans Board (PWLB)

A government body which provides loans to local authorities for financing capital expenditure.

Reserves

Amounts set aside in the accounts to meet future commitments, for example, to implement a policy or as a contingency.

Revenue Accounts

The day-to-day expenditure and income of the Council on such items as salaries and wages of employees, running costs of services, and the purchase of consumable materials and equipment, together with the financing costs of capital assets.

Capital Expenditure from Revenue Account (CERA)

The financing of capital expenditure directly from revenue as opposed to borrowing, other credit arrangements or grants.

Revenue Support Grant (RSG)

This is the amount of general government grant support for local authority expenditure. The level of grant is intended to enable local authorities to provide a standard level of service. In addition, the Government also pays certain 'specified' grants directly related to particular services and costs. These include Housing Subsidies, grants towards mandatory students' awards (90%), rent and Council Tax rebates and allowances (90%) and Magistrates Courts (80%).

Trading Operations

Trading Operations are services provided to clients, either within the Authority or to external organisations, on a basis other than a recharge of cost, for example, quoted price or a schedule of rates.