

DERBYSHIRE COUNTY COUNCIL



SUMMARY OF STATEMENT OF ACCOUNTS 2006-07

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INTRODUCTION

The Statement of Accounts set out the financial results of the Council's activities for the year ended 31 March 2007. The County Council manages its affairs to ensure the economic, efficient and effective use of resources and safeguard its assets. This is vital if the Council is to continue to play a leading role in the community and provide high quality services for the benefits of all its residents. This task is shared by all Members and Officers of the Council under the leadership of Cabinet and the Chief Executive. The Director of Corporate Resources and County Treasurer play a particular role in ensuring financial stewardship.

The accounts are prepared following the statutory requirements of the Accounts and Audit Regulations 2003 and in accordance with the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code') which requires that the accounts present fairly the financial position of the County Council. Appropriate accounting policies have been applied consistently and prudent judgments and estimates have been made in compliance with the Code. The Council keeps proper, up to date financial records, maintains effective internal control and risk management systems and takes all reasonable steps to ensure the prevention and detection of fraud and other irregularities.

The purpose of this report is to provide the reader with a summarised version of the Statement of Accounts. It includes brief summaries of the accounting statements included in the Statement of Accounts and in addition a review of the Council's performance.

General Statistics

Derbyshire's population of 753,500 makes it the 11th most populous county, whilst its area of 255,077 hectares, makes it the 20th largest out of 34 English Counties.

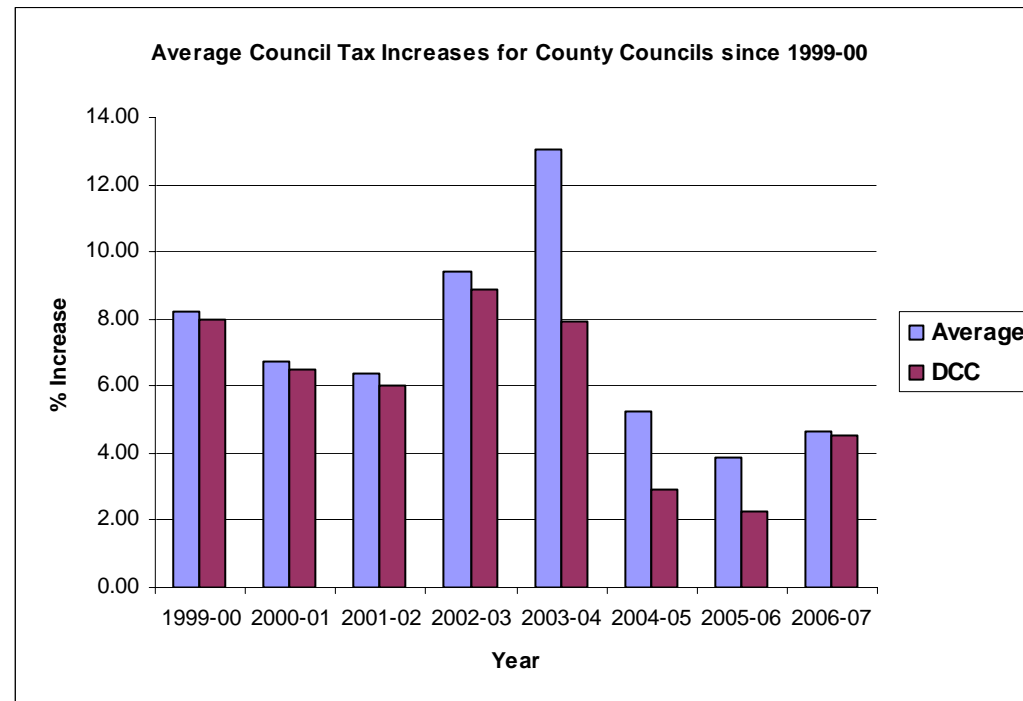
SUMMARY OF THE COUNCIL'S FINANCIAL PERFORMANCE FOR THE YEAR 2006-07

During 2006-07 the County Council was assessed as an organisation by the Audit Commission through a Comprehensive Performance Assessment. CPA measures how well local council's are delivering and improving services to local people and communities distilling complex judgments into a clear rating. One element of this assessment was in relation to Use of Resources. The County Council scored 3 out of 4 for its Use of Resources.

The County Council has long recognized the importance of managing its Use of Resources well. It has, therefore set out a key target in its Council Plan to raise its score for Use of Resources, by steadily improvement, to 4 out of 4 by 2008. An action plan has been developed to deliver this objective.

REVENUE EXPENDITURE

The County Council's revenue budget for 2006-07 is £386.6 million. Government support in the form of Revenue Support Grant and a share of National Non Domestic Rates was £130.2m. This resulted in an increase in Council Tax of 4.5% where the average increase was 4.63%. For comparison purposes below illustrates the average council tax level for all County Council's.



COUNTY FUND INCOME & EXPENDITURE ACCOUNT SUMMARY

The table below shows the council's revenue spending and the sources of finance. Before the start of each financial year the County Council prepares a budget taking account of known commitments and estimated pay and price increases. It deducts income received from charges and other sources and grants received from Central Government for specific services. The Authority's budget requirement is funded from three sources. Revenue Support Grant is a general grant received from central government. National non-domestic rates are levied on non-domestic properties with the rate poundage set by central government. Receipts are re-distributed to individual local authorities based on residential population. The balance is collected from the Council Tax which is based on the assessed capital values of domestic properties into 8 bands.

2005-06					2006-07
Restated					Net
Net					Expenditure
Expenditure		Gross Expenditure	Income	Note	£'000
£'000		£'000	£'000		£'000
397,878	Education	641,439	(569,419)		72,020
6,020	Central	30,979	(23,112)		7,867
518	Courts	1,048	(227)		821
37,269	Cultural, Environmental & Planning	50,108	(7,916)		42,192
50,885	Highways, Roads & Transport	77,068	(31,372)		45,696
182,372	Social Services	315,320	(111,545)		203,775
5,990	Non distributed costs	6,862	(264)		6,598
(18,555)	Non distributed costs- Past service gain	-	-		-
6,498	Corporate & Democratic Core	7,621	(3)		7,618
		-	-		
668,875	Net Cost of Services	1,130,445	(743,858)		386,587
(1,281)	Surplus/Deficit on Trading Operations			1	(1,266)
18,467	Interest Paid				19,584
(10,306)	Interest received				(12,302)
15,519	Pensions Interest cost & expected return on assets			27	11,192
214	Levies & Precepts				227
691,488	Net Operating Expenditure				404,022
(228,536)	Council Tax				(240,990)
(249,792)	RSG				(20,901)
(226,136)	NNDR				(109,255)
(746)	PSA 1 Reward Grant				(1,819)
(923)	Local Authority Business Growth Incentive				(1,521)
(14,645)	(Surplus)/Deficit for the year				29,536

CONSOLIDATED BALANCE SHEET SUMMARY

The balance sheet provides a summary of what the County Council owns (assets) and what it owes (liabilities) at a particular date. In addition it includes the County Fund, from which services are provided, the consolidated loans pool which provides resources for capital spending, and the Direct Labour and Direct Service Organisations.

There are two distinct types of spending the County Council incurs. The first one being revenue spending examples of this type of expense are salaries, wages and running costs which are all funded from that year's income from precepts, grants and other sources. The second type of spending is called capital, this type of expenditure is the provision of assets which will last a number of years for example the building of schools and roads. This expenditure is met from loans and other long term funds. The interest accrued from this long term borrowing will be paid in addition to the repayment of the balance over the life of the asset and hence this will be met from annual income as it is classified as a revenue expense. The table below shows the County's balance sheet for 2006/07.

STATEMENT OF MOVEMENT IN RESERVES

This statement brings together all the recognised gains and losses of the Authority including those which have been recognised in the Income and Expenditure Account and those which have not such as profit and losses upon the disposal of fixed assets.

Statement of Total Movement in Cash Backed Reserves					
	CAPITAL RESERVES		REVENUE RESERVES		TOTAL
	Usable Capital Receipts Reserve £000	Other Capital Reserves £000	General Fund £000	Earmarked Reserves £000	£000
Balance as at 1 April 2006	12,883	6,261	30,207	66,122	115,473
Contribution to/(from) reserves	-3,085	-370	-6,679	8,977	-1,157
Sale of assets	15,590	0	0	0	15,590
Balance 31 March 2007	25,388	5,891	23,528	75,099	129,906

CASH FLOW STATEMENT

The consolidated statement summarises the in-flows and outflows of cash arising from transactions from third parties. It reflects the operations of the Authority as a whole as it includes both revenue and capital expenditure and how this has been financed. It excludes the Superannuation fund and internal transfers between accounts which do not involve transactions with third parties.

CASH FLOW STATEMENT 2006-07 (continued)

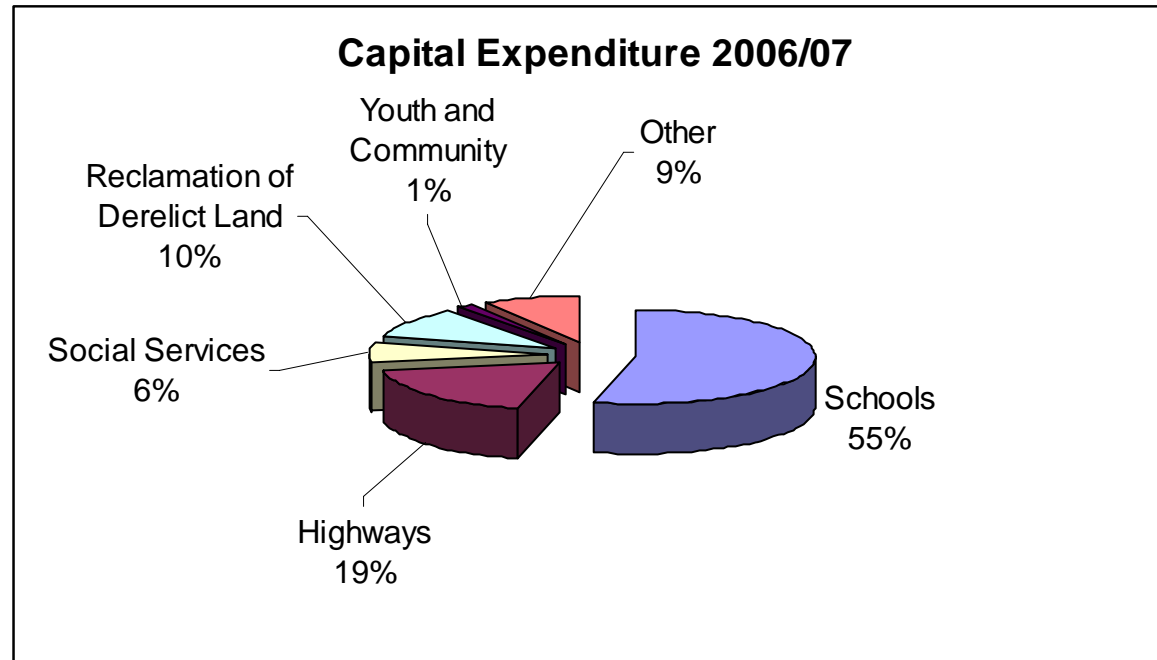
2005-2006 £'000	SUMMARY	Note	£'000	£'000	2006-2007 £'000
REVENUE					
554,949	Outflows	Employees	613,090		
<u>408,337</u>		Other Operating payments	<u>442,479</u>	1,055,569	
(228,536)	Inflows	Precepts	(240,990)		
(226,136)		NNDR	(109,255)		
(249,792)		RSG	(20,902)		
(168,134)		Other govt.grants	(559,855)		
(142,248)		Cash for goods & services	<u>(156,036)</u>	<u>(1,087,038)</u>	
(51,560)	Net cash flow revenue activities	28			(31,469)
SERVICING OF FINANCE					
18,969		Interest paid		16,639	
<u>(10,236)</u>		Interest received		<u>(11,335)</u>	5,304
8,733					
CAPITAL					
97,953	Outflows	Purchase of Fixed Assets		95,143	
	Inflows				
(3,747)		Sales	(15,590)		
(38,281)		Grants	(51,132)		
<u>0</u>		Other		0	
55,925				(66,722)	<u>28,421</u>
13,098	NET CASH (INFLOW) OUTFLOW				2,256
MANAGEMENT OF LIQUID RESOURCES					
19,616		Net inc/dec s-term deposits		27,225	
3,179		Net inc/dec other liquid resources		<u>3,103</u>	30,328
FINANCING					
261	Outflows	Repaymts. amounts borrowed		252	
(37,785)	Inflows	New loans raised		(35,892)	(35,640)
(1,631)	(INCREASE)/DECREASE IN CASH	31			(3,056)

CAPITAL EXPENDITURE

When the Council constructs a building or purchases a piece of land, this type of expenditure is known as Capital Expenditure, the very nature of this expenditure is that it will be of some value to the community for some years to come. In most cases the cost of the asset is spread over a number of years by borrowing and repaying with interest over a period of time. In some circumstances, subject to certain limitations money received from the sale of land or buildings can be used to finance other items of capital expenditure or alternatively to repay outstanding debt on assets originally financed from a loan.

Capital Expenditure 2005-2006 £'000	Services	Capital Expenditure 2006-2007 £'000
	Central and Corporate Services	
281	Change Management and other	3,424
833	Economic Development	478
1,718	County Buildings	2,234
	Education	
54,583	Schools	52,227
2,094	Youth and Community	1,337
	Environmental Services	
21,407	Highways	18,246
103	Transport	0
830	Countryside	464
3,287	Reclamation of derelict land	10,060
1,105	Refuse Disposal	1,682
700	Cultural and Community Services	408
	Social Services	
6,699	Residential Services	2,854
5,067	Day & Community Support Services	3,315
<u>£98,707</u>		<u>£96,729</u>
	Financed from:	
46,614	Loans	35,234
14,991	Capital Receipts and other internal funds	8,147
<u>37,102</u>	Capital grants and contributions	<u>53,348</u>
<u>£98,707</u>		<u>£96,729</u>

The chart below illustrates the County Council's Capital Expenditure for 2006/07



PLANNED FUTURE DEVELOPMENTS

Under the Council's Financial Strategy it has further developed its forward financial plan into a forecast of resources and costs up to 2011-12. The plan indicates significant pressure from both reduced central government funding as part of the next Spending Review which is due to be published in the Autumn of 2007. Also from cost pressures such as Building Schools for the Future, new waste disposal requirements, increasing need for services from vulnerable people and other Council Pan targets as well as ongoing pressures of pay and prices. All this is within the context of keeping council tax rises down to as low as possible.

FURTHER INFORMATION

The full Statement of Accounts for 2006/07 is available on the website at www.derbyshire.gov.uk/council or alternatively you can contact Call Derbyshire on 08456 058 058 and request a copy.

If you have any queries or any other comments relating to the Statement of Accounts please contact John Hancock at john.hancock@derbyshire.gov.uk