



## **Statement of Accounts**

**2008-2009**

These statements demonstrate the financial performance of Wirral Council for the financial year ending 31 March 2009

These draft accounts are subject to external audit scrutiny

**June 2009**



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## **EXPLANATORY FOREWORD**

### **1. ABOUT THE STATEMENT OF ACCOUNTS**

- 1.1 The Statement of Accounts demonstrates the financial performance of the Council for the year ended 31 March 2009 and shows the financial position at the end of that period. The Statement of Accounts has been prepared and presented in accordance with prescribed guidance, the Code of Practice on Local Authority Accounting and Reporting Standards.
- 1.2 The purpose of this foreword is to provide an explanation in overall terms of the Council's financial position including the main influences on the accounts. It is to assist in the interpretation of the accounting statements.
- 1.3 As far as possible plain language has been used in this publication, except where the use of technical language is required for the definition of accounting terms. A summary set of accounts, highlighting the main information contained within the Statement of Accounts, is also published on the Council website at [www.wirral.gov.uk](http://www.wirral.gov.uk).
- 1.4 A brief description of the main statements and areas covered in this document is detailed below:
- Statement of main principles, accounting policies and estimation techniques - the basis of the figures presented in the accounts.
  - Annual Governance Statement - how the Council has ensured the effectiveness of systems for ensuring that it operates within the law and ensuring public money is properly used and accounted for.
  - Statement of responsibilities for the Statement of Accounts - the responsibilities of the Council and the Director of Finance in preparing the accounts.
  - Auditors Report - the independent auditors report on the Statement.
  - The main financial statements comprises of five key statements. The Income and Expenditure Account is the main account showing how money is spent and how it is financed. The Statement of Movement on the General Fund Balance and the Statement of Total Recognised Gains and Losses show how the level of Council balances has changed. The Balance Sheet shows the financial standing of the Council at 31 March 2009 detailing all assets and liabilities. The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with other parties.
  - The notes to the statements provide further detail and explanation of the items contained within the financial statements.
  - The Collection Fund - the Council Tax and Non-Domestic Rates collected and paid to the precepting authorities and the national Non-Domestic Rate pool.
  - Pension Fund - the financial position of the Merseyside Pension Fund.
  - Glossary of Financial Terms - the technical terms within the Statement.

1.5 The main changes in the presentation of the accounts for 2008-09 relate to those arising from the Code of Practice 2008 and are essentially accounting changes that do not impact upon the level of spend and the Council Tax:-

- New requirements for the accounting and disclosure of pensions in relation to Financial Reporting Standard 17 – Retirement Benefits.
- The introduction of the Area Based Grant, a revised Government grant, with the Income and Expenditure Account including a line for General Government Grants that covers items not attributable to specific services.
- The concept of deferred charges has been replaced by revenue expenditure funded from capital under statute (REFCUS).
- Amendments to the Pension Fund accounts to implement the requirements of the Pension Fund SORP 2007.
- A change in the presentation of the Cash Flow Statement.

## **2. REVIEW OF THE FINANCIAL YEAR**

### **2.1 REVENUE EXPENDITURE AND INCOME**

2.1.1 This represents the spending on services provided to the people of Wirral and met from Government Grants and the local taxpayer through the Council Tax. For 2008-09 the increase in Council Tax was 3.66%. The Council spent over £300M on its net cost of services in 2008-09 which was met from a combination of Government Grants, Non-Domestic Rates and Council Tax.

2.1.2 Further details can be found within Section 7 of this Statement which shows that at the end of the year there was £8.3M in general balances. This is slightly less than the £8.5M that was anticipated. Some of these balances are anticipated to be used in 2009-10 and the residual level of £6M represents a prudent level of general balance consistent with sound financial management.

2.1.3 The Council regularly monitors the financial position and, in particular, those areas most prone to variation. Pressures within Adult Social Services and community care in particular resulted in increased spending in this area. Events elsewhere in the country impacted upon the provision of care services for children and additional resources were allocated to this service for 2009-10. The benefits from pro-active treasury management continued and saved over £3M and the release of further money as a result of the continuing good performance in respect of insurance and risk management helped to offset the increased spending in other areas.

2.1.4 The Council remains committed to contributing towards the Government efficiency agenda and delivering value for money to the local Council Tax payer. A total of £17.6M of cash releasing efficiencies was reported to the Government in 2008-09 without these efficiencies impacting upon the quality / quantity of service delivery.

## **2.2 CAPITAL EXPENDITURE AND INCOME**

- 2.2.1 During 2008-09 £70M was spent on capital projects including the acquisition and improvement of assets and infrastructure. In respect of education services the £20M programme included modernisation and improvement works to schools. Whilst schemes at West Kirby Grammar School and Wirral Grammar School were completed, the new Woodchurch High School Building Schools for The Future scheme started on site late in the year. Regeneration spend was in excess of £36M with The New Heartlands Housing Market Renewal Initiative continuing to address targeted areas in Birkenhead and Wallasey. The new Floral Pavilion Theatre and Conference Centre and the Oval Sports Centre were successfully opened. Almost £10M was spent on improvements to highways, bridges and road safety projects.
- 2.2.2 The main source of funding comes from grants allocated by Central Government for specific schemes or projects such as the investment in schools or the New Heartlands programme. In 2008-09 grants provided £45M to fund the total spend of £70M. The balance was met from a combination of borrowing and the use of capital receipts generated from the sale of surplus assets.

## **2.3 BALANCE SHEET**

### **2.3.1 Balances and Reserves**

The Council seeks to maintain a prudent level of balance sufficient to meet any unforeseen events. In agreeing the 2008-09 budget it was anticipated that the balance would be £5M by 31 March 2009 rising to £6M the following year. The level is based upon an assessment of the risks involved in managing the overall Council budget and recent experiences in terms of spending compared to the budgets allocated.

The general balance will vary as a result of the financial decisions of the Council. When setting the annual budget any sums in excess of the prudent level can be, and are, used to help provide for services. The 2009-10 budget included the use of £2.4M of the projected balance at 31 March 2009.

Whilst the general balance is available to meet non-specific pressures, provisions and reserves are amounts set-aside to meet specific future liabilities. They are regularly reviewed to assess whether they are adequate for the purpose intended and whether the sums involved are still required. At 31 March 2009 £79m was held in reserves with the major items being in respect of the Insurance Fund, housing benefit and school balances. The latter are only available for use by the schools. A further £14m was held in provisions with the majority relating to the Insurance Fund and housing benefit.

### **2.3.2 Assets and Investments**

As part of the rolling programme of valuations a further series of assets were revalued during the year. In total the Council had operational assets valued at £649M at 31 March 2009 which included land and buildings as well as infrastructure assets such as roads.

Total investments at 31 March 2009 were £85M with the majority of investments being on a short term basis with financial institutions. Throughout 2008-09 the over-riding approach was one of security and liquidity with the diminution in investment return being the acceptable risk/reward consequence.

In early October 2008 all three of Iceland's major banks collapsed. In the case of the UK subsidiaries the UK Financial Services Authority placed them into administration and their affairs are being managed by appointed administrators. The Council had a £2M investment that was shortly to mature with Heritable Bank (a UK subsidiary of Landisbanki) and remains confident that this investment will be repaid. However, at this stage there is the possibility that not all of this sum will be repaid.

### **2.3.3 Outstanding Debts and Borrowing**

The major sources of funding for Council borrowing have traditionally been the Public Works Loans Board (PWLB) and the private sector. As part of effective Treasury Management the opportunities presented by the market to generate interest savings are pursued and the pro-active management in this area at Wirral was recognised with the Local Government Chronicle Investment Officer of the Year award for 2008.

At 31 March 2009 the long term debt totalled £270M. Of this £173M is with financial institutions and £97M with the PWLB with this being spread over a range of maturity dates. This also includes the debt of the former Merseyside County Council which Wirral manages on behalf of the other Local Authorities and agencies.

### **2.3.4 Retirement Benefits**

All authorities have had to fully adopt the accounting policies contained with Financial Reporting Standard 17 "Retirement Benefits". The principle behind FRS17 is that an organisation should account for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. The actuaries engaged by the Council have estimated the underlying long term commitment to pay retirement benefits to be £297M at 31 March 2009.

The recognition of this liability in the accounts has a substantial effect on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the actuary.

The liability for teachers' discretionary added year payments rests with the Council and under scheme regulations is funded on a "pay as you go" basis with annual payments to retired teachers.

### **3. RECENT AND FUTURE DEVELOPMENTS**

#### **3.1 BUDGET 2009-10**

- 3.1.1 The Council agreed the budget for 2009-10 which included a Council Tax rise of 4.46% from 1 April 2009. This was below the 5% maximum level set by Central Government and as a result the average Band D Council Tax rose to £1,440. Wirral, which only a few years ago had the 4th highest Council Tax in the country, now has the 184th highest Council Tax.
- 3.1.2 The ability to invest in services, and keep Council Tax affordable, remains possible through the continuing identification, and implementation, of a range of actions to deliver efficiencies and greater value for money. The efficiencies are designed to ensure that services to the people of Wirral are delivered in the most effective way.
- 3.1.3 In setting the budget the Council benefited again from the second year of the three year indicative Government grant settlement. However, in order to avoid unnecessary high levels of Council Tax a number of difficult decisions were taken. These included efficiencies and savings totalling £13M and incorporated the Strategic Asset Review which seeks to ultimately deliver savings of over £3M per year.
- 3.1.4 The budget is based on taking forward the Vision for Wirral and has seen resources invested into the priority areas. These included additional resources into child protection and funding to allow budget decisions to be made by local people through the Area Forums. The future re-provision of services through investment in facilities makes changes to the existing library provision. Whilst elements are progressing, particularly in respect of community engagement and the transfer of assets to the communities, this is subject to the conclusions of the Public Inquiry into library provision on Wirral.

#### **3.2 FORWARD PLANS**

- 3.2.1 The Vision for Wirral seeks to achieve a more prosperous and equal Wirral which is founded on a strong, vibrant local economy with high levels of employment. The budget that underpins the Corporate Plan is set to achieving Wirral's Vision.
- 3.2.2 The Council faces increasing pressures from delivering services where demand and expectations are rising against the limited funding that is available. This is expanded upon in the Medium Term Financial Strategy and Projected Budget reports which provide regular updates on the budgets for future years. These include actions proposed to address any gap between the projected spend and likely resources to ensure that the budget, and Council Tax, continues to be set at a realistic and affordable level.



- 3.2.3 Value for money remains a key area for Central and Local Government. The Government has set Local Authorities a challenging target to deliver efficiencies that met agreed criteria and realised actual cash savings as well as improvements in service delivery. For the period 2008-11 the Local Government sector target is based on achieving 3% cash savings per year. For Wirral this amounts to in excess of £30M over the period.
- 3.2.4 The Council continues to take actions to help meet the climate change and sustainability agenda. These include the development of the Environmental Streetscene contract with enhancements around recycling, waste collection and disposal. Procurement initiatives resulted in environmental and sustainability considerations being factored into any major building schemes. The Council has been successful in reducing energy consumption in recent years and continues to develop plans to reduce this further. IT developments continue the move towards using technological rather than paper-based systems and processes.

### **3.3 ECONOMIC POSITION**

- 3.3.1 The changing global economic situation has impacted, and will continue to impact, upon the Council in a variety of ways. All promise to place further pressure upon the financial position of the Council.
- 3.3.2 The Government Budget report for 2009 reflects a reduction in the level of overall growth in public expenditure from 1.8% in the Budget 2008 to 0.7% in the Budget 2009. After allowing for the repayment of debt and increases in welfare benefits the rest of the public sector, including Local Authorities and health, face a reduction of 2.3%.
- 3.3.3 This projected reduction in Government grant income will require authorities to find substantially greater savings and efficiencies in future years which are over and above the 3% per year target between 2008-11.
- 3.3.4 The recession is affecting the achievement of the Council objectives. With reductions in work opportunities there has been an increase in demands for public sector support services, investment programmes are beginning to be affected by contractors facing difficulties and a decline in local revenues both through fees and charges as well as from investments.
- 3.3.5 During 2008-09 the impact upon the accounts was around income and in recognition of the ability of individuals to meet their financial obligations an increase was made in the sums set aside for potential bad debts. In terms of asset values the key consideration has been the fact that the Council will, generally, continue to occupy the assets beyond the recession.
- 3.3.6 For 2009-10 measures to help support local businesses and the citizens of Wirral as well as adjusting income budgets to reflect the changing circumstances were reflected in the Council budget. The level of balances, including provisions and reserves, is at a level to help mitigate any impact upon the financial position.

#### **4. CONCLUSIONS**

- 4.1 The Statement of Accounts provides information about Council expenditure and income for the year and the overall financial position at the end of the financial year. In reporting how Council finances have been managed and the financial position, the Statement of Accounts forms a key part of the Comprehensive Area Assessment (formerly Comprehensive Performance Assessment) process. This aims to measure the effectiveness of services being delivered and value for money being achieved.
- 4.2 Overall, the 2008 Assessment saw Wirral improve from being a 2 star (adequately performing) Council to a 3 star (performing well) Council. In terms of the element for Use of Resources which was based upon financial reporting, financial management, financial standing, internal control and value for money the Audit Commission judged the Council as 'performing well'. This was an improvement upon the 'adequate performance' the previous year.
- 4.3 The Council continues to strive to promote and enhance all aspects of financial management and successfully managed its finances during 2008-09. The economic situation and outlook does present the Council with a number of challenges in particular from 2011-12. However, it retains a sound financial base, including the general balance plus the specific provisions and reserves, from which it can respond to the challenges for the future in keeping Council Tax affordable whilst continuing to support the quality and improvement of the services that are provided.

**IAN COLEMAN**

**DIRECTOR OF FINANCE**

## **STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES**

### **GENERAL**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2008 (the SORP), as recommended by CIPFA, supported by guidance notes on the application of accounting standards. The accounting convention adopted is historical cost modified by the revaluation of certain categories of tangible fixed assets. The Code of Practice specifies the principles and practices of accounting required to prepare a Statement of Accounts which 'presents fairly' the financial position, and transactions of the Authority and is based on approved accounting standards, except where these might conflict with specific statutory accounting requirements.

In accordance with the Statement of Recommended Practice (SORP), the Authority 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 to understand those adopted policies and how they have been implemented.

In doing so the Authority tries to ensure that the policies adopted are the most suitable to its particular circumstances for the purpose of presenting fairly the financial position and transactions of the Authority. Policies are reviewed regularly to ensure their appropriateness and are changed as necessary to maintain this position. In such cases a full disclosure will be provided.

The concepts that the Authority has regard to in selecting and applying these policies and any 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, gains, losses and changes in reserves.

The review and annual update of the SORP has introduced a number of revised or additional requirements for the 2008-09 financial statements. A number of changes in accounting policy have been made in 2008-09:-

1. New requirements for the accounting and disclosure of Pensions in relation to the requirements of FRS17. Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £574.8m to £582.8m, an increase of the pension deficit of £110.3m (31 March 2009: decrease of £36.5m). Current and prior year surplus has been unaffected by this change.
2. The introduction of the Area Based Grant, a new Government grant which came into effect on 1<sup>st</sup> April and replaces Local Area Agreement grants.
3. The concept of Deferred Charges has been replaced by Revenue Funded from Capital under Statute.
4. The revaluation of fixed assets immediately prior to disposal has been prohibited, unless such revaluation is specifically required.
5. The definition of what can be capitalised as an Intangible Asset has been clarified.

The following accounting policies and estimation techniques are consistent with the accounting concepts and, where appropriate, the relevant accounting standards.

## **1. ACCRUALS OF INCOME AND EXPENDITURE**

### **Customer and client receipts**

Customer and client receipts in the form of sales, fees, charges and rents are accounted for as income at the date the Council provides the relevant goods or services.

### **Employees' costs**

The full cost of employees is charged to the accounts of the period within which the employees worked.

### **Interest**

Interest payable on external borrowing and interest income is accounted for in the year to which it relates on a basis, which reflects the overall economic effect of the loan or investment.

### **Supplies and services**

The cost of supplies and services is accounted for in the period during which they were consumed or received. Where Income and Expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be recovered. Income and Expenditure are credited and debited to the relevant revenue account.

## **2. AREA BASED GRANT**

From 2008-09 Local Area Agreement Grant was replaced by Area Based Grant. ABG is a non-ring fenced general grant, no conditions on use are imposed as part of the grant determination ensuring full local control over how the funding can be used. It is not restricted to achieving Local Area Agreement targets. Also unlike the Local Area Agreement grant, ABG is paid directly to the Authority that benefit's from the grant rather than the upper tier, accountable body, Authority. ABG is a general grant and is included in the Income and Expenditure Account with other general grant income sources.

## **3. CAPITAL RECEIPTS**

Sales of fixed assets give rise to capital receipts, if the receipt exceeds £10,000. These are recorded on an accruals basis and if required are divided into a reserved part (based on any statutory requirements) and a useable part (the balance).

Useable receipts are credited to the Useable Capital Receipts Reserve and are available to finance capital expenditure. Reserved receipts are credited to the Capital Adjustment Account and there they reduce the Council's Capital Financing Requirement. The Secretary of State has determined that under provisions included in the Local Government Act 2003 the Council is required to pay over to the Department for Communities and Local Government (DCLG) a proportion of receipts derived from the disposal of housing land.

## **4. CONTINGENT ASSETS AND LIABILITIES**

These are not accrued in the accounting statements but will be disclosed by way of notes if there is a possible obligation/receipt which may require a transfer, payment or receipt of economic benefits. The note discloses the nature of the asset or liability and an estimate of its financial effect.

## **5. DEBT REDEMPTION (THE MINIMUM REVENUE PROVISION)**

Debt is redeemed as and when it falls due. Under regulations issued by the Department for Communities and Local Government the Council has approved a MRP Statement. The Local Authorities (Capital Financing and Accounting) Regulations 2008 amended the rules governing debt redemption or the Minimum Revenue Provision (MRP). The Council agreed that for 2008-09 a repayment not less than 4% of the Capital Financing Requirement (the requirement to borrow) would be made.

## **6. DISCONTINUED OPERATIONS**

Income and Expenditure directly related to discontinued operations is shown separately on the face of the Income and Expenditure Account under the heading of Discontinued Operations.

## **7. EVENTS AFTER THE BALANCE SHEET DATE**

Where a material post Balance Sheet event occurs which provides evidence relating to conditions existing at the Balance Sheet date, or indicates that application of the going concern content to a material part of the Authority is not appropriate, changes should be made in the amounts to be included in the Statement of Accounts. The occurrence of a material post Balance Sheet event, which concerns conditions, which did not exist at the Balance Sheet date, should be disclosed with an estimate of its financial effects.

## **8. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS**

Exceptional items are, where appropriate, included in the cost of services to which they relate in order to give a fair representation of the accounts.

Extraordinary items are, where appropriate, disclosed and described on the face of the Income and Expenditure Account after dealing with all items within the ordinary activities of the Council and will be fully explained in a note to the accounting statements.

Material adjustments applicable to prior years arising from changes in accounting policy or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and supporting notes. If there is a material effect on the outturn for the preceding period this is disclosed where practicable.

## **9. FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument in another. The term “financial instrument” covers both financial assets and liabilities and includes amongst others, trade receivables and payables, borrowings, financial guarantees, bank deposits and loans receivable.

The Council has adopted FRS26 “Financial Instruments: Recognition and Measurement”, FRS25 “Financial Instruments: Presentation and Disclosures” and FRS29 “Financial Instruments Disclosures”.

### **Initial Recognition**

Financial instruments will be recognised on the Balance Sheet when, and only when the holders become a party to the contractual provisions of the instrument, i.e. when the purchasers become committed to the purchase or in the case of the loan the cash changes hands. Sales and disposals of financial assets will be recognised in the same way.

Trade receivables and payables will in contrast only be recognised when the goods and services have actually been delivered or received.

### **Initial Measurement**

Financial assets and liabilities are measured initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised costs. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

### **Financial Assets**

Financial Assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale – assets that have a quoted market price and/or do not have fixed or determinable payments.

### **Loans and Receivables**

Loans and receivables are initially measured at fair value and carried at amortised costs. Annual credits to the Income and Expenditure Account 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 loans that the Council has made this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Accounts is the amount receivable for the year of the loan agreement. Where assets are identified as impaired because of a likelihood arising from a past event that payment due under the contract will not be made, the asset is written down and a charge is made to the Income and Expenditure Account.

### **Available for Sale Assets**

Available for sale assets are initially measured and carried at fair value. Where there are no fixed or determinable payments, income is credited to the Income and Expenditure Account when it becomes receivable to the Council.

Financial assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed or determinable payments – discounted cash flow analysis.
- Equity Share with no quoted market price – appraisal of the valuation.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where an impairment loss has been incurred. These are debited to the Income and Expenditure Account along with any net gains/losses for the asset accumulated in the Reserve. Where fair value cannot be measured reliably the instrument is carried at cost (less any impairment).

### **Instruments entered into before 1 April 2006**

The Council has entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts if a provision or contingent liability note is required.

## **Disclosure of the nature and risk arising from Financial Instruments**

The Council activities expose it to a variety of financial risks such as:-:

Credit risk – the risk that other parties might fail to pay amounts due.

Liquidity risk – insufficient funds available to meet commitments.

Market risk – financial loss as a result of changes in interest rates.

In order to minimise these risks the Council complies with the CIPFA Prudential Code, the CIPFA Treasury Management in Public Services Code of Practice and Investment Guidance issued through the Local Government Act 2003.

## **10. FOREIGN CURRENCY**

The Council maintains its accounts in sterling. Income and Expenditure arising from transactions undertaken in foreign currency are converted into sterling at the exchange rate in operation at the date the transaction occurred.

## **11. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS**

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Revenue grants and contributions are credited to the relevant service to match with the expenditure to which they relate. Revenue Support Grant, Area Based Grant and the contribution from National Non Domestic Rates are made to finance the general activities of the Council and are credited to the Income and Expenditure Account in the year receivable.

When the acquisition of a fixed asset is financed wholly or partly by Government grant, the amount of the grant is credited to the Government Grants Deferred Account and written off to the relevant service revenue account over the useful life of the asset, to offset any provision for depreciation charged to the revenue account in respect of assets to which the grants relate.

When Government grants are received for assets not owned by the Council the grant is then credited to revenue to correspond to deferred charges being written off.

Whilst depreciation is based on the asset value at the end of the financial year, grants are written down on the basis of their Balance Sheet value at the beginning of the year.

## **12. GROUP ACCOUNTS**

The Council has adopted FRS2 "Accounting for Subsidiary Undertakings" and the CIPFA Accounting Code of Practice. This requires the Council to consider, whether in aggregate there are material or controlling interests in subsidiaries, associates and joint ventures and where non-production of group accounts would result in the Statement of Accounts failing to present fairly the Authority's activity and financial position.



An assessment of the criteria for the completion of group accounts has been undertaken and the conclusion reached that there was no requirement to produce such accounts.

### **13. INTANGIBLE ASSETS**

Expenditure on assets that do not have physical substance but are identified and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

A purchased intangible asset is capitalised at cost. Internally developed intangible assets are only capitalised if there is a readily ascertainable market. They are reviewed for impairment at the end of the first full financial year following operation.

### **14. LEASING**

The Council enters into a number of operating leases for vehicles and equipment for which the rentals payable are charged to revenue on a straight-line basis over the term of the lease agreement. Such operating leases allow the Council to have the use but not the ownership of assets over the term of the lease. The Council currently holds no finance leases.

### **15. NON-DISTRIBUTED COSTS**

The definition of non-distributed costs is limited to past service costs, settlements, curtailments, unused I.T. facilities and other unrealisable assets.

### **16. OVERHEADS**

In line with the SORP, charges or apportionments for the costs of support services are made to all users. Support service costs are allocated using the most appropriate basis available for example allocated on the basis of actual time spent by staff on the various services. Other bases are computing which is allocated on the amount of central processing use and Service Level Agreements. Administrative Buildings are allocated on the basis of area occupied. The costs of the Corporate and Democratic core and of Non-Distributed costs are each allocated to a separate objective expenditure head and are not apportioned to other expenditure heads.

### **17. PRIVATE FINANCE INITIATIVE**

Transactions associated with PFI initiatives are accounted for in accordance with Application Note F of FRS5 "Reporting the Substance of Transactions" and with guidance issued by CIPFA.

## **18. PROVISIONS**

The Council sets aside provisions for specific future expenses that are likely or certain to be incurred but the amount and timing of which cannot yet be determined accurately. They are only made where there is a present obligation based on a past event, it is probable that a transfer of economic benefit will occur, and a reliable estimate can be made.

Provisions are charged to an appropriate revenue account. When payments for expenditure are incurred to which the provision relates they are charged directly to the provision. They are reviewed at the Balance Sheet date and adjusted as necessary to reflect the current best estimate.

The principal provisions relate to bad debts and insurance. The former have been deducted from debtors in the Balance Sheet, rather than being shown in provisions. As part of compliance with FRS26, "Accounting for and disclosing of financial instruments" amounts shown as due from debtors are individually or collectively for debts that are not significant, reviewed for impairment. Any known collectable debts will be written off to the appropriate service account. The insurance provision relates to outstanding liability claims. The figure is the sum indicated by actuaries as being required to fund claims for years up to and including 2008-09.

## **19. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised but does not result in the creation of a tangible asset. It is amortised to revenue over an appropriate period consistent with the consumption of the economic benefits controlled by the Council. Consequently, these items are normally written off as expenditure to the relevant service revenue account in the year of payment. If financed from existing capital resources or borrowing, a transfer to the Capital Adjustment Account from the Statement of Movement on General Fund Balances reverses out the amounts charged to the Income and Expenditure Account so there is no impact on the level of Council Tax.

## **20. REPURCHASE OF BORROWING**

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Income and Expenditure Account in the period during which the repurchase or early settlement is made.

Where repurchase has taken place as part of a restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, the premiums or discounts can respectively be deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate. If the repurchase has been determined as substantially different, the premiums or discounts are immediately fully written off to revenue.

For premiums and discounts that have been charged to the Income and Expenditure Account, Government regulations allow for the impact on the General Fund balances to be spread over future years with an offset through a transfer to the Financial Instrument Adjustment Account shown within the Statement of Movement on the General Fund Balance.

Balances held in the Financial Instrument Adjustment Account will be written off to revenue in accordance with the Government Regulations.

## **21. RESERVES**

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific policy purposes, and balances that represent resources set aside for purposes such as general contingencies and cash flow management. Reserves are created by appropriating amounts through the Statement of Movement of General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the net cost of services in the Income and Expenditure Account. The reserve is then appropriated back to the General Fund Balance Statement so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting process for tangible fixed assets and retirement benefits and they do not represent useable resources for the Council. An estimation technique applies to the Insurance Fund liability reserve which is similar to that referred to in the section on provisions.

## **22. RETIREMENT BENEFITS**

Employees of the Council are members of two separate pension schemes, which provide members with defined benefits (retirement lump sums and pensions) related to pay and service. The schemes are as follows: -

The Teachers Pension Scheme, administered by Capita Hartshead on behalf of the Department for Children, Schools and Families (DSCF) for teachers. The arrangements for this scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme - no liability for future payments of benefits is recognised in the Balance Sheet and revenue accounts are charged with the employer's contributions payable to Capita Hartshead in the year. The pension cost charged to the accounts is the contribution rate set on the basis of a notional fund.

The Local Government Pension Scheme administered by the Merseyside Pension Fund for all other employees. From 1 October 1987 the Council has administered this fund on behalf of all scheduled and admitted bodies. The Council operates a defined benefit scheme and costs are charged to the Council's accounts on the basis of a three-yearly actuarial valuation. In 2008-09 the contribution represented 16.9% of pensionable pay. The latest valuation was at 31 March 2007 and determined the contributions for the years 2008-2011.

Further information on the specific accounting policies may be found in the section dealing with the Merseyside Pension Fund.

With effect from 1 April 2004 all authorities have had to fully adopt the accounting policies contained with Financial Reporting Standard 17 "Retirement Benefits". The principle behind FRS17 is that an organisation should account for retirement benefits when it is committed to give them, even if the actual payment will be many years in the future. This reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the Pension Fund.

The liabilities of the 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 future 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.

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

- quoted securities - mid market value.
- unquoted securities - professional estimate.
- unlisted securities - average of the bid and offer rates.
- property - market value.

The change in the net pensions liability is analysed into seven components:

- (i) current service cost - the increase in liabilities as a result of years of service earned this year, allocated to the revenue accounts of services for which the employees worked.
- (ii) past service costs - the increase in liabilities arising from current year decisions which effect relates to years of service earned in earlier years, debited to Net Cost of Services as part of Non Distributed Costs.
- (iii) interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure.
- (iv) expected return on assets - the annual investment return on the Fund assets attributable to the Council, based on an average of the expected long-term return, credited to Net Operating Expenditure.
- (v) gains/losses on curtailments - the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of Services as part of Non Distributed Costs.
- (vi) actuarial gains/losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- (vii) contributions paid to Merseyside Pension Fund - cash paid as employer's contributions to the Pension Fund.

Actuarial gains and losses on Pension Fund assets and liabilities are excluded from the Income and Expenditure Account. These are recorded in the Statement of Total Recognised Gains and Losses.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the Pension Fund in the year. In the Statement of Movement on the General Fund Balance this means that there is an appropriation 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 any amounts payable to the Fund but unpaid at the year-end.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are either accrued in the year of the decision to make the award or reimbursed to the Pension Fund over a five-year period.

## **23. STOCKS**

Significant holding of stocks and stores are valued at latest purchase price and not the lower of cost or net realisable value as required by SSAP9.

## **24. TANGIBLE FIXED ASSETS**

### **Recognition**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on the acquisition of a tangible asset, or expenditure that adds to, and not merely maintains, the value of an existing asset, is capitalised, and classified as a tangible fixed asset, provided that it yields benefits to the Authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets that is charged directly to service revenue accounts. It does, however, include expenditure such as the acquisition of land and buildings, the construction and enhancement of roads, buildings and other structures.

A de minimis level of £10,000 applies. The cost of any project with expenditure below £10,000 is charged to revenue rather than being capitalised.

### **Measurement**

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). Fixed assets are classified according to the Code of Practice on Local Authority Accounting 2008.

Assets are included in the Balance Sheet using the following measurement basis:

- Infrastructure assets and community assets are included in the Balance Sheet at historic cost net of depreciation, where appropriate.
- Operational assets (other land and buildings, vehicles, plant and equipment) are included at the lower of net current replacement cost or net realisable value.
- Investment properties and surplus assets are included at the lower of net current replacement cost or net realisable value.
- Assets under construction are held at cost.
- Non-Operational assets include investment properties, assets that are surplus to requirements and assets under construction.

In accordance with CIPFA guidance all assets, with the exception of infrastructure, were revalued by the end of March 2003. Qualified valuers employed within the Department of Corporate Services using the valuation techniques referred to above, undertook the valuation exercise. A further valuation of all assets has been undertaken on the basis of a rolling programme by March 2009.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains may be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date when it came into existence. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

The value of each category of assets is reviewed at the end of each reporting period to assess whether there is any evidence of impairment loss. This would arise, for example, from a significant decline in the asset's market value, evidence of obsolescence or physical damage, a change in the regulatory environment within which the Authority operates or a commitment to undertake a significant re-organisation. Impairment is charged to the Income and Expenditure Account when the asset suffers impairment due to a clear consumption of an asset and there has been no previously accumulated revaluation gain against which the impairment can be offset in the Revaluation Reserve. Impairment is also charged where there has been expenditure that has not resulted in any upward revaluations.

### **Depreciation**

Depreciation is charged on all assets with a finite useful life apart from non-depreciable land and non-operational investment properties. It is calculated on the amount at which the asset is included in the Balance Sheet less an estimate for its residual value. Revaluation gains are also depreciated with an amount equal to the difference between current values depreciated charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

No assets are revalued immediately prior to disposal unless legislation requires/allows the Council to do so.

Amounts in excess of £10,000 are classified as capital receipts. Such receipts from disposals are accounted for on an accruals basis and credited to the Useable Capital Receipts Reserve. A proportion of receipts relating to housing disposals are paid over to Central Government as a 'housing pooled capital receipt'. This is charged to the Net

Operating Cost section of the Income and Expenditure Account and the same amount appropriated from the Useable Capital Receipts Reserve and credited to Statement of Movement on the General Fund Balance.

### **Charges to Revenue for Fixed Assets**

All general fund service revenue accounts, including support services and trading accounts, are charged with the following amounts to record the real cost of all fixed assets used in the provision of services:

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service.
- Amortisation of intangible fixed assets attributable to the service.

The financing of capital expenditure from revenue is disclosed separately as an appropriation in the Statement of Movement on the General Fund Balance.

### **Merseyside Residuary Debt Fund (MRDF)**

Ex-Merseyside County Council debt is managed in a separate Fund. Interest is charged to constituent Authorities at the average rate for the Fund. Principal repayments are made on the basis of equal instalments over 38 years commencing 1 April 1988.

## **25. VALUE ADDED TAX (VAT)**

Income and Expenditure excludes any amounts related to VAT, as VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable from them. VAT is included in the Income and Expenditure Accounts, whether of a capital or revenue nature, only if it is irrecoverable.

## **26. WORK IN PROGRESS**

Work in progress on uncompleted jobs is valued and recorded in the Balance Sheet at cost plus attributable profit and excludes overheads.

Please see the Glossary of Financial Terms for an explanation of technical terms and abbreviations.

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **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;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### **The Director of Finance's Responsibilities**

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practice 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 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 Director of Finance 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.

I certify that the Statement of Accounts presents fairly the financial position of Wirral Council at 31 March 2009 and its Income and Expenditure for the year ended 31 March 2009.

Ian Coleman

Director of Finance

Date: 26 June 2009



## **ANNUAL GOVERNANCE STATEMENT**

### **1. Scope of Responsibility**

- 1.1 Wirral Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Wirral Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, Wirral Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Wirral Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement explains how Wirral Council has complied with the code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and, therefore, provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wirral Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

Key elements of the systems and processes, which comprise the Council's governance arrangements, are described in the following paragraphs.

#### **3.1 Vision and Purpose**

3.1.1 Wirral Council has revised its Corporate Plan setting out its objectives; there is an accompanying Performance Plan in which achievement of the objectives is monitored. This information is widely available on the Authority's website.

3.1.2 The Council, working with strategic partners and local communities has agreed the following strategic objectives:-

- To create more jobs, achieve a prosperous economy and regenerate Wirral.
- To create a clean, pleasant, safe and sustainable environment.
- To improve health and well being for all, ensuring people who require support are full participants in mainstream society.
- To raise the aspirations of young people.
- To create an excellent Council.

3.1.3 These form the basis for the Corporate Plan and Performance Improvement/Departmental Plans referred to above and provide the focus for the improvements which are being made in all areas of the Council.

#### **3.2 Decision Making Structure**

3.2.1 Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios.

3.2.2 There are Overview and Scrutiny Committees covering all portfolios.

3.2.3 An Audit and Risk Management Committee provides independent assurance to the Council on risk management and control, and the effectiveness of the arrangements the Council has for these matters.

3.2.4 The Constitution clearly identifies the respective duties of each Committee, and the delegations to members and officers.

3.2.5 The Constitution is codified into one document, which is available on the intranet and external web pages.

3.2.6 The Council has a nominated Monitoring Officer whose role includes ensuring compliance with established policies, procedures, laws and regulations.

### **3.3 Governance and Values**

- 3.3.1 The Council has adopted a local Code of Corporate Governance in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2007. The local code details how the Council complies with the principles of good corporate governance and contains appropriate monitoring and reporting procedures. It is available on the Council's website.
- 3.3.2 The Council's Constitution contains formal codes of conduct for members and officers. Additionally, the Council has established policies and procedures to embed high standards of conduct and governance. These include equalities and diversity and 'whistle blowing'.

### **3.4 Service Delivery**

- 3.4.1 Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Individual training needs are constantly identified through the Key Issues Exchange process and fed into the Departmental Training plan and addressed by the Corporate Training Group.
- 3.4.2 There is a Comprehensive Corporate Induction Programme in place and information regarding policies and procedures is held on the intranet, which continues to be enhanced and developed.

### **3.5 Risk Management**

- 3.5.1 The Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council adopted a revised Risk Management Policy and Strategy in 2008. This explains the methodology for the management of risk throughout the Council. A Corporate Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. The Authority has a Risk Management Officer and the approach to embedding risk management is in accordance with best practice.

### **3.6 Measuring Performance and Value for Money**

#### **3.6.1 External Inspection**

- The Comprehensive Performance Assessment (CPA) Use of Resources framework assessed the Council as a 'Good' 3 star Authority that is improving well.
- The Audit Commission's annual assessment of the Council identified that it is making good progress in a number of its priority areas.
- In its review of Access to Services, the Audit Commission assessed the Council as providing a good service with 'promising prospects for improvement ... because of its impact on improving and providing access to services to meet the needs of the borough's diverse communities – one of the Council's aims'.

- 3.6.2 The Council has in place a three year Financial Strategy, updated annually, to support the medium term aims of the Corporate Plan. This ensures the economical, effective and efficient use of resources and secures continuous improvement in the way in which its functions are exercised by having regard to a combination of economy, efficiency, and effectiveness.
- 3.6.3 The Council continues to progress the efficiency agenda and has identified and delivered significant savings in recent years. The identification of efficiencies is an integral part of the financial planning process with the delivery integrated in the performance management arrangements.
- 3.6.4 A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way and corrective action is initiated.
- 3.6.5 The Council has an Objective Performance Management Framework. The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle. Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas and consider and approve corrective action where necessary.

## **4. Review of Effectiveness**

### **4.1 Introduction**

- 4.1.1 Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. Key controls in the governance review process are identified in the following paragraphs.

### **4.2 Corporate Review**

- 4.2.1 The Council's Corporate Improvement Group (CIG) has managed the development of the Annual Governance Statement, in consultation with the Council's Chief Internal Auditor. CIG is chaired by the Deputy Chief Executive and is formed of members of each department's management team. A system which includes Directors' Assurance Statements has been introduced to review governance systems and procedures; areas of non-compliance are considered for inclusion in the Annual Governance Statement.

### **4.3 Statutory Officer Responsibilities**

4.3.1 The Council Constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and senior managers. In particular the Council has identified the three statutory posts as follows:-

- Head of Paid Service - Chief Executive
- Chief Financial Officer - Director of Finance
- Monitoring Officer - Director of Law, HR and Asset Management

4.3.2 The Council has designated the Director of Law, HR and Asset Management as the Monitoring Officer. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect and report to Cabinet annually.

4.3.3 The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution.

4.3.4 The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular, the Council has adopted the CIPFA/Solace Delivering Good Governance Framework, has developed a local Code of Corporate Governance and is working towards the National Good Governance Standard.

### **4.4 Audit and Risk Management Committee**

4.4.1 The Council has an Audit and Risk Management Committee which oversees various financial matters, the Terms of Reference for which comply with latest CIPFA guidelines.

### **4.5 Standards Committee**

4.5.1 The Council has a Standards Committee, which deals with matters relating to the conduct of Councillors, employees, complaints and probity issues, the Terms of Reference for which comply with latest guidelines from the Standards Board for England.

### **4.6 Internal Control**

4.6.1 The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports;
- the work undertaken by Wirral Internal Audit during the year;
- the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter;
- Other work undertaken by independent inspection bodies.

## **4.7 Internal Audit**

- 4.7.1 The arrangements for the provision of internal audit are contained within the Financial Regulations included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006. The internal audit provision is managed by the Chief Internal Auditor and, as verified by the Audit Commission, operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.
- 4.7.2 From the work undertaken in 2008-09 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control.

## **4.8 External Audit**

- 4.8.1 Wirral Internal Audit is subject to regular inspection by the external auditors who place reliance on the work carried out by the internal auditors and indicate in their most recent review that "internal audit provide an effective service that makes a good contribution to the control environment of the Council". The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.

## **5. Significant Governance Issues**

### **5.1 Summary**

- 5.1.1 Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve systems of control in key areas. The following improvement opportunities have been brought to our attention as part of the review of governance.

### **5.2 Governance and Values**

#### **5.2.1 Governance**

The Council will continue to improve its Corporate Governance including:

- the implementation of the new CIPFA/SOLACE Delivering Good Governance Framework via the Corporate Governance and Corporate Improvement Groups;
- the implementation of a revised Code of Corporate Governance;
- raising awareness and understanding.

### **5.3.1 Equality and Diversity**

Equality and Diversity is a key element of the Council Plan and through equality impact assessments the Council has identified a number of priority actions to improve ways for people, particularly young people, hard to reach and disengaged groups, to communicate with and influence the Council, tackling the causes of community unrest. We have committed to achieving the Equality Standard Level 3: a Peer Review is imminent.

### **5.3.2 Whistle Blowing**

Following an internal governance review and subsequent comments by the Audit Commission a revised Confidential Reporting (Whistle Blowing) Policy has been prepared for the Council that has been widely publicised on the Internet site, the local Intranet and through the staff team briefing and Key Issue Exchange processes. An Action Plan to enhance awareness and monitor effectiveness has been agreed and is being implemented.

### **5.3.3 Single Status**

The Council has partially completed the Single Status Review, and is expecting to complete the review during 2009: the Council has made financial provision.

## **5.4 Risk Management**

The Council has completed significant work to implement the Risk Management Framework within all departments to ensure that risks are identified and appropriate actions taken by relevant individuals to mitigate risks. Consequently, the Council has been assessed against the CIPFA five point Risk Maturity Model as 'Risk Defined' and improving; this is a good mid point score that acknowledges the nature of the work that has been undertaken to date. Further developments are scheduled and will be completed to ensure that the infrastructure remains in place to embed risk management further into the culture of the organisation.

## **5.5 Partnership Working**

5.5.1 The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. Developments are continuing in this area to update the Partnership Register and clarify the legal status of all the partnerships identified and the applicability of Council Codes of Conduct to partners. The Council is developing a Partnership Toolkit.

5.5.2 The Council is developing a Sustainable Community Strategy through Wirral's Local Strategic Partnership (LSP) to bring together shared objectives.

## **5.6 Change Programme**

5.6.1 The Council has committed to an ambitious Change Programme to improve the quality of service and meet users' needs within approved resources. The Council recognises that change on the scale envisaged represents both significant opportunities and risks, and therefore requires formal governance processes to ensure objectives are achieved and that the resources of the Council are co-ordinated to maximum advantage. The Council will manage all significant change programmes within this process, including:

- Strategic Asset Review.
- Customer Service (including the Access to Services Review).
- Information Communications Strategic Developments.
- Review of Common Administrative Processes.
- Adult Social Services Transformation.
- Building Schools for the Future.

## **5.7 Information and Data Security**

5.7.1 The Council has recently updated its ICT Security Policy to reflect both the changes in the structure of ICT delivery across the Council and significant developments in the use of the following:

- Broadband Communications.
- Agile Working.
- Increased Volume and Sensitivity of Data.
- Corporate Change Programme.
- Government Connect Initiative.

5.7.2 The Council will promote the revised policy. Additionally, work is currently taking place to develop policies and procedures regarding the transfer of data and the use of removable media within the Council and with external partners to include periodic risk assessments of these arrangements and more effective guidance and training for the workforce.

## **6. Conclusion**

6.1 We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to enhance our governance arrangements further. Many improvement actions represent work already in progress. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_  
Chief Executive

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Leader of the Council

Date: \_\_\_\_\_



## **SIGNATURE OF APPROVAL**

In line with the Accounts and Audit Regulations 2003 I confirm that these accounts were approved by the Audit and Risk Management Committee at the meeting held on 29 June 2009.

Signed on behalf of Wirral Council:

Chair of Audit and Risk Management Committee

Date:

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIRRAL COUNCIL**

This section will be inserted following the completion of the Audit of this draft Statement of Accounts and the receipt of the report from the Independent Auditor.

## MAIN FINANCIAL STATEMENTS:

### INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Council during the year. It includes all day to day expenses and income on an accruals basis, in addition to transactions measuring the value of fixed assets actually consumed (depreciation and impairment) and the real projected value of retirement benefits.

To give a full picture of the financial performance of the Council during the year and the spending power at its disposal at 31 March 2009 the balance on the Income and Expenditure Account needs to be reconciled in the Statement of Movement in the General Fund Balance to the amount calculated by the relevant statutory provision.

2007-08 Net Rev Exp £000	Service	Gross Expend £000	2008-09 Gross Income £000	Net Rev Exp £000
	<b>Continuing Operations:-</b>			
5,801	Central Services to the Public	6,218	1,937	4,281
434	Court Services	444	-	444
73,883	Cultural, Environmental, Regulatory and Planning Services	95,656	22,845	72,811
76,773	Children's and Educational Services	367,207	280,553	86,654
31,830	Highways and Transport Services	41,291	5,202	36,089
5,965	Other Housing Services	156,706	148,071	8,635
88,465	Adult Social Care	127,022	25,130	101,892
4,479	Corporate and Democratic Core	4,587	4	4,583
<u>7,979</u>	Non Distributed Costs	<u>1,177</u>	<u>-</u>	<u>1,177</u>
<b>295,609</b>	<b>Net Cost of Services</b>	<b>800,308</b>	<b>483,742</b>	<b>316,566</b>
(45)	(Gain)/Loss on sale of fixed assets			6,910
(9)	(Surplus)/deficit on trading undertakings			354
10,270	Interest payable and similar charges			11,305
212	Contribution of housing capital receipts to Government Pool			63
(4,566)	Interest and investment income			(4,973)
<u>5,578</u>	Pension interest costs and expected return on pensions assets			<u>17,497</u>
<b>307,049</b>	<b>Net Operating Expenditure</b>			<b>347,722</b>
(119,338)	Demand on the Collection Fund			(123,217)
(430)	Collection Fund (Surplus)/Deficit from previous year			509
(25,272)	Total Grants			(54,318)
<u>(114,643)</u>	Distribution from Non-Domestic Rate Pool			<u>(129,413)</u>
<b>47,366</b>	<b>(Surplus)/Deficit for the year</b>			<b>41,283</b>

## MAIN FINANCIAL STATEMENTS:

### STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account but is met from the useable capital receipts balance rather than the Council Tax.
- Retirement benefits are charged as amounts become payable to Pension Funds and pensioners rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the Council Tax that was raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure account and the General Fund Balance.

<b>2007-08</b>		<b>2008-09</b>
<b>£000</b>		<b>£000</b>
47,366	(Surplus)/Deficit for the year on the Income and Expenditure Account	41,283
	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the GF balance	
<u>(47,001)</u>		<u>(38,450)</u>
365	Decrease/(Increase) in the General Fund balance for the year	2,833
<u>(11,480)</u>	General Fund balance b/fwd	<u>(11,115)</u>
<b>(11,115)</b>	<b>General Fund balance c/fwd</b>	<b>(8,282)</b>

The balance on the General Fund is available for funding expenditure on services or in setting the Council Tax. The amounts relating to balances held by schools are accounted for as reserves and are not included in the General Fund balance.

**Analysis of reconciling items for the Statement of Movement on the General Fund Balance**

<b>2007-08</b>		<b>2008-09</b>
<b>£000</b>		<b>£000</b>
	<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:-</b>	
(46,860)	Depreciation and Impairment of General Fund fixed assets	(39,075)
2,197	Government grants deferred amortisation	3,047
(10,271)	Revenue expenditure funded from capital under statute	(1,492)
45	Net loss / gain on sale of fixed assets	(6,900)
	Amount by which finance costs calculated in accordance with the	
(3,497)	SORP differs from the amount determined by statute	(746)
(34,594)	Net charges for retirement benefits FRS17	(43,221)
<u>(1,812)</u>	Private Finance Initiative	<u>(1,812)</u>
<b>(94,792)</b>		<b>(90,199)</b>
	<b>Amounts not included in Income and Expenditure but required to be included by statute when determining the Movement on the General Fund for the year:-</b>	
6,929	Minimum Revenue Provision	8,302
688	Capital expenditure charged to revenue	1,540
(212)	Transfer from useable capital receipts re payment to the Pool	(63)
	Employers contributions to the Pension Fund and retirement	
<u>27,423</u>	benefits payable direct to pensioners	<u>29,628</u>
<b>34,828</b>		<b>39,407</b>
	<b>Transfers to or from General Fund Balance required to be taken into account when determining the Movement on the General Fund Balance for the year:-</b>	
<u>12,963</u>	Net transfer to/from earmarked reserves	<u>12,342</u>
<b>12,963</b>		<b>12,342</b>
<b>(47,001)</b>	<b>Net Amount Required to be Credited to the General Fund</b>	<b>(38,450)</b>

## MAIN FINANCIAL STATEMENTS:

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase or decrease in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets, gains or losses associated with Available-for-Sale financial assets and re-measurement of the net liability to cover the cost of retirement benefits.

<b>2007-08</b> <b>£000</b>		<b>2008-09</b> <b>£000</b>
47,366	(Surplus) / Deficit for the year on the Income and Expenditure Account	41,283
(145,213)	(Surplus) / Deficit arising on the revaluation of fixed assets	(19,497)
(790)	(Surplus) / Deficit arising on the revaluation of Available-for-Sale financial assets	44
104,286	Actuarial (gains) / losses on Pension Fund assets and liabilities	(50,140)
(494)	Other (gains) and losses required to be included	(494)
711	(Surplus) / Deficit on the Collection Fund relating to Wirral	(883)
<u>5,866</u>	<b>Total Recognised (gains) / losses for the year</b>	<u>(29,687)</u>

The figures for 2007-08 have been restated. Details of this and the effect on the Balance Sheet are shown in note 1. to the main financial statements.

## MAIN FINANCIAL STATEMENTS:

### BALANCE SHEET

2007-08 £000		2008-09	
		£000	£000
<b>971</b>	<b>Fixed Assets</b>		
	<b>Intangible Fixed Assets (Note 23)</b>		<b>1,124</b>
	<b>Operational Assets (Note 18): -</b>		
517,223	- Other Land and Buildings	521,671	
2,864	- Vehicles, Plant and Equipment	3,248	
76,801	- Infrastructure Assets	83,494	
<u>40,281</u>	- Community Assets	<u>40,952</u>	<b>649,365</b>
<b>637,169</b>			
	<b>Non-Operational Assets (Note 18)</b>		
9,337	- Investment	10,990	
5,800	- Surplus	7,355	
<u>23,352</u>	- Construction	<u>27,761</u>	<b>46,106</b>
<b>38,489</b>			
42,265	Deferred Consideration (Note 27)	40,454	
1,434	Long-term Investments (Note 32)	13,385	
<u>76,941</u>	Long-term Debtors (Note 28)	<u>72,946</u>	
<b>120,640</b>			<b>126,785</b>
<b>797,269</b>	<b>Total Long-Term Assets</b>		<b>823,380</b>
	<b>Current Assets</b>		
441	- Stocks and Work in Progress (Note 29)	317	
68,020	- Debtors (Note 30)	71,111	
77,186	- Investments (Note 32)	72,343	
<u>5,660</u>	- Cash and Bank	<u>5,360</u>	
<b>151,307</b>			<b>149,131</b>
	<b>Current Liabilities</b>		
3,345	- Short Term Borrowing (Note 32)	25,973	
<u>73,998</u>	- Creditors (Note 31)	<u>74,879</u>	
<b>77,343</b>			<b>100,852</b>
<b>871,233</b>	<b>Total Assets Less Current Liabilities</b>		<b>871,659</b>
	<b>Long-Term Liabilities</b>		
283,872	Long-term Borrowing (Note 32)	270,221	
17,257	Provisions (Note 35)	14,237	
176,869	Government Grants Deferred	201,594	
1,317	Deferred Credits (Note 36)	549	
333,826	Liability Related to Defined Benefit Pension Scheme (Note 42)	297,278	
<b>813,141</b>			<b>783,879</b>
<b>58,092</b>	<b>Total Assets Less Liabilities</b>		<b>87,780</b>

<b>Financed by:</b>		
169,363	Capital Adjustment Account (Note 37)	140,010
138,093	Revaluation Reserve (Note 37)	152,049
(3,511)	Financial Instruments Adjustment Account (Note 37)	(4,258)
790	Available for Sale Financial Instruments Reserve (Note 37)	746
10,535	Capital Receipts Reserve (Note 37)	9,472
(333,826)	Pensions Reserve (Note 42)	(297,278)
66,753	Reserves - General (Note 37)	79,095
9,895	Balances (Note 38)	7,944
<hr/>		<hr/>
<b>58,092</b>	<b>Total Equity</b>	<b>87,780</b>



## MAIN FINANCIAL STATEMENTS:

### CASH FLOW STATEMENT

2007-08		2008-09
£000		£000
<b>(27,772)</b>	<b>Net Cash Flow From Revenue Activities</b>	<b>(18,364)</b>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
<i>Cash outflows</i>		
20,428	Interest Paid	16,878
<i>Cash inflows</i>		
10,402	Interest Received	11,623
<b>(17,746)</b>	<b>Net Revenue Activity</b>	<b>(13,109)</b>
<b>CAPITAL ACTIVITIES:</b>		
<i>Cash outflows</i>		
50,170	Purchase of fixed assets	51,189
0	Purchase of long-term investments	10,000
21,820	Other capital payments	19,119
<u>71,990</u>		<u>80,308</u>
<i>Cash inflows</i>		
4,558	Sale of fixed assets	2,937
46,878	Capital Grants received	51,604
4,328	Other capital cash receipts	1,049
<u>55,764</u>		<u>55,590</u>
<b>(1,520)</b>	<b>Net Cash (Inflow) / Outflow Before Financing</b>	<b>11,609</b>
<b>MANAGEMENT OF LIQUID RESOURCES:</b>		
11,686	Net increase / (decrease) in other short term investments	(2,854)
<u>10,166</u>		<u>8,755</u>
<b>FINANCING:</b>		
<i>Cash outflows</i>		
54,504	Repayment of amounts borrowed	13,345
<i>Cash inflows</i>		
23,000	New loans raised	0
39,000	New short term loans	21,800
<b>(7,496)</b>	<b>Net Financing</b>	<b>(8,455)</b>
<u>2,670</u>	<b>Overall (Increase) / Decrease in Cash</b>	<u>300</u>

## NOTES TO THE MAIN FINANCIAL STATEMENTS

### 1. PRIOR PERIOD ADJUSTMENTS

#### Income and Expenditure Account

In the 2008/09 Statement of Accounts the Council has restated the 2007/08 Income and Expenditure Account comparative figures for the effect of the following:

- (i) The adoption of the new Best Value Code of Practice service analysis.
- (i) The recording of discontinued operations – Local Authority Housing within the Housing Services line.
- (i) The effect of a change in the accounting policy relating to Pension Fund quoted securities.

The effect of the above is set out in the table below:

Income and Expenditure Line	As per original 2007/08 Net expenditure £'000	Restated 2007/08 Net expenditure £'000	Change (i) £'000	Change (ii) £'000	Change (iii) £'000
Central Services to the Public	5,347	5,801	454		
Court Services	434	434	-		
Cultural, Environmental, Regulatory and Planning Services	73,976	73,883	(93)		
Children's and Educational Services	44,141	76,773	32,632		
Highways and Transport Services	32,253	31,830	(423)		
Housing Services	5,627	5,965	30	308	
Adult Social Services	121,065	88,465	(32,600)		
Corporate and Democratic Core	4,479	4,479			
Non Distributed Costs	7,979	7,979			
Local Authority Housing	308			(308)	
Pension interest costs and expected return on pension assets	5,503	5,578			75
<b>(Surplus)/Deficit for the year</b>	<b>47,291</b>	<b>47,366</b>			<b>75</b>

### Statement of Movement on the General Fund Balance

In the 2008/09 Statement of Accounts the Council has restated the 2007/08 Statement of Movement on the General Fund Balance comparative figures for the effect of the following:

- (i) The effect of a change in the accounting policy relating to Pension Fund quoted securities.

Statement of Movement on the General Fund Balance Line	As per original 2007/08	Restated 2007/08	Change (i)
(Surplus)/Deficit for the year on the Income and Expenditure Account	47,291	47,366	75
Net additional amount required by statute and non-statutory proper practices	(46,926)	(47,001)	(75)
The following is included within reconciling items - Net changes for retirement benefits	(34,519)	(34,594)	(75)

### Statement of Total Recognised Gains and Losses

In the 2008/09 Statement of Accounts the Council has restated the 2007/08 Statement of Total Recognised Gains and Losses comparative figures for the effect of the following:

- (i) The effect of a change in the accounting policy relating to Pension Fund quoted securities.

Statement of Total Recognised Gains and Losses	As per original 2007/08	Restated 2007/08	Change (i)
(Surplus)/Deficit for the year on the Income and Expenditure Account	47,291	47,366	75
Actuarial (gains)/losses for the year on Pension Fund assets and liabilities	104,286	112,292	(8,006)
<b>Total Recognised (gains)/losses for the year</b>	<b>13,797</b>	<b>5,866</b>	<b>7,931</b>

### Balance Sheet

In the 2008/09 Statement of Accounts the Council has restated the 2007/08 Balance Sheet comparative figures for the effect of the following:

- (i) The effect of a change in the accounting policy relating to Pension Fund quoted securities.
- (ii) The identification of a number of grants and contributions received prior to the 1<sup>st</sup> April 2005 which cannot be matched to specific Council assets. The recommended accounting treatment has been followed and these have been transferred to the capital adjustment account. This is in effect an accounting adjustment within the Balance Sheet. The opening 2007/08 Balance Sheet has been adjusted by transferring the relevant amount from the Government Grants Deferred Account to the Capital Adjustment Account. This is reflected in the restated 2007/08 Balance Sheet in the 2008/09 accounts.
- (iii) The identification of a number of assets where on revaluation accumulated depreciation was written off to the Capital Adjustment Account rather than the Revaluation Reserve.

Balance Sheet	As per original 2007/08	Restated 2007/08	Change (i)	Change (ii)	Change (iii)	Total
Liability related to Defined Benefit Pension scheme	341,756	333,826	(7,930)			(7,930)
Pensions Reserve	(341,756)	(333,826)	7,930			7,930
Government Grants Deferred	201,460	176,869		(24,591)		(24,591)
Capital Adjustment Account	148,010	169,363		24,591	(3,238)	21,353
Revaluation Reserve	134,855	138,093			3,238	3,238
Total Equity	25,571	58,092				32,521

## 2. GENERAL GOVERNMENT GRANTS

General Government grants comprise of grants which, when awarded by Central Government, were not attributable to a specific service. This line within the Income and Expenditure Account comprises of Revenue Support Grant, Area Based Grant (ABG) Private Finance Initiative (PFI) and Local Authority Business Growth Incentive Grant (LABGI). The grant elements within this line are as follows:

	<b>£000</b>
Area Based Grant	29,107
Revenue Support Grant	18,015
Private Finance Initiative	5,471
Local Authority Business Growth Incentive Grant	<u>1,725</u>
<b>Total</b>	<b>54,318</b>

ABG was introduced from 1 April 2008 and is a non-ringfenced general grant. This means that there are no specific conditions to ABG and the local Authority has flexibility in its use. During 2008-09 this grant was allocated to services in line with the indicative allocations for its use from the Department for Communities and Local Government.

RSG is a general grant to support Local Authorities. PFI grant is provided to support to a number of Wirral's school new build and refurbishment schemes. The LABGI scheme provides grant from a redistributed Central Government resources based upon the growth in national non-domestic rates in the area.

### 3. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily from grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG 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 2008. The Schools Budget includes elements for a range of educational services provided on an Authority wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. The Council is able to supplement the Schools Budget from its own resources and this year programmed additional spending was supported by Area Based Grants.

Details of the deployment of DSG receivable for 2008-09 are as follows:

#### Schools Budget Funded by Dedicated Schools Grant

	<b>Central Expenditure</b>	<b>Individual Schools Budget</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Original grant allocation to Schools for current year in Council budget	20,129	164,660	184,789
Adjustment to finalise grant allocation	<u>(1,071)</u>	-	<u>(1,071)</u>
DSG receivable for the year	19,058	164,660	183,718
Actual expenditure for the year (Over)/under spend for the year	<u>(19,717)</u> (659)	<u>(164,660)</u> -	<u>(184,377)</u> (659)
Planned top-up funding of ISB from Council resources	806	-	806
Use of schools balances brought forward (Over)/under spend b/f from prior year	-	-	-
	<u>272</u>	-	<u>272</u>
(Over)/under spend c/f to 2009-10	419	-	419

### 4. SECTION 137 OF THE LOCAL GOVERNMENT ACT 1972

Section 137 empowers Local Authorities, subject to various conditions and limits, to incur expenditure that in their opinion is in the interest of their area or any part of it, or all or some of its inhabitants. Under this section Local Authorities are required to account separately for any such expenditure. During the year some £0.69m, compared with £0.42m in 2007-08, was spent under S137 powers.

## 5. PUBLICITY

The Council has incurred £713,000 during 2008-09 on publicity and advertising (£1,529,000 in 2007-08). This is analysed below:-

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Recruitment Advertising	742	160
Publicity Advertising	646	515
Other Advertising	<u>141</u>	<u>38</u>
<b>Total</b>	<b>1,529</b>	<b>713</b>

## 6. TRADING OPERATIONS

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Authority or other organisations. Details of the major units, which follow, have a trading objective to break even:-

### (1) Highways Services

The Council operates its Highways Services on the basis of an agreement between the service provider and the Director of Technical Services. The final year of operation is 2008-09, and the results are as follows:

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Turnover	7,382	7,054
Expenditure	<u>7,339</u>	<u>7,511</u>
<b>Surplus (Deficit)</b>	<b>43</b>	<b>(457)</b>

### (2) Vehicle Maintenance Unit

The Vehicle Maintenance Unit won the contract under open competition and still operates along the lines of the former CCT DSO. Its operating results are:

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Turnover	414	411
Expenditure	<u>414</u>	<u>409</u>
<b>Surplus (Deficit)</b>	<b>0</b>	<b>2</b>

### (3) Building Cleaning

The Council manages a Building Cleaning operation on the basis of an agreement between the service provider and other departments. Its operating results are:

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Turnover	895	921
Expenditure	<u>929</u>	<u>870</u>
<b>Surplus (Deficit)</b>	<b>(34)</b>	<b>51</b>

#### (4) Grounds Maintenance Services

The Council operates its Grounds Maintenance Services for the maintenance of Council and other land on the basis of an agreement between the service provider and other Council departments, and other bodies. Its operating results are:

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Turnover	5,373	5,737
Expenditure	<u>5,373</u>	<u>5,687</u>
<b>Surplus (Deficit)</b>	<b>0</b>	<b>50</b>

#### 7. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was:-

<b>Remuneration Band</b>	<b>Number of Employees</b>					
	<b>2007-08</b>			<b>2008-09</b>		
	General	Teaching	<b>Total</b>	General	Teaching	<b>Total</b>
£50,000 - £59,999	20	141	<b>161</b>	28	164	<b>192</b>
£60,000 - £69,999	15	20	<b>35</b>	7	35	<b>42</b>
£70,000 - £79,999	8	12	<b>20</b>	18	7	<b>25</b>
£80,000 - £89,999	3	9	<b>12</b>	1	11	<b>12</b>
£90,000 - £99,999	0	4	<b>4</b>	0	6	<b>6</b>
£100,000 - £109,999	1	1	<b>2</b>	2	1	<b>3</b>
£110,000 - £119,999	3	0	<b>3</b>	4	0	<b>4</b>
£120,000 - £129,999	1	0	<b>1</b>	1	0	<b>1</b>
£130,000 - £139,999	1	0	<b>1</b>	1	0	<b>1</b>
<b>Totals</b>	<b>52</b>	<b>187</b>	<b>239</b>	<b>62</b>	<b>224</b>	<b>286</b>

#### 8. MEMBERS ALLOWANCES

During the year, Members were paid £828,727 (2007-08 £821,579). This covered basic, special responsibility, attendance and subsistence allowances.

#### 9. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For example, Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties.

During the year material transactions with related parties are as follows:-

<b>2007-08</b>		<b>2008-09</b>
<b>£000</b>		<b>£000</b>
	<b>Central Government</b>	
570,442	Revenue	575,528
43,449	Capital	42,147
	<b>European Community</b>	
656	Revenue	-
3,343	Capital	9,457
13,296	Merseyside Police Authority - Precept	13,928
6,020	Merseyside Fire and Civil Defence Authority - Precept	6,247
24,242	Merseyside Passenger Transport - Levy	25,311
12,799	Merseyside Waste Disposal Authority - Levy	14,253
146	Environment Agency - Flood Defence Levy	148
	<b>Merseyside Pension Fund</b>	
21,500	Payment of employer's superannuation contributions in respect of non teaching employees	28,250
	<b>Department for Children, Schools and Families</b>	
14,900	Payment of employer's superannuation contributions in respect of teachers	13,135

During the year the Council charged the Pension Fund £3.286m for expenses incurred in administering the Fund.

Members of the Council are Board Members of Wirral Partnership Homes as well Members of Beechwood and Ballantyne Community Housing Association. These Members have declared interests, where required, in items associated with these organisations.



## 10. BUILDING CONTROL

The Building (Local Authority Charges) Regulation 1998 Section 5(1) requires building control authorities to ensure that the income received from charges fully recovers the costs over a rolling three year accounting period. Certain activities cannot be charged such as the provision of advice and liaison with Statutory Authorities. The financial details are:-

	<b>Chargeable</b>	<b>Non</b>	<b>Total Bldg</b>
	<b>2008-09</b>	<b>Chargeable</b>	<b>Control</b>
	<b>£000</b>	<b>2008-09</b>	<b>2008-09</b>
		<b>£000</b>	<b>£000</b>
Employees	451	193	644
Transport	22	10	32
Supplies and services	8	4	12
Central and Support Services	<u>192</u>	<u>82</u>	<u>274</u>
<b>Total Expenditure</b>	<b>673</b>	<b>289</b>	<b>962</b>
Building Regulation Charges	594	-	594
Miscellaneous Income	<u>10</u>	<u>8</u>	<u>18</u>
<b>Total Income</b>	<b>604</b>	<b>8</b>	<b>612</b>
<b>Surplus (Deficit)</b>	<b>(69)</b>	<b>(281)</b>	<b>(350)</b>
<b>Comparatives for 2007-08:-</b>			
Expenditure	795	334	1,129
Income	<u>754</u>	<u>17</u>	<u>771</u>
<b>Surplus (Deficit)</b>	<b>(41)</b>	<b>(317)</b>	<b>(358)</b>
<b>Comparatives for 2006-07:-</b>			
<b>Surplus (Deficit)</b>	<b>121</b>	<b>(256)</b>	<b>(135)</b>

## 11. THE NATURE AND AMOUNT OF ANY SIGNIFICANT AGENCY INCOME AND EXPENDITURE

The Department of Adult Social Services has a voluntary agreement with a number of outside organisations to act as administrators providing a number of exchequer functions such as payroll, cash flow and payments. Expenditure and income occur as a result of this quasi agency agreement and not as a direct function of the Council.

A summary of expenditure incurred on these activities, which are not included in the Income and Expenditure Account, is as follows: (expenditure and income on all regeneration projects is now included in the Council's accounts).

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Costs incurred	2,537	2,756
Total amount reimbursable	2,537	2,756

## 12. INCOME FROM LOCAL AUTHORITIES AND OTHER PUBLIC BODIES

	2007-08 £000	2008-09 £000
Free nursing care - Primary Care Trusts	7,560	7443
Continuing Health Care - Primary Care Trusts	3,232	7281
Educational services – Grant Maintained and Charitable schools	111	55
Pension Administration Services - Merseyside Fire and Rescue Service	-	83
Pension Services – Westminster Council	-	27
Sports Centre - Use by Primary Care Trust	34	42
Services provided to Wirral Partnership Homes		
Community patrol	271	147
Anti-social behaviour team	265	273
Grounds maintenance	185	210
Right to buy valuations	149	-
Legal services	146	70
One Stop Shops	127	129
Housing adaptations	120	-
Out of hours service	110	-
Shops management	27	25
Vehicle maintenance	20	7
Information technology	215	189
Services provided to Beechwood and Ballantyne CHA		
Anti-social behaviour team	21	22
Other	<u>6</u>	<u>6</u>
<b>Total</b>	<b>12,599</b>	<b>16,009</b>

As all expenditure is recovered the net Income/Expenditure is nil for both years.

## 13. DISCLOSURE OF AUDIT COSTS

In 2007-08 and 2008-09 the Council incurred the following fees relating to external audit and inspection:

	2007-08 £000	2008-09 £000
Fees payable to the Audit Commission for External Audit services carried out by the appointed auditor	380	407
Fees payable to the Audit Commission for certification of grant claims and returns	145	155
Fees payable to the Audit Commission in respect of statutory inspection	46	23
Fees payable in respect of other services provided by the appointed auditor	<u>-</u>	<u>4</u>
<b>Total charge for the year</b>	<b>571</b>	<b>589</b>

The fees for other services related to work undertaken for the Authority by the Audit Commission relating to data quality.

## 14. POOLED BUDGETS

Pooled funds enable health bodies and Local Authorities to work collaboratively to address specific local health issues. Health service resources can be used to deliver local Authority services and vice versa.

Wirral Care Trust is the host for a pooled budget for integrated community equipment services.

Wirral Council's contribution for 2008-09 is £510,000 (2007-08 £499,000) out of total expenditure of £1.8m.

## 15. COMMUNITY FUND

The Community Fund was established following the Large Scale Voluntary Transfer of the Authority's housing stock in February 2005. The Fund has a number of purposes including meeting transferred stock warranty claims, assisting to meet housing requirements, encouraging economic regeneration, helping to reduce crime and other environmental benefits. Funding is derived from savings on VAT arising during the refurbishment programmes and from the Housing Revenue Account balances which were transferred on closure of the HRA.

The Fund is administered and held in a separate bank account by Wirral Partnership Homes. The use of the Fund is jointly controlled by representatives of Wirral Council and Wirral Partnership Homes. Wirral Council's accounts do not include the assets, income or expenditure of the Fund. Any grants paid to the Council from the Community Fund will, however, be included within the Authority's accounts.

During 2008-09 income was received from savings relating to the refurbishment programme VAT arrangements, from the sale of some former HRA assets and from interest earned on the Fund balances. Expenditure of £0.5m was incurred in the year relating to the funding of the 'Your Wirral' Fund (a discretionary project funding element of the Wirral Council/WPH Community Fund).

### Community Fund Statement

	£	£
Balance at 1 April 2008		13,103,253
Movement 2008-09		
Income		
- Contributions arising from VAT savings	4,258,888	
- Property Sale		85,474
- Interest received	<u>489,659</u>	4,834,021
Expenditure		<u>(500,000)</u>
<b>Balance at 31 March 2009</b>		<b>17,437,274</b>

## 16. UNDISCHARGED OBLIGATIONS ARISING FROM LONG TERM CONTRACTS

On 27 March 2001 the Council entered into a Private Finance Initiative arrangement with Jarvis Construction for the renovation and new build of 9 schools. A Deed of Amendment and Restatement was entered into on 9 September 2004 to extend the contract until 31 July 2031. As a consequence payments will now be made to Wirral Schools Services Ltd. (WSSL) until 2031-32. At 31 March 2009 outstanding payments to WSSL are £271.8m.

## 17. GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments in 2008-09 consist of the following items:

	<b>Liabilities</b>	<b>Assets</b>	
	<b>Measured at amortised cost</b>	<b>Loans and Receivables</b>	<b>Available for sale assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest expense	(10,636)	-	-
Impairment losses	-	(669)	-
<b>Interest payable and similar charges</b>	<b>(10,636)</b>	<b>(669)</b>	-
Interest Income	-	4,418	555
<b>Interest and Investment Income</b>	-	<b>4,418</b>	<b>555</b>
Gains on revaluation			68
Losses on revaluation			(112)
<b>Deficit arising on revaluation of financial assets</b>			<b>(44)</b>
<b>Net gain/ (loss) for the year</b>	<b>(10,636)</b>	<b>3,749</b>	<b>511</b>

This compares with the gains and losses recognised in the Income and Expenditure Account in relation to financial instruments in 2007-08:

	<b>Liabilities</b>	<b>Assets</b>	
	<b>Measured at amortised cost</b>	<b>Loans and Receivables</b>	<b>Available for sale assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest expense	(10,270)	-	-
<b>Interest payable and similar charges</b>	<b>(10,270)</b>	-	-
Interest Income	-	4,039	527
<b>Interest and Investment Income</b>	-	<b>4,039</b>	<b>527</b>
Gains on revaluation			790
<b>Surplus arising on revaluation of financial assets</b>			<b>790</b>
<b>Net gain/ (loss) for the year</b>	<b>(10,270)</b>	<b>4,039</b>	<b>1,317</b>

## **Note on Heritable Bank Impairment.**

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Authority has £2m deposited with Heritable bank at an interest rate of 6.22% which was due to mature on 28 November 2008.

The money with Heritable is currently subject to administration processes. The amounts and timings of payments to depositors such as the Authority will be determined by the administrators.

Based on latest information available the Authority considers that it is appropriate to consider an impairment adjustment for the deposit, and has taken the action outlined below. As the information is not definitive as to the amounts and timings of payments to be made by the administrators it is likely that further adjustments will be made to the accounts in future years.

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young dated 17 April 2009 outlined that the return to creditors was projected to be 80p in the £ by the end of 2012 with the first dividend payment of 15p in the £ due in the summer of 2009. The Authority has, therefore, decided to recognise an impairment based on it recovering 80p in the £. It is anticipated that there will be some front loading of these repayments and that a final sale of assets will take place after the books have been run down to the end of 2012. Therefore, in calculating the impairment, the Authority has made the following assumptions regarding the timings of recoveries:

July 2009 – 15%  
July 2010 – 30%  
July 2011 – 15%  
July 2012 – 10%  
July 2013 – 10%

Recoveries are expressed as a percentage of the Authority's claim in the administration, which includes interest accrued up to 6 October 2008.

The impairment loss recognised in the Income and Expenditure Account in 2008-09, £669,128, has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposit in order to recognise the anticipated loss of interest to the Authority until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

The Authority has taken advantage of the Capital Financing Regulations to defer the impact of the impairment on the General Fund and a sum of £503,148 has been transferred to the Financial Instruments Adjustment Account. The balance of £165,980 relates to interest which has been borne in full by the General Fund.

## 18. MOVEMENT ON FIXED ASSETS

### Operational assets

	Land and buildings £000	Vehicles, plant, etc. £000	Infrastructure Assets £000	Community Assets £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2008	560,854	7,046	92,889	40,281	701,070
Additions	24,764	1,938	9,660	671	37,033
Disposals	(10,150)	-	-	-	(10,150)
Reclassifications	(4,466)	-	-	-	(4,466)
Revaluations	6,256	-	-	-	6,256
Revaluation Impairment	(9,057)	-	-	-	(9,057)
At 31 March 2009	568,201	8,984	102,549	40,952	720,686
<b>Depreciation and impairments</b>					
At 1 April 2008	(43,631)	(4,182)	(16,088)	-	(63,901)
Charge 2008-09	(12,304)	(653)	(2,396)	-	(15,353)
Accelerated Depreciation	(6,970)	(900)	(571)	-	(8,441)
Disposals	2,133	-	-	-	2,133
Reclassifications	1,746	-	-	-	1,746
Revaluations	12,496	-	-	-	12,496
At 31 March 2009	(46,530)	(5,736)	(19,055)	-	(71,321)
<b>Balance Sheet at 31 March 2009</b>	521,671	3,248	83,494	40,952	649,365
<b>Balance Sheet at 1 April 2008</b>	517,223	2,864	76,801	40,281	637,169
<b>Nature of asset holding</b>					
Owned	516,173	3,248	83,494	40,952	643,864
Finance lease	-	-	-	-	-
PFI	5,498	-	-	-	5,498
	521,671	3,248	83,494	40,952	649,365

**Non-operational assets**

	<b>Investment £000</b>	<b>Surplus £000</b>	<b>Construction £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 April 2008	9,487	5,801	23,352	38,640
Additions	120	255	12,465	12,840
Disposals	(100)	(710)	-	(810)
Reclassifications	2,304	10,217	(8,056)	4,465
Revaluations	1,048	2,446	-	3,494
Revaluation Impairment	(1,832)	(10,617)	-	(12,449)
At 31 March 2009	11,027	7,392	27,761	46,180
<b>Depreciation and impairments</b>				
At 1 April 2008	(149)	-	-	(149)
Charge 2008-09	-	-	-	-
Accelerated Depreciation	-	-	-	-
Disposals	62	-	-	62
Reclassifications	(43)	(1,703)	-	(1,746)
Revaluations	93	1,666	-	1,759
At 31 March 2009	(37)	(37)	-	(74)
<b>Balance Sheet at 31 March 2009</b>	10,990	7,355	27,761	46,106
<b>Balance Sheet at at 1 April 2008</b>	9,338	5,801	23,352	38,491
<b>Nature of asset holding</b>				
Owned	10,990	7,355	27,761	46,106
Finance lease	-	-	-	-
PFI	-	-	-	-
	10,990	7,355	27,761	46,106

## 19. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

	2007-08 £000	2008-09 £000
<b>Opening Capital Financing Requirement 1 April</b>	<b>206,492</b>	<b>223,151</b>
<b>Capital Investment</b>		
Intangible Assets	112	484
Operational Assets	27,515	37,033
Non-Operational Assets	20,955	12,840
Revenue Expenditure Funded from Capital Under Statute	24,615	18,828
Long Term Debtors	<u>-</u>	<u>333</u>
	73,197	69,518
<b>Sources of Finance</b>		
Capital Receipts	(5,000)	(4,000)
Government Grants and Other Contributions	(43,741)	(45,405)
Revenue Provision	<u>(7,617)</u>	<u>(10,639)</u>
	(56,358)	(60,044)
PFI reversionary interest	<u>(180)</u>	<u>(186)</u>
<b>Closing Capital Financing Requirement 31 March</b>	<b>223,151</b>	<b>232,439</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow (supported by Government financial assistance)	10,670	7,893
Increase in underlying need to borrow (unsupported by Government financial assistance)	<u>5,989</u>	<u>1,395</u>
<b>Change in capital financing requirement</b>	<b>16,659</b>	<b>9,288</b>

In 2008-09 the Authority incurred Revenue Expenditure Funded from Capital Under Statute (REFCUS) (formerly known as deferred charges). This is capital expenditure which the Authority seldom controls the subsequent economic benefits. Primarily this covers expenditure arising from certain regeneration initiatives and the payment of disabled facilities and improvement grants. In 2008-09 there was no further capitalisation of employee back pay payments to address historic pay inequalities.

The movement in the year is analysed as follows:

	2007-08 £000	2008-09 £000
Revenue Expenditure Funded from Capital Under Statute	17,131	18,828
Equal Pay – Back Pay	7,484	-
Funded from grants	(14,344)	(16,539)
Funded from borrowing	<u>0</u>	<u>(1,492)</u>
<b>Balance to Income and Expenditure Account</b>	<b>10,271</b>	<b>797</b>



## 20. STATEMENT OF PHYSICAL ASSETS

Wirral Council owns the following major assets at 31 March 2009: -

### BUILDINGS

#### Children's

Primary/Nursery Schools/Childrens Centres	81
Secondary Schools	10
Youth Centres/Family Centres	12
Special Schools	11
Teachers Centre	1
Children's Homes	3

#### Cultural Services

Libraries	25
Play/Community Centres	16
Halls	7
Sports Centres	10
Cemeteries and Crematorium	8
Golf Courses	4
Art Galleries/Museums/Archives	5
Paintings and Prints	6000
Ceramic Objects	1800
Coins and medals	949
Silver, Textiles and Glass and Sculpture	957
Ethnographic, Domestic and Archaeological Objects	849
Transport Vehicles and Trams	35
Transport and Maritime related objects	900
Theatre/Exhibition Centres	2
Birkenhead Park Pavilion	1

#### Adults Services

Elderly Person's Homes	5
Day Centres	16
Residential Disabled Supported Living	9
Group Homes	11

#### Miscellaneous

Industrial and Retail Units	110
Shops	2
Administration Buildings	16
Public Toilets	8
Millennium Centre	1
Residential	4
Advice Bureau	1

### OTHER ASSETS

#### Infrastructure

Unclassified Roads	965km
Other Public Slip Roads, Passageways	154km
Classified Non Principal	116km
Principal Roads	99km
Street Lights	37,600

Pelican / Puffin Crossing Installations	141
Traffic Signal Installations	102
Car Parks	73
Bridges	53
Sea Defences	26km

#### Land

Open Spaces	85
Allotments and Agricultural	88
Parks and Gardens	76
Playgrounds and Playing Fields	62
Woodland and Heathland	25
Nature Reserves	7
Clearance Areas	23
Housing development sites	7

## 21. VALUATION INFORMATION

The Authority adopts a five-year rolling programme of valuations under which all assets have been re-valued. A valuation certificate for all land and properties, with the exception of infrastructure was provided for the 2008-09 financial year by R.M. Hird FRICS, employed by the Department of Law, HR and Asset Management.

Valuation methods are as follows:-

- Properties regarded by the Authority as operational and non-specialised are valued on the basis of Existing Use Value (EUV)
- Properties regarded by the Authority as operational and specialised are valued on the basis of Depreciated Replacement Cost (DRC)
- Properties regarded by the Authority as non-operational (investment and surplus assets) are valued on the basis of Market Value (MV)
- Infrastructure assets as well as vehicles, plant and equipment are included in the Balance Sheet at historic cost net of depreciation
- Community assets and assets under construction are included in the Balance Sheet at historic cost

The following table shows the progress of the Council's rolling programme for the revaluation of fixed assets:-

	<b>Land and Buildings</b>	<b>Investment</b>	<b>Surplus</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valued at current value in				
2008-09	141,271	6,491	7,351	155,113
2007-08	288,656	3,250	-	291,906
2006-07	54,860	714	-	55,574
2005-06	25,462	535	-	25,997
2004-05	<u>8,786</u>	<u>-</u>	<u>-</u>	<u>8,786</u>
	<b>519,035</b>	<b>10,990</b>	<b>7,351</b>	<b>537,376</b>

Vehicles, plant and equipment, infrastructure assets, community assets and assets under construction are excluded from the above, since they are valued at historic cost.

A number of schools have approved change of status and are classed as either Foundation or Trust Schools with the land and buildings owned by the respective governing body. The value of these assets, £29.6m, is excluded from the Council's own land and building portfolio. This includes the value of land at South Wirral High School and land and buildings at Ridgeway High Schools, both of which took foundation status in 2008-09.

## 22. ANALYSIS OF NET ASSETS EMPLOYED

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
General Fund	391,918	385,058
Pensions Reserve	<u>(333,826)</u>	<u>(297,278)</u>
	<b>58,092</b>	<b>87,780</b>

## 23. INTANGIBLE FIXED ASSETS

<b>Movement in intangible assets</b>	<b>Purchased software licences £000</b>
Original cost	1,578
Amortisations to 1 April 2008	<u>(607)</u>
Balance at 1 April 2008	971
Expenditure in year	484
Written off to revenue in year	<u>(331)</u>
Balance at 31 March 2009	<b>1,124</b>

Software licences are held in connection with the Council's information technology programme, Geographical Information System and a software management system. The cost is being written off over the perceived minimum life of the licences.

## 24. DEPRECIATION

For all assets subject to depreciation, that depreciation has been charged in accordance with the requirements of FRS15 "Tangible Fixed Assets" on a straight-line basis. Each asset's useful life is assessed as the basis of calculating the annual depreciation charge. These range from 4 years for computer equipment to 120 years for infrastructure.

In 2007-08 all infrastructure assets were depreciated over 40 or 50 years. Expenditure on infrastructure in 2008-09 has been classified as follows with assessed useful life for each class of infrastructure asset.

<b>Infrastructure asset class</b>	<b>Assessed useful life</b>
Road	20 years
Footpath and cycle route	20 years
Structures	120 years
Highway and high mast lighting	30 years
Street furniture	10 years
Traffic management	10 years
Coastal protection	50 years

Infrastructure assets created prior to 2008-09 continue to be depreciated over 40 or 50 years. The effect of this change has been to increase the amount of depreciation charged to infrastructure assets. The depreciation charge for infrastructure assets in 2008-09 is £2,396,446. If assets created in 2008-09 had been depreciated over 40 or 50 years, the charge would have been £2,051,147.

## 25. COMMITMENTS UNDER CAPITAL CONTRACTS

Significant contracts for future capital expenditure include:-

	<b>£000</b>
Housing Market Renewal Initiative (HMRI)	25,290
New Secondary School in Woodchurch	24,600
Bidston Moss Viaduct	2,880
West Kirby Marine Lake	1,350
Stanton Road Primary School Extension	750
Landican Cemetery	300
Brackenwood Infants School	230
Thornton Hough Primary School Classroom Replacement	218
Greenleas Primary School Classroom Replacement	210
St Bridget's School Classroom Replacement	200

The £25.29m represents the anticipated HMRI Capital Programme for 2009 to 2012. Because of the nature of the expenditure it is not possible to say with any certainty what proportion of this is contractually committed.

There is a liability in respect of the Bidston Moss viaduct that is shared between the Council, Merseytravel and the Highways Agency. Subject to final approval, the scheme will commence during 2009 and be completed by June 2012 and the anticipated costs are in the region of £76m with the Council's contribution being £2.88m.

## 26. LEASING

The Authority uses various types of vehicles, computer equipment and furniture financed under terms of an operating lease. The amount paid under these arrangements in 2008-09 was £1,862,000, (2007-08 £2,046,000) and payments are analysed below. The SORP requires charges to be made evenly throughout the period of the lease.

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Information Technology and Furniture	1,161	1045
Wheeled Bins	379	493
Vehicles	344	249
Sport and Recreation	78	67
Grounds Maintenance Equipment	68	8
Telephone Equipment	16	-
	<b>2,046</b>	<b>1,862</b>

The Authority was committed at 31 March 2009 to making payments of £1,152,000 under operating leases in 2008-09 comprising the following elements:

	<b>Operating Leases</b>
	<b>£000</b>
Leases expiring in 2009-10	364
Leases expiring between 2010-11 and 2014-15	674
Leases expiring after 2014-15	<u>114</u>
	<b>1,152</b>

Authority as lessor – The Authority leases various industrial units, the gross value of which is £4,964,252 (£5,496,500 in 2007-08). Rental income on these properties amounted to £329,400 (£286,900 in 2007-08).

## 27. DEFERRED CONSIDERATION

On 27 March 2001 the Council entered into a Private Finance Initiative contract for the renovation and new build of 9 schools. A Deed of Amendment and Restatement was entered into on 9 September 2004 to extend the contract until 31 July 2031. Total payments to Wirral Schools Services Ltd. (WSSL) will be £315.7m and over the same period we will receive additional Government grant of £161.2m.

One of the fundamental principles of the contract is that on completion of the work any risk associated with that particular school transfers to WSSL. Accordingly any such assets are no longer shown in the Council's Balance Sheet. By 31 March 2006 the 9 schools had been transferred to WSSL (7 refurbishments and 2 new build). In 2005-06 the Balance Sheet was reduced by a further £1.6m in addition to £58.5m prior to 1 April 2005. In respect of the 7 refurbished schools, these were transferred to WSSL at nil consideration. In effect this would result in lower annual payments over the life of the contract. To reflect this a deferred consideration of £49,512,571 was recognised in 2004-05 that will be amortised annually in the accounts until the contract ends in July 2031.

	<b>Balance At 1.4.08 £000</b>	<b>Written Down £000</b>	<b>Balance At 31.3.09 £000</b>
Wirral Schools Services Ltd.	42,265	(1,811)	40,454

## 28. LONG TERM DEBTORS

	<b>Balance 1.4.08 £000</b>	<b>Advances £000</b>	<b>Repaid/ Re-classed £000</b>	<b>Balance 31.3.09 £000</b>
Repayment of Former M.C.C. Debt	75,967	-	(4,469)	71,498
Wirral Schools PFI	765	196	-	961
Regeneration Property loans	-	333	-	333
Repayment of Council Mortgages	<u>209</u>	<u>-</u>	<u>(55)</u>	<u>154</u>
	<b>76,941</b>	<b>529</b>	<b>(4,524)</b>	<b>72,946</b>

£71.5M relates to outstanding debt in respect of the former Merseyside County Council. This is calculated according to a statutory regulation, whereas the actual balance of the loans referred to in Note 32 are determined by the existing loan repayment profile.

During the year the Authority introduced a number of loans schemes targeted at property regeneration activities mainly in connection with Housing Market Renewal Initiative activities. These included equity renewal, renovation and empty property loans. These loan arrangements in line with central Government policy reflect the move away from grant based initiatives and will provide a wider level of support to householders.

## 29. STOCKS

	<b>31.3.08</b>	<b>31.3.09</b>
	<b>£000</b>	<b>£000</b>
Regeneration	122	128
Educational Services	92	102
Adult Social Services	0	35
Operational and Building Services	180	32
Other	<u>47</u>	<u>20</u>
	<b>441</b>	<b>317</b>

## 30. DEBTORS

	<b>31.3.2008</b>	<b>31.3.2009</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due in one year</b>		
Sundry Debtors	30,637	29,769
Government Departments	20,029	18,033
Collection Fund	15,394	22,255
Other Public Bodies	14,768	13,114
Prepayments	1,453	3,340
European Community	436	1,994
Financial Institutions	<u>149</u>	<u>41</u>
	<b>82,866</b>	<b>88,546</b>
Bad Debts Provision	<u>14,846</u>	<u>17,435</u>
	<b>68,020</b>	<b>71,111</b>

## 31. CREDITORS

	<b>31.3.2008</b>	<b>31.3.2009</b>
	<b>£000</b>	<b>£000</b>
Sundry Creditors	29,541	30,028
Other Public Bodies	13,543	12,331
Government Departments	9,888	9,713
European Community	485	469
Financial Institutions	<u>26</u>	<u>92</u>
	<b>53,483</b>	<b>52,633</b>
Receipts in Advance	<u>20,515</u>	<u>22,245</u>
	<b>73,998</b>	<b>74,878</b>

## 32. FINANCIAL INSTRUMENTS BALANCES

The borrowings and investments disclosed in the Balance Sheet are analysed across the following categories:

		<b>Financial Liabilities</b>				
<b>Carrying Amount 31.03.08</b>		<b>Nominal Value</b>	<b>Accrued Coupon Interest</b>	<b>Stepped Interest Adjustment</b>	<b>Unamortised Premium</b>	<b>Carrying Amount 31.03.09</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Short term borrowing</b>					
3,289	PWLB	14,000	136	-	-	14,136
56	Other public bodies	11,836	1	-	-	11,837
<b>3,345</b>		<b>25,836</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>25,973</b>
	<b>Long term borrowing</b>					
110,737	PWLB	96,529	900	-	(624)	96,805
172,854	Financial institutions	173,600	2,365	3,755	(6,551)	173,169
281	Other public bodies	247	-	-	-	247
<b>283,872</b>		<b>270,376</b>	<b>3,265</b>	<b>3,755</b>	<b>(7,175)</b>	<b>270,221</b>
<b>287,217</b>	<b>TOTAL</b>	<b>296,212</b>	<b>3,402</b>	<b>3,755</b>	<b>(7,175)</b>	<b>296,194</b>

In accordance with the 2008 SORP the carrying amounts for financial liabilities at 31 March 2009 are shown at amortised cost. The table above provides an analysis of the components which make up the amortised cost.

		<b>Financial Assets</b>			
<b>Carrying Amount 31.03.08</b>		<b>Nominal Value</b>	<b>Accrued Coupon Interest</b>	<b>Impairment</b>	<b>Carrying Amount 31.03.09</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Loans and Receivables</b>				
62,067	Current Assets - Investments	49,550	754	(669)	49,635
-	Long term Investments	9,538	477	-	10,477
<b>62,067</b>		<b>59,088</b>	<b>1,231</b>	<b>(669)</b>	<b>59,650</b>
	<b>Available for sale financial assets</b>				
15,119	Current Assets - Investments	-	-	-	24,697
1,434	Long term Investments	-	-	-	1,381
<b>16,553</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>26,078</b>
<b>78,620</b>	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,728</b>

In accordance with the 2008 SORP the carrying amounts at 31 March 2009 for financial assets classified as loans and receivables are shown at amortised cost and are available for sale are shown at fair value.

### 33. FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The Council's financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The 2008 SORP requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined as the amount for which asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2009 consisted of loans from the Public Works Loan Board (PWLB), market loans from banks and short term loans from other public bodies.

The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on 31 March 2009.

For the Council's market and other public bodies loans the lenders were requested to provide details of the Fair Values on each loan. One lender responded to this request and provided details based on the estimated breakage costs of the loans. In the absence of Fair Values being provided by the remaining lenders, the Council has assessed Fair Value using the equivalent PWLB premature repayment rates ruling on 31 March 2009.

In the case of the Council's investments, these consisted of term deposits, unit trusts (including money market funds) and a small amount of gilts. The contractual arrangements for term deposits do not permit premature repayment therefore the fair values have been assessed as being the same as the carrying amount on the Balance Sheet. Unit trusts, including the money market fund and Gilts are already shown in the Balance Sheet at fair value based on their quoted market price.

<b>Carrying Amount 31.03.08</b>	<b>Fair value as at 31.03.08</b>		<b>Carrying Amount 31.03.09</b>	<b>Fair value as at 31.03.09</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
		<b>Financial Liabilities:</b>		
		<u>Borrowings</u>		
114,027	123,900	PWLB	110,941	127,359
172,854	235,845	Financial institutions	173,169	236,595
337	337	Other public bodies	12,084	12,084
<b>287,218</b>	<b>360,082</b>	<b>Total Financial Liabilities</b>	<b>296,194</b>	<b>376,038</b>

The fair value is greater than the carrying value because the Council's loans, include a number of loans where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. This requirement to pay interest rates above the current market loan rates increases the amount that the Council would pay if the lender requested or agreed to early repayment of the loans.



<b>Carrying Amount as at 31.03.08</b>	<b>Fair value as at 31.03.08</b>		<b>Carrying Amount as at 31.03.09</b>	<b>Fair value as at 31.03.09</b>
		<b>Financial Assets:</b>		
62,067	62,067	Loans and Receivables	60,113	60,113
16,553	16,553	Available for sale financial assets	25,615	25,615
<b>78,620</b>	<b>78,620</b>	<b>Total Financial Assets</b>	<b>85,728</b>	<b>85,728</b>

The fair value is shown as the same as the carrying value. This is because loans are at short term interest rates (less than 12 months) which correspond to market rates and no premature repayment is allowed.

### **34. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities. This includes a Treasury Management Strategy that sets out the parameters for the management of risks associated with Financial Instruments. All Treasury Management activities are carried out in accordance with the strategy approved by the Council. The priority is to give security and liquidity, rather than yield, seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- **Credit Risk:** The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
- **Liquidity Risk:** The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments
- **Market Risk:** The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

#### **Credit Risk**

The Council manages this risk by ensuring that investments are placed with counterparties having sufficiently high credit ratings as set out in the Treasury Management Strategy. Limits are also placed on the amount of money that can be invested with a single counterparty.

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2009 by the counterparty's country of origin and its credit rating.

Financial Institution / Instrument and Country	Credit Rating		Maturity of Investment					Balance Invested as at 31.03 09
	Long Term Rating	Short Term Rating	Instant Access	0-3 Months	3-6 Months	6-12 Months	Over 12 Months	
			£000	£000	£000	£000	£000	
<b>LOANS AND RECEIVABLES</b>								
<b>Banks</b>								
UK	AA-	F1+	2,750	1,200	14,100	13,700	6,000	37,750
UK	unrated		-	-	-	-	2,000	2,000
Ireland	A-	F1	-	1,500	-	-	-	1,500
<b>Total Investment - Banks</b>			<b>2,750</b>	<b>2,700</b>	<b>14,100</b>	<b>13,700</b>	<b>8,000</b>	<b>41,250</b>
<b>Building Societies</b>								
UK	AA-	F1+	-	2,500	-	9,300	2,000	13,800
UK	A	F1	-	2,500	-	-	-	2,500
UK	A-	F1	-	-	-	-	2,000	2,000
<b>Total Investment - Bldg Societies</b>			<b>-</b>	<b>5,000</b>	<b>-</b>	<b>9,300</b>	<b>4,000</b>	<b>18,300</b>
<b>TOTAL</b>			<b>2,750</b>	<b>7,700</b>	<b>14,100</b>	<b>23,000</b>	<b>12,000</b>	<b>59,550</b>
<b>AVAILABLE FOR SALE FINANCIAL ASSETS</b>								
Gilts	AAA	F1+	-	-	-	181	919	1,100
Money Market Fund	AAA	F1+	24,050	-	-	-	-	24,050
Other Unit Trust	n/a	n/a	466	-	-	-	-	466
<b>TOTAL</b>			<b>24,516</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>919</b>	<b>25,616</b>

Long Term Rating A denotes expectations of low credit risk. The capacity for payment of financial commitment is considered strong.

Short Term Rating F1 denotes – the strongest capacity for timely payment for financial commitments.

Investments in counterparties which fall outside the Council's approved credit risk criteria, as stated in the Treasury Management Strategy Statement, do so because either the counterparty's rating has fallen since the investment was made or the investment was made prior to the tighter credit risk criteria being approved.

The credit risk associated with loans secured against property is minimal. Trade debtors are also subject to non payment, bad debt provision is calculated for these based on the historical experience of levels of default. By including these provisions within the accounts the credit risk is recognised in the accounts.

2007-08	Trade Debtors	2008-09
£000		£000
11,825	Gross Debtors	13,514
2,030	Bad Debt Provision	3,108
<b>9,795</b>	<b>Net Trade Debtors</b>	<b>10,406</b>

## Liquidity Risk

The Council has access to borrowing facilities from the Public Works Loan Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of the nominal value of the Council's debt at 31 March 2009 was:

		<b>31.03.09</b>	<b>31.03.09</b>
	<b>Borrowings Maturity (years)</b>	<b>£000</b>	<b>%</b>
<b>Total Short Term Borrowing</b>	Less than 1 year	<b>25,836</b>	<b>8.72</b>
Long Term Borrowing	Over 1 year under 2 years	15,036	5.08
	Over 2 years under 3 years	16,036	5.41
	Over 3 years under 4 years	12,136	4.10
	Over 4 years under 5 years	28,036	9.46
	Over 5 years under 10 years	34,103	11.51
	Over 10 years under 20 years	39,029	13.18
	Over 20 years under 40 years	33,000	11.14
	Over 40 years under 60 years	74,500	25.15
	Over 60 years under 70 years	18,500	6.25
<b>Total Long Term Borrowing</b>		<b>270,376</b>	<b>91.28</b>
<b>Total Borrowing</b>		<b>296,212</b>	<b>100.00</b>

All trade and other payables are due to be paid in less than one year.

## Market Risk

### (1) Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. To give the Authority maximum flexibility during the year's unsettled market conditions, the Treasury Management Strategy did not place limits on the amount of debt that can be exposed to fixed or variable interest rates. At 31 March 2009 96% of the debt portfolio was held in fixed rate instruments.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

### (2) Price Risk

The Council only invests in a small amount of unit trusts and therefore is only subject to very minimal price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

### (3) Foreign Exchange Risk

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

### 35. PROVISIONS

The following are the main provisions made by the Council.

#### Bad Debts

This provision has been deducted from the debtors figure in the Balance Sheet and, therefore, does not appear in the provisions total.

	<b>Balance 1.4.08</b>	<b>Add: Contri- butions</b>	<b>Less: Write- offs</b>	<b>Reduced Require- ment</b>	<b>Balance 31.3.09</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Tax	6,349	998	(672)	-	6,675
Housing Benefit	4,761	234	-	-	4,995
Sundry Debtors	2,030	1,225	(147)	-	3,108
NNDR	1,064	986	(38)	-	2,012
Summons Costs	<u>642</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>645</u>
	<b>14,846</b>	<b>3,446</b>	<b>(857)</b>	<b>-</b>	<b>17,435</b>

#### Others

The provisions figure shown in the Balance Sheet comprises:

	<b>Balance 1.4.08</b>	<b>Additions</b>	<b>Utilised</b>	<b>Balance 31.3.09</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Insurance Fund	4,596	1,152	-	5,748
Housing Benefit	5,600	-	(2,147)	3,453
Collection Fund	1,200	-	(509)	691
Group Repair	110	422	-	532
Highway Works	316	36	-	352
Energy Investment	-	310	-	310
Strategic Asset Review	-	297	-	297
Highway Maintenance	437	-	(200)	237
You Decide	-	220	-	220
LAA Network Support	-	200	-	200
Replacement Wheelie Bins	200	-	-	200
Merseyside Information Service	178	7	(3)	182
Match Funding	167	-	-	167
Local Development Framework	160	-	-	160
Equal Pay Back Pay	437	-	(287)	150
Highway Maintenance Contract	175	-	(29)	146
Local Pay Review	2,592	-	(2,514)	78
Other	<u>1,089</u>	<u>649</u>	<u>(624)</u>	<u>1,114</u>
	<b>17,257</b>	<b>3,293</b>	<b>(6,313)</b>	<b>14,237</b>

### **Insurance Fund**

This is primarily required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation, which seeks to estimate the ultimate claims arising in respect of each risk period. The basis for calculating the provision is claims actually reported as outstanding. The timing of future payments depends almost entirely upon when claims are settled, but are likely to run over a number of years.

### **Housing Benefit**

The Council is able to claim subsidy for a substantial proportion of Housing and Council Tax Benefit payments made to eligible claimants. This involves the submission of annual claims to the Department for Work and Pensions (DWP) that are subject to audit by the Audit Commission.

There are a number of remaining longstanding claims issues requiring final settlement with the DWP. Changes in the interpretation of legislation and subsidy arrangements may require adjustments to be made to prior years. The Council reserves the right to challenge the reasonableness of any calculations in respect of claw-back.

### **Collection Fund**

This sum was established during 2007-08 and has been set-aside to meet the Council share of the reported deficit on the Collection Fund.

### **Group Repair**

This sum relates primarily to funding towards the 'Triangles Property Renovation Scheme'. Residents and landlords also contribute to the cost of the works, with the balance being utilised to support future renovation schemes.

### **Highways Works**

This is a contingency for the writing-off of irrecoverable debts that include rechargeable works, road reinstatements and outstanding debtors to the Operational Services Division.

### **Energy Investment**

This sum relates to the balance from a policy option relating to energy efficiency measures which are anticipated to be completed during the 2009-10 financial year.

### **Strategic Asset Review**

This provision relates to decommissioning costs and a review of administration buildings likely to be incurred relating to the implementation of the Strategic Asset Review.

### **Highway Maintenance**

This provision has been set-aside to improve footpaths in, and around, housing estates as part of meeting the overall risk management strategy.

### **You Decide**

This sum relates to amounts committed in relation to the participatory budgeting scheme introduced during 2008-09 and will be expended during 2009-10.

### **Local Area Agreement (LAA) Network Support**

This provision relates to sums set aside to fund the development of the Local Area Agreement. The provision will support both the Authority and voluntary network activities in delivering the Local Area Agreement.

### **Replacement Wheelie Bins**

This provision forms part of the overall strategy to replace wheelie bins as they become subject to deterioration.

### **Merseyside Information Service**

To be used to cover costs arising from the winding up of this organisation. The provision will be used when the accounts for the services have been finalised.

### **Match Funding**

This is required to match a series of commitments including artistic and cultural developments, golf events and the Hoylake and West Kirby improvement plan.

### **Local Development Framework**

This represents the sum remaining for the implementation of a number of studies that were approved by Cabinet on 15 March 2007.

### **Equal Pay Back Pay**

The Authority has identified pay inequalities among its employees and back pay has subsequently been paid to individuals who have been treated unfairly. This provision represents the cost of those claims that have been settled after 31 March 2009.

### **Highway Maintenance Contract**

To meet the costs associated with the tendering exercise for the highway maintenance (HESPE) contract.

### **Local Pay Review**

The amount identified, and set-aside, to fund the costs of implementing the Council's proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation. This has been separately identified between a provision, which relates to anticipated costs for the implementation of phase 1, and a reserve for the implementation of subsequent phases. The provision was largely expended during 2008-09. The balance left is for dealing with any residual issues.

### **Self Insurance – Wirral Council**

The Authority self-insures fire damage to its buildings and contents (up to a maximum of £1m in any one year). It also self-insures the first £75,000 of each motor accident (up to a maximum of £250,000 in any one year) and the first £250,000 of each legal liability claim (up to a maximum of £3.6m for all claims in any one year).

As at 31 March 2009 the Authority held the following provisions and reserves in respect of its liability for these self-insured risks.

	<b>£000</b>
Fire	2,000
Motor	275
Liability	11,620

### 36. DEFERRED CREDITS

These are amounts derived from the sale of former Council housing by Wirral Partnership Homes and Beechwood and Ballantyne Community Housing Association. The Council was due £0.395m at 31 March 2009 (£1.1m at March 2008). The remainder represents mortgage repayments on Right to Buy mortgages.

### 37. RESERVES

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans.

<b>Reserve:</b>	<b>Balance 1.4.2008 £000</b>	<b>Movement In Year £000</b>	<b>Balance 31.3.2009 £000</b>
Revaluation Reserve	138,093	13,956	152,049
Capital Adjustment Account	169,363	(29,353)	140,010
Available-For-Sale financial instruments	790	(44)	746
Financial Instruments Adjustment Account	(3,511)	(747)	(4,258)
Useable Capital Receipts	10,535	(1,063)	9,472
Pensions Reserve	(333,826)	36,548	(297,278)
General Fund	11,115	(2,833)	8,282
Collection Fund	(1,220)	882	(338)
Other Reserves	<u>66,753</u>	<u>12,342</u>	<u>79,095</u>
	<b>58,092</b>	<b>29,688</b>	<b>87,780</b>

#### Revaluation Reserve

This account was created on 1 April 2007. It is utilised for the following:

Revaluation gains – any increase in the value of an asset are credited.

Impairment – where there is an impairment loss charged to the Income and Expenditure Account and there are revaluation gains in the Revaluation Reserve for that asset then an amount up to the value of the loss is transferred to the Capital Adjustment Account.

Disposals – any revaluation gains in the Revaluation Reserve for assets disposed of are transferred to the Capital Adjustment Account.

Depreciation – revaluation gains are depreciated with an amount equal to the difference between the current value depreciation and the depreciation that would have been charged on their historic cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account

	<b>£000</b>
<b>Balance at 1.4.2008</b>	<b>138,093</b>
Revaluations gains	23,052
Impairment losses	(5,784)
Disposals	(313)
Depreciation (difference CV and HC depreciation)	(2,999)
<b>Balance at 31.3.2009</b>	<b>152,049</b>

### Capital Adjustment Account:

Store of capital resources set aside to meet past expenditure.

	<b>£000</b>
<b>Balance at 1.4.2008</b>	<b>169,363</b>
Capital receipts used to fund capital expenditure	4,000
Reserves used to fund capital expenditure	1,540
Minimum Revenue Provision	8,302
Depreciation and impairment	(39,075)
Government grants deferred	3,047
Revenue Expenditure Funded from Capital Under Statute	(1,492)
PFI unitary payment abatement	(1,812)
Asset revaluations	3,000
Asset disposals	(7,357)
MRDF debt repayment	<u>494</u>
<b>Balance at 31.3.2009</b>	<b>140,010</b>

### Available For Sale Financial Instruments Reserve

Store of gains on the revaluation of investments not yet realised through sales

	<b>£000</b>
<b>Balance at 1.4.2008</b>	<b>790</b>
Losses on revaluation	<u>(44)</u>
<b>Balance at 31.3.2009</b>	<b>746</b>

### Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practice for borrowings and investments

	<b>£000</b>
<b>Balance at 1.4.2008</b>	<b>(3,511)</b>
Amount that should have been charged to the Income and Expenditure Account without statutory override	<u>(747)</u>
<b>Balance at 31.3.2009</b>	<b>(4,258)</b>

### Useable Capital Receipts

Proceeds of fixed asset sales available to meet future capital investment

	<b>£000</b>
<b>Balance at 1.4.2008</b>	<b>10,535</b>
Receipts from the sale of assets	2,937
Receipts used to fund capital expenditure	<u>(4,000)</u>
<b>Balance at 31.3.2009</b>	<b>9,472</b>

### Pensions Reserve

This allows the inclusion of Pensions Liability in the Balance Sheet. See Note 42.

### General Fund:

Resources available to meet future running costs for non-housing services. Refer to Statement of Movement on the General Fund Balance.



### Collection Fund:

The surplus or deficit in respect of the collection of Council Tax, which is then distributed amongst the Council and precepting bodies. Refer to Collection Fund statements.

### Other Reserves

	<b>Balance 1.4.2008 £000</b>	<b>Contri- butions £000</b>	<b>Write Offs or Applied £000</b>	<b>Balance 31.3.2009 £000</b>
Housing Benefit	10,815	3,500	(320)	13,995
Insurance Fund	14,713	-	(2,139)	12,574
Schools Balances	11,995	107	(2,752)	9,350
Debt Restructuring and Financing	6,238	919	(135)	7,022
Working Neighbourhood Fund	-	5,524	-	5,524
Local Pay Review	3,335	2,155	-	5,490
Minimum Revenue Provision	2,000	2,400	-	4,400
Capital Schemes	2,301	3,501	(1,591)	4,211
Supporting People Programme	2,392	-	(253)	2,139
PFI Revenue	2,712	421	(1,299)	1,834
IT/Intranet	1,683	-	-	1,683
Connexions Partnership Pension	-	1,380	-	1,380
Former HRA Contingency	1,192	-	(44)	1,148
Schools Contingency	478	92	-	570
Dedicated Schools Grant	272	147	-	419
Matching Fund	339	60	(25)	374
One Stop Shop IT Network	333	40	-	373
Heritage Fund	206	119	-	325
Primary Care Trust – Physical Activities	-	300	-	300
Sports Centre Contingency	300	-	-	300
Schools Harmonisation	-	300	-	300
Summer Term Reserve	-	279	-	279
Home Adaptations	233	-	-	233
Children's Care Services Review	-	223	-	223
Schools Service IT Reserve	-	204	-	204
Contact Point	200	-	-	200
Empty Property Strategy	271	-	(161)	110
Investment Strategy	229	-	(30)	199
Tourism	328	-	(117)	211
Equal Pay Arrears (Schools)	363	-	(363)	-
Wirral and N Wales Purchasing Org	11	-	(11)	-
Other	<u>3,814</u>	<u>1,584</u>	<u>(1,673)</u>	<u>3,725</u>
	<b>66,753</b>	<b>23,255</b>	<b>(10,913)</b>	<b>79,095</b>

The major reserves are maintained for the following purposes:-

### Housing Benefit

There is an ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy against recent years and sums set-aside for the further development of the Integrated Benefits and Council Tax IT system that was implemented during 2006.

### **Insurance Fund**

This is primarily required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation which seeks to estimate the ultimate claims arising in respect of each risk period, adjusted to allow for any subsequent deterioration in the Council's claims experience. The basis for calculating the provision is claims not yet reported but anticipated.

### **Schools Balances**

These reserves are earmarked for use purely by the schools. The balance consists of: -

	<b>£000</b>
Schools Underspending	10,589
Schools Overspending	<u>(1,239)</u>
	<u>9,350</u>

### **Debt Restructuring and Financing**

To cover the premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.

### **Working Neighbourhoods Fund**

Working Wirral resources to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills levels and increasing enterprise, business growth and investment. Significant requests for funding were received, requiring prioritisation of the applications which was finalised in October 2008.

### **Local Pay Review**

The amount identified, and set-aside, to fund the costs of implementing proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation.

### **Minimum Revenue Provision (MRP)**

The Capital Finance and Accounting Regulations 2008 introduced new methods for calculating the MRP. The reserve has been established to offset any resultant increase in costs.

### **Schools Capital Schemes**

The reserve was set aside for the delivery and completion of capital schemes within schools.

### **Supporting People Programme**

Permission has been granted from the Department for Communities and Local Government to retain any administration and specific programme grant for use in future years. This reserve is to be spent on a number of initiatives to support people in need to live in their own homes.

### **Private Finance Initiative (PFI) Revenue**

A Government Grant supports the PFI Scheme and the Council has agreed that the surplus grant received in the early years should be carried forward to offset PFI costs in future years.

### **IT Reserve**

For the expansion and development of ICT services in the implementation of the programme agreed as part of the IT Strategy.

### **Connexions Partnership Pension**

The Council, along with other Councils on Merseyside has agreed to commission Greater Merseyside Connexions Partnership for the delivery of information services to young people and provide a financial guarantee for the potential unfunded pension liabilities. The Partnership is an admitted body of the Merseyside, Pension Fund and the Wirral share of the guarantee has been assessed as £1.38m (apportioned on population across Merseyside).

### **Former HRA Contingency**

There are a number of outstanding liabilities that may arise in later years relating to the former Housing Revenue Account. These include outstanding contract retentions, rechargeable jobs and potential insurance claims. The reserve also provides for any other unforeseen liabilities relating to the HRA that may arise in the future.

### **Schools Contingency**

Created to cover formula errors that would have been unknown at the time schools budgets were set. Such adjustments may result in an additional budget being allocated from this reserve. Also includes £200,000 for meeting 50% of the increased insurance costs to schools.

### **Dedicated Schools Grant**

The additional Dedicated Schools Grant that was received less the 2007-08 overspend on the schools budget. This will be included in the 2009-10 formula distribution to schools.

### **Matching Fund**

The aim is to provide funds for any special initiatives that may arise involving grants, which will need to be matched by the Authority.

### **One Stop Shop IT Network**

To develop the Information Technology systems within the One Stop Shops.

### **Heritage Fund**

To provide funding for individuals, associations and communities to enhance the recording, preservation and protection of the urban, maritime and rural heritage of Wirral.

### **Primary Care Trust – Physical Activities**

Funding from the primary care trust for health related schemes that will occur in 2009-10. These will take place in Council sports centres and be organised by Sport Development.

### **Sports Centres**

To assist in developing the programme for youth participation in sporting activities.

**Schools Harmonisation**

To fund the potential costs associated with implementing Phase 2 of the local pay review which relates to those employees within schools.

**Summer Term Reserve**

To cover the cost of advisory teachers in the summer term in the event of schools not deciding to purchase services.

**Home Adaptations**

To facilitate a programme of minor adaptations to improve standards of living.

**Children's Care Services Review**

To fund costs of the review of Children's Social Care services as a result of the Baby P case. This involves a detailed review of all activity and aims to identify areas where improvement is needed to ensure that children in Wirral are fully protected.

**Schools Service IT**

To support the service in the event of demands for IT support by schools changing in future years.

**Contact Point**

The reserve is the carrying forward of part of the Standards Fund grant from 2007-08 to fund the future Contact Point programme.

**Empty Property Strategy**

To partly fund the pilot scheme to redevelop empty properties and convert into habitable accommodation.

**Investment Strategy**

To fund initial consultancy studies required as part of the overall Investment Strategy.

**Tourism**

To support the project funded from European grants 'Marketing Wirral for Tourism'.

**Wirral and North Wales Purchasing Organisation**

The purchasing consortium has been dissolved and the Council's share of the final settlement of all outstanding liabilities was paid in 2007-08.

### 38. BALANCES

An analysis of the consolidated balances is provided below:

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
General Fund	11,115	8,282
Collection Fund - Wirral Council	<u>(1,220)</u>	<u>(338)</u>
	<b>9,895</b>	<b>7,944</b>

### 39. INSURANCE FUND

<b>2007-08</b>			<b>2008-09</b>	
<b>£000</b>			<b>£000</b>	<b>£000</b>
18,283	Opening Balance			19,309
5,284	Add: Premium received - current	5,327		
310	Investment Income	<u>174</u>		
				5,501
3,168	Less: Claims paid	1,407		
<u>1,400</u>	Transfer to Revenue	<u>5,081</u>		
				<u>6,488</u>
<b>19,309</b>	Closing Balance			<b>18,322</b>

The closing balance consists of: -

<b>2007-08</b>		<b>2008-09</b>
<b>£000</b>		<b>£000</b>
4,596	Provisions	5,748
<u>14,713</u>	Reserves	<u>12,574</u>
<b>19,309</b>		<b>18,322</b>
<u>790</u>	Available for sale reserve	<u>746</u>
<b>20,099</b>	<b>Total Equity</b>	<b>19,068</b>

The Insurance Fund has been partially externally invested. At 31 March 2009 the market value of the investments was £1,565,617 this being £746,386 more than cost. No provision has been made for any consequent loss on these investments.

The purpose of the Insurance Fund is to assist the Council in its aim of achieving the widest protection at the lowest possible cost.

The Fund is used to cover those levels of losses that the Council can expect to experience in any financial year. It is also used to provide protection against risks that the Insurance market is unwilling or unable to underwrite.

The Insurance Fund investment portfolio, consisting of gilts and equity shares, is classed as available for sale financial asset. Consequently, they need to be carried at fair value. The available for sale reserve represents the difference between this valuation and original book value.

#### 40. COLLECTION FUND

The balance is that in respect of Council Tax and is shared in proportion to the precepts on the Collection Fund. The deficit will increase the Council Tax required to finance expenditure. In the Balance Sheet Police and Fire are classed as debtors.

Payable from	£000
Wirral Council	337

#### 41. TRUST FUNDS

The Council acts as trustee for a number of trust funds. These do not represent assets of the Council and have not been included in the Balance Sheet. The trusts and their purposes are summarised below.

	<b>Balance</b> <b>1.4.08</b> £	<b>Income</b> £	<b>Outlay</b> £	<b>Balance</b> <b>31.3.09</b> £
<b>Children and Young People</b>				
EF Callister to promote youth development	372,822	-	-	372,822
Stitt Scholarship for educational achievement	35,710	658	70	36,298
RJ Russell Prize for educational achievement	83,745	1,543	-	85,288
Criminal injuries transferred from Social Services	55,400	7,399	20,800	41,999
Other funds	<u>88,216</u>	<u>5,607</u>	<u>3,603</u>	<u>90,220</u>
	<b>635,893</b>	<b>15,207</b>	<b>24,473</b>	<b>626,627</b>

The fund assets are as follows:-

	<b>Balance</b> <b>1.4.08</b> £	<b>Balance</b> <b>31.3.09</b> £
Property	372,822	372,822
Investments:-		
CLIA	248,360	238,110
Equities	6,922	6,922
Cash	<u>7,789</u>	<u>8,773</u>
	<b>635,893</b>	<b>626,627</b>

#### 42. PENSIONS

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although benefits are not actually payable until employees retire, the Authority has a commitment to disclose the payments that need to be made at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

**Teachers:**

Teachers employed by the Authority are members of the Teachers' Pensions Scheme, administered by the Department for Children, Schools and Families. It provides teachers with defined benefits upon their retirement, and the Authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

In 2008-09 the Council paid £13.1m to the Teachers Pensions Agency in respect of teachers' pension costs, based on a contribution rate of 14.1%. The figures for 2007-08 were £14.9m and 14.1%.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers Pensions use a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities. However, it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

Additionally, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2008-09 these amounted to £0.1m representing 0.1% of pensionable pay.

**Other employees:**

For other employees the Council operates a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2008-09 the Council paid an employers contribution of £26.6m into the Pensions Fund representing a contribution rate of 16.9% of pensionable pay.

The latest actuarial report (31 March 2007) has indicated that the liabilities of Fund exceed the assets at that date by £1,063m, giving a funding level of 80%. The recommended employer contribution rate for 2009-10 is 17.3%. This is calculated to correct any imbalance between the assets of the Fund and the funding target.

Additionally, the Council is responsible for all pension payments relating to added years' benefits it has awarded together with the related increases. In 2008-09 these amounted to £4.0m representing 2.4% of pensionable pay.

Under the 2008 SORP the Council has adopted the amendment to FRS17, retirement benefits. As a result, quoted securities held as assets in the defined benefit scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £575m to £583m, resulting in a reduction in the pension deficit of £8m (31 March 2007 an increase of £1m). Current and prior year surpluses have been unaffected by this change.

### Transactions relating to retirement benefits

The cost of retirement benefits in the Net Cost of Services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable each year, so that the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and the Statement of Movement in the General Fund Balance during the year:

#### Income and Expenditure Account

	Local Government Scheme		Teachers Pension Scheme	
	2007-08	2008-09	2007-08	2008-09
	£'000	£'000	£'000	£'000
Net Cost of Services:				
Current Service cost	21,037	24,547	0	0
Past Service costs	6,995	78	0	0
Curtailment costs	820	591	164	508
Net operating Expenditure:				
Interest cost	41,590	53,872	1,705	2,120
Expected return	(37,792)	(38,495)		
	32,650	40,593	1,869	2,628
Statement of Movement in the General Fund Balance:				
Reversal of net charges made for retirement benefits in accordance with FRS17	(32,650)	(40,593)	(1,869)	(2,628)
Amount charged against the General Fund Balance :				
Employers contributions payable to scheme	24,495	26,624	2,928	3,005

In addition to the gains and losses included in the Income and Expenditure Account, actuarial gains of £50,140,000 (£103,127,000 restated loss in 2007-08) were included in the Statement of Total Recognised Gains and Losses.



## Assets and Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities - Local Government Scheme		Unfunded Liabilities - Teachers Pension Scheme	
	2007-08 £'000	2008-09 £'000	2007-08 £'000	2008-09 £'000
Liabilities at 1 April	(769,216)	(880,347)	(33,043)	(36,254)
Current Service cost	(21,037)	(24,547)	0	0
Interest cost	(41,590)	(53,872)	(1,705)	(2,120)
Actuarial gains and (losses)	(59,792)	188,784	(4,270)	4,855
Past service costs	(6,995)	(78)	0	0
Contributions by scheme participants	(7,907)	(9,003)	0	0
Curtailments	(820)	(591)	(164)	(508)
Benefits paid	27,010	27,942	2,928	3,005
Liabilities at 31 March	<b>(880,347)</b>	<b>(751,712)</b>	<b>(36,254)</b>	<b>(31,022)</b>

### Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Merseyside Pension Fund liabilities have been assessed by William M. Mercer, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2007.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2007-08	2008-09
Long-term expected rate of return on assets in the scheme:		
Equity Investments	7.5%	7.5%
Government Bonds	4.6%	4.0%
Other Bonds	6.1%	6.0%
Property	6.5%	6.5%
Cash/Current assets	5.25%	0.5%
Other	7.5%	7.5%
Mortality assumptions:		
Longevity at 65 for future pensioners:		
Men	20	20
Women	23	23
Longevity at 65 for future pensioners:		
Men	21	21
Women	24	24
Rate of inflation	3.60%	3.3%
Rate of increase in salaries	4.85%	4.55%
Rate of increase in pensions	3.60%	3.3%
Rate for discounting scheme liabilities	6.10%	7.1%
Demographic assumptions		
One half of members take the maximum lump sum commutation, others take 3/80ths.		

The Local Government Pension Schemes assets consist of the following categories, by proportion of the total assets held:

	<b>31 March 2008</b>	<b>31 March 2009</b>
	%	%
Equity Investments	57.5	53.6
Government Bonds	16.1	17.7
Other Bonds	5.9	4.8
Property	8.7	9.3
Cash/Current assets	4.5	4.2
Other	7.3	10.4
	<b>100.0</b>	<b>100.0</b>

Reconciliation of fair value of the scheme assets:

	<b>2008-09</b>
	<b>£'000</b>
Assets at 1 April	582,775
Expected rate of return	38,495
Actuarial gains and losses	(143,499)
Employer contributions	26,624
Contributions by scheme participants	9,003
Benefits paid	(27,942)
At 31 March	<b>485,456</b>

The actual return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a loss of £105,004,000 (2007-08 loss of £8,722,000).

Scheme history

	<b>Estimated Liabilities</b>	<b>Estimated Assets</b>	<b>Net Liability</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Local Government Scheme</b>			
31/3/07	(769,216)	578,731	(190,485)
31/3/08	(880,347)	582,775	(297,572)
31/3/09	(751,712)	485,456	(266,256)
<b>Teachers Pension Scheme</b>			
31/3/07	(33,043)	0	(33,043)
31/3/08	(36,254)	0	(36,254)
31/3/09	(31,022)	0	(31,022)
<b>Totals</b>			
31/3/07	(802,259)	578,731	(223,528)
31/3/08	(916,601)	582,775	(333,826)
31/3/09	(782,734)	485,456	(297,278)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £297.3m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £87.8m.

Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as the deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

#### **43. THE EURO – Economic Monetary Union**

At 31 March 2009 the Authority has not entered into any financial commitments that are attributable to the Euro. The Authority will produce a changeover plan once the requirements and formats have been agreed nationally. Funding is from the Information Strategy reserve although any precise requirement has yet to be determined.

#### **44. EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Director of Finance on 26 June 2009. Accordingly, this represents the date up to which events after the Balance Sheet date have been considered.

#### **45. CONTINGENT ASSETS AND LIABILITIES**

##### **Greater Merseyside Connexions Partnership**

The Council along with other Councils on Merseyside have agreed to commission the Partnership for the delivery of information services to young people in the period 2008-2011. The Council have agreed to provide a financial guarantee for the potential unfunded liabilities of the Pension Fund. The Partnership is an admitted body of the Merseyside Pension Fund and Wirral's share of the guarantee has been assessed as £1.38m (apportioned on population across Merseyside).

##### **Wirral Partnership Homes**

On the transfer of the Council housing stock in 2005 an environmental warranty was agreed with Wirral Partnership Homes (WPH). This warranty requires remediation of any environmental contamination. It has been agreed that the funding of such costs will be from the Community Fund that is administered by WPH and the Council.

The Community Fund is administered by WPH but all expenditure must be agreed by both WPH and the Council. The utilisation of the Fund by each organisation must be in accord with the agreed purposes of improving the economic, environmental and social wellbeing of Wirral's residents and compliance with the charitable objectives of WPH.

##### **Pay Review**

As a consequence of the National Joint Council (NJC) for Local Government Services pay award the Council is implementing a Local Pay Review which is being backdated to 1 April 2007. The review is addressing any equality issue in relation to equal pay for work of equal value and whilst substantially complete the final cost is not yet known. The accounts include sums set aside as a contribution towards these additional costs.

The Council also undertook a negotiated settlement of its equal pay obligations. With the payment of back pay for certain employees relating to past years service made a small number of cases remain to be settled and to date the Council has received a small number of claims. There is the likelihood of further potential liabilities or amounts that may be required to settle obligations.

### **Development and Investment**

A potential liability exists if the New Brighton Neptune development does not proceed as planned as a consequence of funders withdrawing their financial support. There would be a financial consequence to the Council if Phase 1 is not completed and Phase 2 not proceeded. This would be funded from the Council's own resources.

The Newheartlands (Housing Market Renewal Initiative) involves a substantial programme of clearance and redevelopment in Birkenhead and Wallasey. A potential liability exists if the developments do not proceed given the current economic situation.

## **46. RECONCILIATION OF SURPLUS/DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT TO NET CASH FLOW**

	<b>£000</b>	<b>£000</b>
(Surplus) / Deficit on Income and Expenditure (I and E) Account		41,283
<b><i>Adjusted for non cash items in I and E Account:</i></b>		
Depreciation and Impairment	(39,075)	
Government Grants Deferred amortisation	3,047	
Movement in provision for bad debt	(2,589)	
Non cash items relating to the disposal of fixed assets	(6,900)	
Increase in provision charged to service	(3,293)	
Provisions applied / written back	6,313	
Deferred debt redemption premium	(105)	
Charges for retirement benefits accordance with FRS17	(43,221)	
Other non-cash movement	<u>3</u>	
		(85,820)
<b><i>Other Adjustments</i></b>		
Actual amount paid to Pension Fund	29,628	
Collection fund net movement - Billing Authorities only	<u>(883)</u>	
		28,745
<b><i>Movement in working capital :</i></b>		
Increase / (decrease) in long and short term debtors	4,047	
(Increase) / decrease in long and short term creditors	2,126	
Increase / (decrease) in stock / WIP	<u>(124)</u>	
		6,049
<b><i>Adjust for items which appear elsewhere in the statement</i></b>		
Servicing of Finance	(11,305)	
Returns on investment	4,973	
Deferred Charges / REFCUS	(18,828)	
Capital Grant funding of deferred charges / REFCUS	<u>16,539</u>	
		(8,621)
<b>Net Cash Flow From Revenue Activities</b>		<b>(18,364)</b>

#### 47. RECONCILIATION OF THE MOVEMENT IN CASH TO MOVEMENT IN NET DEBT

	Balance 1 April 2008 £000	Cash Flow £000	Non- cash flow £000	Balance 31 March 2009 £000
Cash in hand	5,660	(300)		5,360
Short term borrowing	(3,345)	(8,455)	(14,173)	(25,973)
Long term borrowing	(283,872)	0	13,650	(270,222)
Short term investments	77,186	(2,854)	0	74,332
	<b>(204,371)</b>	<b>(11,609)</b>	<b>(523)</b>	<b>(216,503)</b>

The Accounting Standard FRS1 defines net borrowing as borrowing less liquid resources. This definition excludes debtors and creditors because, while these are short-term claims on and sources of finance to the Council, their main role is as part of the Council's operating activities.

#### 48. LIQUID RESOURCES

These are current asset investments, which are of a short-term nature and can be disposed of at reasonably short notice without curtailing or disrupting the Council's activities. The investments are readily convertible into known amounts of cash at or close to its carrying amount, or traded in an active market. The amounts shown within the financing and management of liquid resources section of the cash flow statement is the difference between the opening and closing balances for short investments.

#### 49. ANALYSIS OF GRANTS

	<b>2008-09</b> <b>£,000</b>
<b>Capital Grants</b>	
Housing Market Renewal	13,047
Standards Fund	10,630
Regeneration	9,632
Floral Pavilion	7,674
Infrastructure	3,768
HMRI	3,115
Extra Care Grant	1,565
Disabled Facilities Grant	1,073
Local Public Service Agreement	257
Birkenhead Park	185
Mental Health Single Capital Pot	174
Social Care Single Capital Pot	164
IT Management Information Grant	119
Other	201
<b>Total</b>	<b>51,604</b>

	<b>2008-09</b>
	<b>£,000</b>
<b>Revenue Grants</b>	
Dedicated Schools Grant	183,718
Housing Benefit and Council Tax Benefit Subsidy	131,506
Area Based Grant	29,107
Standards Fund	21,641
6th Form	18,793
Revenue Support Grant	18,015
Schools Standards Grant	10,516
Supporting People	10,341
Sure Start, Early Years, Child Care	9,049
Private Finance Initiative	5,471
HMRI	2,290
Local Authority Business Growth Incentive	1,725
Adult and Community Learning	1,021
Youth Offending	935
Social Care Reform	651
Youth Opportunity Fund	317
Drug Action Teams	274
Family Intervention Project	210
Contact Point	164
Communities for Health	120
Adult Stroke Services	105
Other	146
<b>Total</b>	<b>446,115</b>

## **50. RECONCILIATION OF FINANCING AND MANAGEMENT OF LIQUID RESOURCES**

	Short term Investments	Long term borrowing	Short term borrowing
	£000	£000	£000
Balance at 1 April 2008	77,186	(283,872)	(3,345)
<b>Cash flow items:</b>			
Loans raised		0	(21,800)
Loans repaid		0	13,345
Investments made / (repaid)	(2,854)	0	0
Non cash item		13,650	(14,173)
Restatement	(1,989)	0	0
<b>Balance at 31 March 2009</b>	<b>72,343</b>	<b>(270,222)</b>	<b>(25,973)</b>

## **51. NON CASH TRANSACTIONS/FURTHER ANALYSIS TO HELP INTERPRETATION**

With reference to Notes 46 to 50 the non cash transaction relates to a combination of:-

- The adjustment required to reclassify any long term loans due to be repaid during the next financial year as short term debt.
- The reclassification of deferred revenue expenditure which from 2007-08 has been in long term borrowing.

## ADDITIONAL FINANCIAL STATEMENTS

### COLLECTION FUND

#### INCOME AND EXPENDITURE ACCOUNT

2007-08 £000		2008-09 £000	£000
	<b>Income</b>		
113,437	Council Tax (Note 2)	118,186	
	Transfers from General Fund:-		
25,308	Council Tax Benefits	26,482	
69	Pensioner Discounts	158	
	Income Collectable from		
55,552	Business Rate Payers (Note 3)	62,299	
	Contribution from Preceptors to previous		
	years estimated deficit (note 5)	<u>591</u>	
<u>194,366</u>			207,716
	<b>Expenditure</b>		
138,654	Precepts from District, Police and Fire (Note 4)	143,392	
	Business Rate		
55,201	- Payment to National Pool	61,943	
351	- Costs of Collection	356	
	Bad and Doubtful Debts		
488	- Provisions	998	
	Contribution to Preceptors from previous		
	years estimated surplus	<u>-</u>	
<u>195,194</u>			206,689
<u>(828)</u>	<b>Movement on Collection Fund Balance</b>		<u>1,027</u>

#### COLLECTION FUND BALANCE

2007-08 £000		2008-09 £000
(591)	Fund Balance b/f 1 April	(1,419)
<u>(828)</u>	Movement in year	<u>1,027</u>
<u>(1,419)</u>	<b>Fund Balance c/f 31 March</b>	<b>(392)</b>



## NOTES TO THE ADDITIONAL FINANCIAL STATEMENTS

### COLLECTION FUND

#### 1. GENERAL

These accounts represent the statutory requirement to establish and maintain a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates (NNDR).

#### 2. INCOME FROM COUNCIL TAX

The Authority set a Council Tax in 2008-09 for each band of dwelling as shown below:

<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>	<b>Band</b>	<b>£</b>
A	919.10	C	1,225.47	E	1,685.02	G	2,297.75
B	1,072.28	D	1,378.65	F	1,991.38	H	2,757.30

The Council Tax was set estimating the number of properties in each band, after allowing for discounts and a 1.5% provision for non-collection. The tax in each band is set in relation to Band D. The maximum is Band H which is twice Band D. The minimum is Band A which is 2/3 of Band D.

The properties making up the estimated tax base are shown below. A number of adjustments are made to reflect the estimated reductions, reliefs and exemptions that apply to properties in each band. This gives the number of effective properties in each band, which is converted into the band D equivalent using the ratios given:

<b>Band</b>	<b>No. of Properties</b>	<b>Less Discounts</b>	<b>Effective Properties</b>	<b>Band Ratio</b>	<b>Band D Equivalent</b>
A	58,422	11,242.50	47,179.50	6/9	31,453.00
B	30,383	3,819.00	26,564.00	7/9	20,660.90
C	27,005	2,728.50	24,276.50	8/9	21,579.10
D	12,912	1,138.75	11,773.25	1	11,773.30
E	8,043	641.25	7,401.75	11/9	9,046.60
F	4,295	315.50	3,979.50	13/9	5,748.20
G	3,111	208.50	2,902.50	15/9	4,837.50
H	259	42.00	217.00	18/9	434.00
	<u>144,430</u>	<u>20,136.00</u>	<u>124,294.00</u>		<u>105,532.60</u>
					Add Government Dwellings 4.00
					Add Band A Disabled Relief Band D Equivalent <u>56.50</u>
					<b>Total 105,593.10</b>

After a 1.5% provision for uncollectables, the overall tax base for the Authority totalled 104,009.

The amounts credited to the Collection Fund for Council Tax are as follows: -

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Cash Payable	113,437	118,186
Council Tax Benefit	25,308	26,482
Pensioner Discounts	<u>69</u>	<u>158</u>
	<b>138,814</b>	<b>144,826</b>

### **3. INCOME FROM BUSINESS RATE PAYERS**

The Authority collects Non-Domestic rates for its area. This is based on local estimated rateable values. The estimated rateable value is split between general and small business. For 2008-09, the total rateable value was £157,196,951. Of this, £144,195,566 related to general business, charged at £0.462. Total small business was £13,001,385, charged at £0.458. This gave an opening charge of £72.6m.

The total amount less certain relief and costs of collection is paid to a central pool managed by the Central Government with the amount paid over being £61.9m. The pool pays back to authorities an amount based on a standard amount per head of the local adult population and this is paid into the Authority's General Fund. The total rateable value of all hereditaments within the Authority area at 31 March 2009 was £155,877,636.

### **4. PRECEPTS**

The Collection Fund paid the following precepts during the year: -

	<b>2007-08</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
Wirral Council	119,338	123,217
Merseyside Fire and Civil Defence Authority	6,020	6,247
Merseyside Police Authority	<u>13,296</u>	<u>13,928</u>
	<b>138,654</b>	<b>143,392</b>

### **5. CONTRIBUTION FROM/TO COLLECTION FUND**

A year-end surplus/deficit on the Council Tax element of the Collection Fund is only distributed/recovered between the billing and precepting authorities where an estimated surplus/deficit has already been notified to those authorities. For 2007-08 the surplus notified to the precepting authorities in respect of 2007-08 and distributed in 2008-09 was: -

	<b>2008-09</b>
	<b>£</b>
Wirral Council	508,670
Merseyside Fire and Civil Defence Authority	25,650
Merseyside Police Authority	<u>56,680</u>
	<b><u>591,000</u></b>

## 6. BALANCES

The balance is in respect of Council Tax and is shared in proportion to the precepts on the Collection Fund. The deficit allocated on the basis of the 2009-10 precept votes is as below. In the Balance Sheet Police and Fire are classed as debtors.

Payable from:

	<b>£000</b>
Wirral Council	337
Merseyside Police Authority	17
Merseyside Fire and Civil Defence Authority	<u>38</u>
	<b>392</b>

## MERSEYSIDE PENSION FUND ACCOUNTS

### FINANCIAL STATEMENTS

#### FUND ACCOUNT

For the year ended 31 March 2009

	Note	2008 £000	2009 £000
<b>Contributions and Benefits:</b>			
Contributions receivable	3	216,773	246,019
Transfers in		<u>21,168</u>	<u>18,436</u>
		<b>237,941</b>	<b>264,455</b>
Benefits payable	4	195,130	211,346
Leavers	5	13,764	15,121
Administration expenses		<u>3,348</u>	<u>3,860</u>
		<b>212,242</b>	<b>230,327</b>
<b>Net additions from dealings with members</b>		<b>25,699</b>	<b>34,128</b>
<b>Return on Investments:</b>			
Investment Income	6	71,505	71,070
Change in market value of investments	7	(137,458)	(828,749)
Exchange		(430)	(2,922)
Investment management expenses	8	<u>(4,961)</u>	<u>(4,640)</u>
<b>Net return on Investments</b>		<b>(71,344)</b>	<b>(765,241)</b>
Net increase/(decrease) in the Fund during the year		(45,645)	(731,113)
Net Assets of the Fund start of the year		<u>4,300,977</u>	<u>4,255,332</u>
<b>Net Assets of the Fund end of the year</b>		<b>4,255,332</b>	<b>3,524,219</b>

#### NET ASSETS STATEMENT AS AT 31 MARCH

	Note	2008 £000	2009 £000
<b>Investments</b>	<b>7</b>		
Fixed Interest Securities		-	-
Index - linked Securities		-	-
Other Investments		216,073	265,480
Equities		1,124,734	1,249,811
Managed or Unitised Funds		2,434,630	1,669,189
Derivative Contracts		-	997
Properties		295,350	199,535
Short Term deposits		<u>100,778</u>	<u>73,597</u>
		<b>4,171,565</b>	<b>3,458,609</b>
<b>Other Assets and Liabilities</b>	<b>9</b>	<b>83,767</b>	<b>65,610</b>
<b>Net Assets of the Fund at 31 March</b>		<b>4,255,332</b>	<b>3,524,219</b>

## **NOTES TO THE PENSION FUND ACCOUNTS**

### **1. GENERAL**

Although the Scheme is exempt from the requirements of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, the financial statements have been prepared in accordance with these regulations and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (the SORP) May 2007.

The financial statements record the transactions of the Scheme during the year and summarise the net assets at the disposal of the Managers at the end of the financial year. They do not take account of obligations to pay pensions and benefits which fall due after the end of Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statement by the Actuary and these financial statements should be read in conjunction with it.

### **2. ACCOUNTING POLICIES**

#### **Basis of Preparation**

The financial statements are prepared in accordance with applicable UK accounting standards and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes.

#### **Valuation of Investments**

Investments are stated at market value. For this purpose unlisted investments are included at manager's valuation and properties at professional valuation. For listed securities the stock exchange values are used. The values as at March 2009 are shown at bid price, i.e. the price which the Fund would have obtained should the securities have been sold at 31 March 2009. The equivalent values as at 31 March 2008 are still as stated in the 2007-08 accounts, at mid price. No retrospective reduction has been made as the estimated average adjustment of 0.25% is not deemed material. Properties have been valued independently by Colliers Erdman Lewis, Chartered Surveyors as at 31 March 2009.

#### **Translation of Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

#### **Investment Income**

Interest on fixed interest stocks and on short term deposits has been accounted for on an accruals basis. Income from equities is accounted for when the related investment is quoted "ex-dividend".

#### **Rental Income**

Rental income from properties is taken into account by reference to the periods to which the rents relate and is shown net of related expenses. The Fund accrues rent up to 24 March each year. Rent received on the Quarter Day, 25 March, is accounted for in full in the following year.

### Contributions and Benefits

Contributions are accounted for on an accruals basis. Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year end.

### Transfers to other schemes

Transfer payments relate to those early leavers whose transfers have been paid during the year plus an accrual for future payments in respect of members moving their service to other schemes under bulk transfer arrangements.

### Investment Management Expenses

In accordance with the SORP, costs in respect of the internal investment team are classified as investment management expenses rather than as administrative expenses.

## 3. CONTRIBUTIONS RECEIVABLE

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Employers</b>		
Normal	152,576	162,577
Augmentation	368	134
Deficit Funding	12,095	23,671
<b>Employees</b>		
Normal	<u>51,734</u>	<u>59,637</u>
	<b>216,773</b>	<b>246,019</b>
<b>Relating to:</b>		
Administering Authority	32,018	36,524
Statutory Bodies	158,507	168,001
Admission Bodies	<u>26,248</u>	<u>41,494</u>
	<b>216,773</b>	<b>246,019</b>

There are three elements to deficit funding. A one-off payment of £8m was received on the admission of a transferee employer. Early retirement costs are recovered from employers over periods of up to 5 years. Finally, employers re-imburse the Fund recovers on a monthly basis in respect of the enhanced elements of the monthly pensioners' payroll.

## 4. BENEFITS PAYABLE

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Pensions	164,286	173,545
Lump sum retiring allowances	28,885	34,257
Lump sum death benefits	<u>1,959</u>	<u>3,544</u>
	<b>195,130</b>	<b>211,346</b>
<b>Relating to:</b>		
Administering Authority	28,008	29,784
Statutory Bodies	145,569	155,643
Admission Bodies	<u>21,553</u>	<u>25,919</u>
	<b>195,130</b>	<b>211,346</b>

## 5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Refunds to members leaving service	39	21
Payment for members joining state scheme	(9)	(4)
Individual transfers to other schemes	<u>13,734</u>	<u>15,104</u>
	<b>13,764</b>	<b>15,121</b>

## 6. INVESTMENT INCOME

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Fixed interest securities	515	-
Dividends from equities, managed and unitised funds	44,789	50,297
Net rents from properties	18,337	16,419
Interest on deposits	7,432	3,785
Other	<u>432</u>	<u>569</u>
	<b>71,505</b>	<b>71,070</b>

As at 31 March 2009, £61.6m of stock was on loan to market makers, which was covered by non-cash collateral totalling £65m, giving a margin of 5.5%. Income from stock lending is included within "Other" Investment Income.

The figure of "Dividends from Equities, managed and unitised funds" includes recoverable taxation of £0.65m, (2007-08 £0.74m) plus income from profits from associate and joint ventures of £7.41m (2007-08 £7.903m). Irrecoverable taxation amounted to £2.65m (2007-08 £16.5m). The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, but is not providing for receipt of any such income within these accounts.

## 7. INVESTMENTS

	<b>Market Value</b>	<b>Purchases at cost</b>	<b>Sale Proceeds</b>	<b>Change in Market*</b>	<b>Market Value</b>
	<b>31.3.2008</b>	<b>derivate payments</b>	<b>derivative receipts</b>	<b>value</b>	<b>31.3.2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	1,124,734	922,688	470,417	(327,194)	1,249,811
Managed and Unitised Funds	2,434,630	329,767	730,340	(364,868)	1,669,189
Other	216,073	155,833	65,821	(40,605)	265,480
Derivative					
Contracts	-	-	-	997	997
Properties	295,350	-	-	(95,815)	199,535
Short term deposits	<u>100,778</u>	<u>-</u>	<u>25,917</u>	<u>(1,264)</u>	<u>73,597</u>
	<b>4,171,565</b>	<b>1,408,288</b>	<b>1,292,495</b>	<b>(828,749)</b>	<b>3,458,609</b>

\* Note: The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation. The high volume of sales and purchases reflects changes of external managers during the year.

## Disclosure Note Icelandic Deposits

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Fund had £7.5m deposited across two of these institutions, with varying maturity dates and interest rates as follows:

<b>Bank</b>	<b>Glitnir</b>	<b>Heritable</b>
<b>Date Invested</b>	15.1.2007	23.7.2008
<b>Maturity Date</b>	15.10.2008	10.12.2008
<b>Amount Invested (£000)</b>	5,000	2,500
<b>Interest Rate</b>	6.30%	5.94%
<b>Carrying Amount (£000)</b>	4,990	1,808
<b>Impairment (£000)</b>	469	794

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Fund will be determined by the administrators/receivers.

### Glitnir Bank

Glitnir Bank HF is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. Old Glitnir's latest public presentation of its affairs was made to creditors on 6 February 2009 and can be viewed on its website. This indicates that full recovery of the principal and interest to 15 October 2008 is likely to be achieved. Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic Courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Fund's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of Old Glitnir to enjoy rights in New Glitnir.

The Fund has therefore decided to recognise an impairment based on it recovering the full amount of principal and interest up to 15 October 2008 in the future. The impairment therefore reflects the loss of interest to the Fund until the funds are repaid.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 40p in the £.



No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of deposits is small compared to the total asset value of the bank, in calculating the impairment the Fund has therefore made an assumption that the repayment of priority deposits will be made by 31 March 2010.

Recoveries are expressed as a percentage of the Fund's claim in the administration, which it is expected may validly include interest accrued up to 15 October 2008.

### **Heritable Bank**

Heritable Bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17 April 2009, outlined that the return to creditors was projected to be 80p in the £ by the end 2012 with the first dividend payment of 15p in the £ due in the summer of 2009. The Fund has therefore decided to recognise an impairment based on it recovering 80p in the £. It is anticipated that there will be some front loading of these payments and a final sale of assets will take place after the books have been run down to the end of 2012. Therefore calculating the impairment the Fund has been made the following assumptions re timing and recoveries:

July 2009 – 15%  
July 2010 – 30%  
July 2011 – 15%  
July 2012 – 10%  
July 2013 – 10%

Recoveries are expressed as a percentage of the Fund's claim in the administration, which includes interest accrued up to 6 October 2008.

### **Overall Impact**

The impairment loss recognised in the Fund Account in 2008-09, £1,263,670 has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposit in order to recognise the anticipated loss of interest to the Fund until monies are recovered.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

### **Disclosure note re Transactions Costs**

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. They have been added to purchases, and netted against sales proceeds as appropriate. Transaction costs during the year amounted to £1,213,660. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Equities (segregated holdings)</b>		
UK Quoted	424,028	546,817
Overseas Quoted	<u>700,706</u>	<u>702,994</u>
	<b>1,124,734</b>	<b>1,249,811</b>
<b>Managed* and Unitised Funds</b>		
UK Fixed Interest	276,419	172,351
UK Corporate Bonds	244,601	156,438
Overseas Fixed Interest	-	-
Index-Linked Securities	522,052	442,823
UK Equities	755,235	417,468
Overseas Equities	449,261	274,907
Unlisted Securities (Private Equity)	121,844	146,248
Property Unit trusts	<u>65,218</u>	<u>58,954</u>
	<b>2,434,630</b>	<b>1,669,189</b>

\* All fixed interest / bond holdings are in managed and unitised funds and other than Corporate Bonds, all are public sector securities.

#### **Derivative Contracts**

Futures: DJ Euro STOXX 50 Index Futures expires June 2009  
Economic Exposure Value: £997,000; Market Value £997,000)

- **997**

A Futures Contract is the obligation under a legal agreement to make or take delivery of a specified instrument (for example, a bond or a financial index) at a fixed future date at a price determined at the time of dealing. Merseyside Pension Fund's index futures contracts are externally managed and their objective is to hedge overseas investment positions against adverse index movements.

Futures dealing requires the posting of margin. Initial margin, which must be posted before you can trade and variation margin, the mark-to-market value of the futures contracts you have. Variation margin is exchanged daily and exists to reduce counterparty credit exposure.

Collateral is held in Euro currency and the sterling equivalent amount is £130,607.10.

<b>Other Investments</b>	<b>216,073</b>	<b>265,480</b>
<b>UK properties</b>		
Freehold	247,472	182,038
Leasehold	<u>47,878</u>	<u>17,497</u>
	<b>295,350</b>	<b>199,535</b>
<b>Short term Deposits</b>	<b>100,778</b>	<b>73,597</b>

## 8. INVESTMENT MANAGEMENT EXPENSES

Fees paid to the 11 major investment managers amount to £3.639m and constitute the bulk of the figure of £4.640m investment management fees. Charges vary between fund managers, and between markets and types of security. Charges are calculated as a percentage of the value of the investments. Internal investment management expenses are also included here.

## 9. CURRENT ASSETS AND LIABILITIES

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Assets</b>		
Contributions due	16,341	20,929
Accrued and outstanding investment income	9,168	6,815
Due from stockbrokers	494,166	19,818
Transfer values receivable	2,357	2,357
Cash at Bank	25,624	41,452
Sundries	<u>6,105</u>	<u>6,072</u>
	<b>553,761</b>	<b>97,443</b>
<b>Liabilities</b>		
Due to stockbrokers	461,736	22,844
Transfer values payable	-	-
Provisions	617	1,014
Miscellaneous	<u>7,641</u>	<u>7,975</u>
	<b>469,994</b>	<b>31,833</b>
<b>Total Other Assets and Liabilities</b>	<b>83,767</b>	<b>65,610</b>

The figure of debtors does not include future payments from employers who are making special additional payments in respect of early retirement costs over an agreed number of years.

Included in "Miscellaneous Liabilities" is £3.272m of unpaid benefits.

## 10. COMMITMENTS

Commitments for investments amounted to £217.914m at 31 March 2009.

## 11. RELATED PARTY TRANSACTIONS

Administration and investment management costs include charges by Wirral Council in providing services in its role as administering Authority to the Fund, which amount to £3.286m (2008 £3.275m). Such charges principally relate to staffing required to maintain the pension service. A specific declaration has been obtained from principal officers and Pension Committee members regarding membership of and transactions with such persons or their related parties. No declarable related party transactions have been reported.

## 12. SUMMARY OF MANAGERS' PORTFOLIO VALUES AT 31 MARCH 2009

	£m	%
Externally Managed		
J P Morgan	111	3.2
UBS	264	7.6
Nomura	413	11.9
Schroders	156	4.5
Legal and General (Pooled Assets)	745	21.5
Legal and General (Bonds)	172	5.0
Unigestion	100	2.9
M and G	93	2.7
T T International	90	2.6
Blackrock	92	2.7
Newton	<u>82</u>	<u>2.4</u>
	<b>2,318</b>	<b>67.0</b>
Internally Managed	<u>1,140</u>	<u>33.0</u>
	<b>3,458</b>	<b>100.0</b>

## 13. ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Committee holds assets invested separately from the main fund. In accordance with Regulation 5 (2) (c) of the Pensions Schemes (Management and Investment of Funds) Regulations 1998, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Equitable Life, Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year. As requested by the Local Authority Statement of Recommended Practice (2007-08) an aggregate breakdown between contributions, repayments and change in market value is now available for the balances as at 31 March 2009.

The aggregate amounts of AVC investments are as follows:

	<b>2008</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Equitable Life	3,464	3,076
Standard Life	7,593	5,833
Prudential	<u>3,615</u>	<u>3,864</u>
	<b>14,672</b>	<b>12,773</b>

Changes during the year were as follows:

Contributions	1,502
Repayments	(2,023)
Change in market values	<u>(1,378)</u>
Change in value from 2007-08 published accounts	<b>(1,899)</b>

## 14. BACKGROUND INFORMATION

Merseyside Pension Fund operates the Local Government Pensions Scheme (LGPS) which provides for the occupation pensions of employees (other than teachers, police officers and fire fighters) of the Local Authorities within the Merseyside Area. The current contributing employers are shown below. As at 31 March 2009, there were 50,892 active members, 39,930 pensioners and 27,613 deferred beneficiaries.

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2008-09 included 10 Councillors from Wirral Council, the Administering Authority, plus one Councillor from each of the 4 other Borough Councils, and one member representing the other employers in the scheme. Representatives of trade unions also attended. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes external advisers and consultants.

The Pensions Committee annually reviews its Statement of Investment Principles. The principles ensure that the Fund's investments would continue to be determined by all relevant considerations including the Council's fiduciary duty to employing bodies and the Council Taxpayer, rate of return, risk, environmental, social and governance considerations rather than a blanket policy of disinvestment from any specific industry or sector. The latest review was in November 2008, and is available on the Fund's website [merseysidepensionfund.org.uk](http://merseysidepensionfund.org.uk).

Under the LGPS Regulations, employer contributions are calculated by the Fund's actuary, having regards to the assumptions and methodology set out in the Fund's Funding Strategy Statement (FSS). The most recent Triennial Valuation by the actuary was as at 31 March 2007. The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS specifies a maximum period for achieving full funding of 25 years.

The funding method adopted is the Projected Unit Method, which implicitly allows for new entrants replacing leavers.

The table below sets out the summary of the market (gilts) yields at the valuation date, together with the yields at the date of the previous valuation:

	31 Mar 2004	31 Mar 2007
Long-dated gilt yield	4.60%	4.40%
Long-dated index-linked gilt yield	1.80%	1.30%
Market expectation for inflation (long term)	2.80%	3.10%

The assumptions to which the valuation results are particularly sensitive are:-

### 2007 Funding Target

Investment Return pre-retirement	6.40%
Investment Return post-retirement	5.40%
Salary increases	4.35%
Pension increases in payment	3.10%
Non-retired members mortality	Pension Annuity 92 Medium Cohort Year of Birth tables + 2 years
Retired members mortality	Pension Annuity 92 Medium Cohort Year of Birth tables + 2 years

## **Scheme Employers With Active Members**

### **Scheduled Bodies**

Academy of St Francis  
Belvedere Academy  
Birkenhead Sixth Form College  
Burton Manor Residential College  
Carmel College  
Halewood Parish Council  
Hugh Baird College  
King George V College  
Knowsley Community College  
Knowsley M.B.C.  
Knowsley Parish Council  
Liverpool City Council  
Liverpool Community College  
Liverpool John Moores University  
Mersey Waste Holdings  
Merseyside Fire and Rescue Authority  
Merseyside Integrated Transport Authority (MITA)  
Merseyside Passenger Transport Executive (MPTE)  
Merseyside Police Authority  
Merseyside Waste Disposal Authority  
National Probation Service  
North Liverpool Academy Ltd  
Prescot Town Council  
Rainford Parish Council  
Rainhill Parish Council  
Sefton M.B.C.  
Southport College  
St. Helens Community College  
St. Helens M.B.C.  
Valuation Tribunal Service  
Whiston Parish Council  
Wirral Council  
Wirral Metropolitan College

### **Admission Bodies**

Age Concern - Liverpool  
Arriva North West  
Arvato Government Services  
Association of Police Authorities  
Beechwood and Ballantyne Housing Association  
Beechwood Educare Centre  
Berrybridge Housing Ltd  
Birkenhead Citizens Advice Bureau  
Birkenhead Market Services Ltd  
Birkenhead School (2002)  
Capita Symonds (Sefton)  
Catholic Children's Society  
CDS Housing

Cobalt Housing Ltd  
Commission for Social Care Inspection  
Compass (Scolarest) Liverpool Schools  
Compass (Scolarest) Wirral Schools  
Comtechsa Limited  
Enterprise Liverpool Cleansing  
Enterprise (Liverpool Highways) Ltd  
Enterprise-Liverpool Limited  
Enterprise Liverpool Neighbourhood Grounds  
Geraud Markets Liverpool Ltd  
Glendale (Liverpool Parks Services) Ltd  
Glenvale Transport Ltd/Stagecoach.  
Greater Hornby Homes  
Greater Merseyside Connexions  
Green Apprentices Ltd  
Helena Partnerships Ltd.  
Higher Education European Funding Services Ltd.  
Hochtief Liverpool Schools  
Hochtief Wirral Schools  
Kingswood Colomendy Ltd.  
Knowsley Housing Trust  
LACORS  
Lairdside Communities Trust  
Lee Valley Housing Association Ltd  
Liberata (UK) Ltd.  
Liverpool Association for the Disabled  
Liverpool Church of England Council for Social Aid  
Liverpool Citizens Advice Bureau  
Liverpool Community Rights  
Liverpool Hope University  
Liverpool Housing Trust  
Liverpool Mutual Homes Ltd.  
Liverpool Vision Limited  
Local Government Association  
Merseyside Lieutenancy  
Merseyside Society for the Deaf  
Merseyside Welfare Rights  
Merseyside Youth Association  
Mott Macdonald (M.I.S.)  
Mouchel (2020 Liverpool/Parkman)  
Mouchel (2020 Knowsley Ltd)  
Netherley Citizens Advice Bureau  
North Huyton New Deal New Future  
North Liverpool Citizens Advice Bureau  
Novas Group  
Nugent Care  
One Vision Housing Ltd.  
Partners Credit Union  
Sefton Education Business Partnership  
Sefton New Directions Ltd.  
South Liverpool Housing Ltd

Southern Neighbourhood Council  
Taylor Shaw Catering (St Wilfred's RC School)  
Taylor Shaw New Heys School  
The Peoples Centre  
The Port Sunlight Village Trust  
University of Liverpool  
Upton Hall Convent  
Vauxhall Neighbourhood Council  
Village Housing Association Ltd  
Wavertree Citizens Advice Bureau  
Welsh Local Government Association  
Wirral Autistic Society  
Wirral Council Voluntary Service  
Wirral Partnership Homes Ltd



## **GLOSSARY OF FINANCIAL TERMS**

For the purpose of the Code of Practice the following definitions have been adopted.

### **ACCOUNTING POLICIES**

Define the process whereby transactions and other events are reflected in the financial statements.

### **ACCRUALS**

Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **ACTUARIAL GAINS AND LOSSES**

Changes in actuarial deficits or surpluses that arise because:

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

### **AMORTISATION**

Amortisation is the equivalent of depreciation for intangible assets.

### **AREA BASED GRANT**

This is a Government Grant to support local Authority services in general. It is allocated according to specific policy criteria. A non-ring fenced grant the Council is allowed to spend it to support priorities in their area.

### **AUDIT COMMISSION**

Auditors employed to independently audit the accounts of Local Authorities.

### **BUDGET**

Statement of spending plans for the year.

### **BUSINESS RATES**

See Non Domestic Rates

### **CAPITAL CHARGE**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset or expenditure, which adds to and not merely maintains the value of an existing fixed asset.

### **CAPITAL RECEIPTS**

Money received from the disposal of land and other assets, and for the repayment of grants and loans made the Council.

### **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

This institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

**CODE OF PRACTICE**

Generally taken to be referred to as the Accounting Code of Practice issued by CIPFA. This is a code of accounting practice that Local Authorities in England and Wales must comply with in preparing their financial statements.

**COLLECTION FUND**

Accounts required to be kept by the Council to record all income collected from local taxpayers, showing how this is passed on to other Local Authorities and central Government.

**COMMUNITY ASSETS**

Assets that the local 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 historic buildings.

**CREDITORS**

Organisations and individuals to whom the Council owes money.

**CURRENT LIABILITY**

A loss that is likely to be incurred in the future.

**CURRENT SERVICE COST (PENSIONS)**

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

**CURTAILMENT**

Curtailments show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

**DEBTORS**

Organisations and individuals who owe money to the Council.

**DEFINED BENEFIT SCHEME**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**DEFINED CONTRIBUTION SCHEME**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**DEPRECIATION**

A notional charge representing the extent to which an asset has been worn out or used up during the year.

### **EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, 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, less, where applicable, any grants receivable towards the purchase or use of the asset.

### **FIXED ASSET**

Assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.

### **FRS17**

FRS17 is Financial Reporting Standard 17, the Accounting for Retirement Benefits. The Standard, requires the Council to show its outstanding liability to the Pension Fund in its accounts rather than just the payments made into the Pension Fund in the year.

### **GENERAL FUND**

The main revenue fund of the Council. Day to day spending on services is met from the fund.

### **GOVERNMENT GRANTS**

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **IMPAIRMENT**

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

### **INFRASTRUCTURE ASSETS**

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

### **INTANGIBLE FIXED ASSETS**

"Non-financial" fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights. Purchased intangibles (e.g. software licences) are capitalised at cost, whilst internally developed intangibles are only capitalised where there is a readily ascertainable market for them.

### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in 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 disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

### **INVESTMENTS (NON-PENSION FUND)**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

### **INVESTMENT PROPERTIES**

Interest in land and/or buildings:

- i) in respect of which construction work and development have been completed, and
- ii) which is held for its investment potential, any rental income being negotiated at arm's length.

### **LOCAL AREA AGREEMENT**

LAAs set out the priorities for a local area agreed between central Government and a local area (the local Authority and Local Strategic Partnership) and other key partners at the local level.

### **MINIMUM REVENUE PROVISION (MRP)**

The minimum amount that the Council must charge to the revenue account, for debt redemption.

### **NATIONAL NON-DOMESTIC RATES (NNDR)**

Another name for non-domestic rates.

### **NET BOOK VALUE**

The amount at which fixed assets are included in the Balance Sheet ie. their historical cost or current value less the cumulative amount provided for depreciation.

### **NET CURRENT REPLACEMENT COST**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use ie. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

### **NET EXPENDITURE**

Gross expenditure less specific service income but before the deduction of revenue support grant and local taxation.

### **NET REALISABLE VALUE**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

### **NON-DOMESTIC RATES (NDR)**

A levy on businesses based on national “rateable value” of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

### **NON-OPERATIONAL ASSETS**

Fixed assets held by a local Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

### **OPERATIONAL ASSETS**

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

### **PAST SERVICE COST/GAIN**

For a defined benefit scheme, the increase or reduction 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 revision of retirement benefits.

### **POST BALANCE SHEET EVENT**

Events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Director of Finance.

### **PRECEPT**

This is a charge levied by one Council or other legally specified entity which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

### **PRIOR YEAR ADJUSTMENTS**

These are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- i) the benefits for pensioners and deferred pensioners (ie. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- ii) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## **PROVISIONS AND RESERVES**

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses that are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or balances) that every Council must maintain as a matter of prudence.

## **RECHARGES**

The transfer of costs from one account to another.

## **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. Retirement benefits do not include termination benefits payable as a result of either:

- i) an employer's decision to terminate an employee's employment before the normal retirement date; or
- ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

## **REVENUE EXPENDITURE**

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

This represents capitalisable items of expenditure where no tangible asset exists but where the cost is to be amortised to revenue.

## **REVENUE SUPPORT GRANT (RSG)**

This is a Government grant in aid of local Authority services generally. It is based on the Government's assessment of how much an Authority needs to spend in order to provide a standard level of service.

## **SCHEME LIABILITIES**

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

## **SORP**

Professional guidance issued to assist Local Authority Accounting.

## **SPECIFIC GOVERNMENT GRANTS**

Grants to aid particular services and may be revenue or capital in nature.

**STOCKS**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- i) goods or other assets purchased for resale;
- ii) consumable stores;
- iii) raw materials and components purchased for incorporation into products for sale;

**UNAPPORTIONABLE CENTRAL OVERHEADS**

Overheads for which no user now benefits and that are not apportioned to services.

**USEFUL LIFE**

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

## **FURTHER INFORMATION AND FEEDBACK**

Wirral Council produces the following documents that relate to its plans and finances. Copies of all these documents are available on the Wirral website at [www.wirral.gov.uk](http://www.wirral.gov.uk)

### **CORPORATE PLAN**

This document sets out the Council's strategy and direction for the next five years.

### **COUNCIL TAX EXPLAINED**

This booklet is issued annually with the Council Tax bills and sets out the plans for the coming year.

### **ANNUAL REPORT**

This gives a review of the performance of the Council over the last 12 months and includes a brief overview of the financial position.

### **STATEMENT OF ACCOUNTS**

We welcome your comments on the Statement of Accounts and the information it contains. They will be used to improve future publications.

Was the document useful in helping you understand the Council's finances?

**YES**

**NO**

Would you like to see more information?

**YES**

**NO**

Please write any other comments below:

Please send any responses to Jenny Spick at Financial Services Division, Finance Department, Treasury Building, Cleveland Street, Birkenhead, CH41 6BU.

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