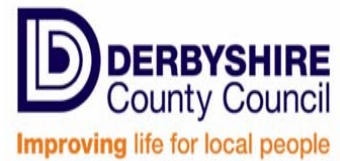


DERBYSHIRE COUNTY COUNCIL



SUMMARY OF STATEMENT OF ACCOUNTS 2007-08

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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 2008. 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 Finance plays a particular role in ensuring financial stewardship.

The accounts are prepared following the statutory requirements of the Accounts and Audit Regulations 2003 (as amended) 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 2007-08

The Audit Commission assesses each local authority at regular intervals through a Comprehensive Performance Assessment (CPA). In 2007/08 the authority was re-assessed on its Use of Resources as part of the annual review of its CPA. The Use of Resources judgement assesses how well the Council manages and uses its financial resources. The Council scored 3 out of 4, the same score as previously. A 3 out of 4 score is classed as "performing well" and helped to contribute to the maintenance of the Council's overall 4 star CPA rating, the maximum score. The Council Plan documents a target to deliver a Use of Resources score of 4 out of 4 by 2009. The Council has made progress towards achieving this score and in consequence has been held up nationally as an exemplar of good practice for its Financial Standing.

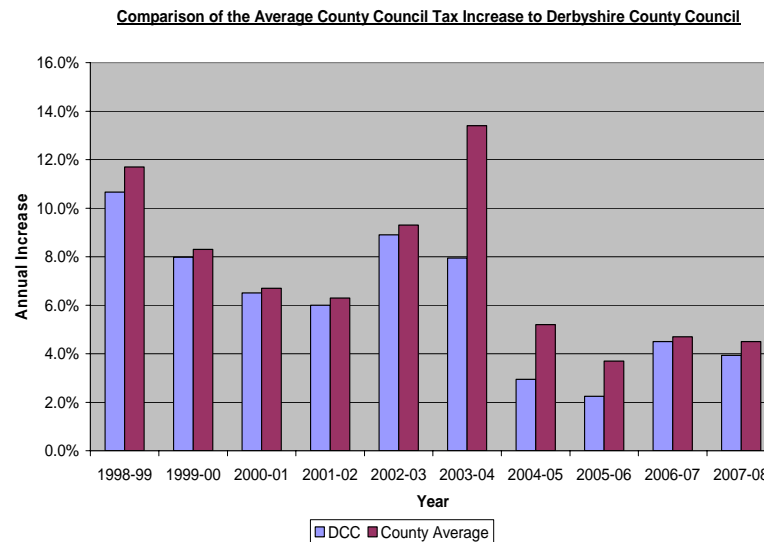
Comment: More information about what use of resources is??

REVENUE EXPENDITURE

The council's net revenue budget for 2007/08 is £389.3 million, an increase of £17.5 million compared to the 2006/07 budget.

There were no changes in the council's responsibilities in 2007/08.

The resulting impact on local taxpayers was an increase in Council Tax of 3.9% or 57p per week on average, amongst the lowest council tax increase of any county council for 2007/08. For comparison purposes the bar chart below illustrates the average increase in council tax for all county councils. This shows that the Council has set a lower increase in Council Tax than the average for all County Councils in each of the last ten years.



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.

2006-07				2007-08	
Net Expenditure				Net Expenditure	
Restated		Gross Expenditure	Income		
£'000		£'000	£'000	£'000	£'000
68,889	Children & Younger Adults	603,266	(557,279)	45,987	
7,867	Central	23,108	(19,099)	4,009	
821	Courts	1,128	(295)	833	
42,192	Cultural, Environmental & Planning	51,365	(5,881)	45,484	
47,030	Highways, Roads & Transport	69,147	(28,391)	40,756	
203,775	Older Adults	316,251	(114,700)	201,551	
6,598	Non distributed costs	18,428	(269)	18,159	
7,618	Corporate & Democratic Core	7,842	(8)	7,834	
384,790	Net Cost of Services	1,090,535	(725,922)	364,613	
(1,266)	Surplus/Deficit on Trading Operations			(1,333)	
19,584	Interest Paid			18,378	
(12,302)	Interest received			(17,029)	
11,192	Pensions Interest cost & expected return on assets			9,764	
	Gain or Loss on disposal of asset			(1,546)	
227	Levies & Precepts			256	
402,225	Net Operating Expenditure			373,103	
(240,990)	Council Tax			(251,759)	
(20,901)	RSG			(19,769)	
(109,255)	NNDR			(117,796)	
(1,819)	PSA 1 Reward Grant			(103)	
(1,521)	Local Authority Business Growth Incentive			(2,047)	
27,739	(Surplus)/Deficit for the year			(18,371)	

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 2007/08.

Consolidated Balance Sheet

31-Mar-07		£000	31-Mar-08		£000
	Fixed Assets				
1,277,864	Land, Buildings		1,340,978		
52,071	Vehicles, plant and equipment		49,787		
184,011	Infrastructure		205,472		
2,986	Community		3,493		
58,928	Non-Operational		59,394	1,659,124	
68,046	Long Term Debtors			64,669	
1,643,906	Total long-term assets			1,723,793	
	Current Assets				
4,368	Stocks/WIP		4,558		
47,536	Debtors		50,789		
258,801	Short term investments		289,476		
3,910	Landfill Allowances		3	344,826	
	Current Liabilities				
-126,620	Creditors		-130,846		
-8,877	Temporary loans		-16,122		
	Short term loans – PWLB		-6,002		
-22,279	Cash overdrawn		-21,053	-174,023	
1,800,745	Total assets less current liabilities			1,894,596	
-414,173	Long term borrowing			-414,480	
-5,963	Loan liability OLAS			-5,689	
-390,146	Liability relating to defined benefit pension scheme			-476,775	
-112,813	Government grants deferred			-157,317	
-6,046	Provisions Insurance Fund			-6,945	
-10,715	Other			-6,150	
860,889	Total assets less liabilities			827,240	
	Represented by:				
0	Capital Revaluation Reserve		22,851		
1,121,563	Capital Adjustment Account		1,135,645		
25,387	Usable Capital Receipts Reserve		23,302		
-390,146	Pensions Reserve		-476,775		
	Earmarked Reserves				
29,272	LMS		31,541		
52,619	Other		53,670		
22,194	County Fund Balance		37,006		
860,889	Total Equity		827,240		

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 Consolidated Revenue 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 2007	25,387	5,892	22,194	75,099	128,572
Contribution to/(from) reserves	(2,085)	(216)	14,812	5,091	17,602
Balance 31 March 2008	23,302	5,676	37,006	80,190	146,174

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 2007-08 (continued)

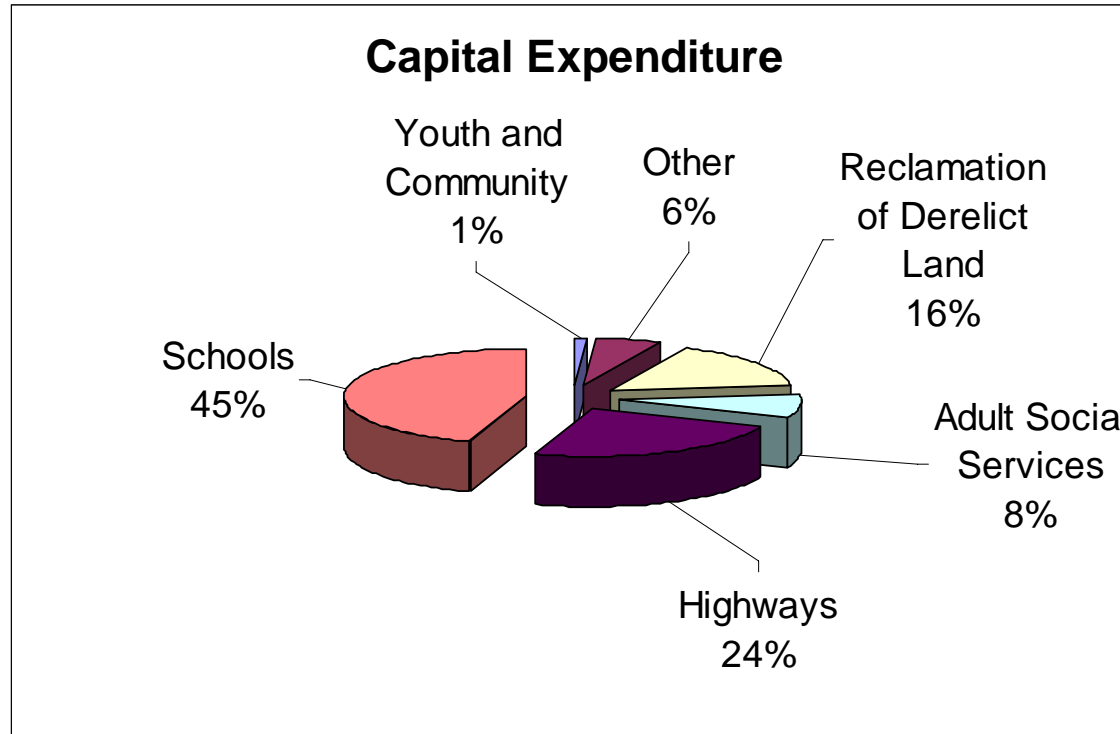
2006-2007 £'000	SUMMARY	£'000	£'000	2007-2008 £'000
REVENUE				
613,090	Outflows Employees	602,960		
<u>442,479</u>	Other Operating payments	<u>447,467</u>	1,050,427	
(240,990)	Inflows Precepts	(251,759)		
(109,255)	NNDR	(117,796)		
(20,902)	RSG	(19,769)		
(559,855)	Other govt.grants	(572,692)		
<u>(156,036)</u>	Cash for goods & services	<u>(146,665)</u>	<u>(1,108,681)</u>	
(31,469)	Net cash flow revenue activities			(58,254)
SERVICING OF FINANCE				
16,639	Interest paid		21,162	
<u>(11,335)</u>	Interest received		<u>(15,657)</u>	5,505
5,304				
CAPITAL				
95,143	Outflows Purchase of Fixed Assets		102,279	
	Inflows			
(15,590)	Sales		2,686	
(51,132)	Grants		(70,837)	
<u>28,421</u>			<u>(68,151)</u>	<u>34,128</u>
2,256	NET CASH (INFLOW) OUTFLOW			(18,621)
MANAGEMENT OF LIQUID RESOURCES				
27,225	Net inc/dec s-term deposits		30,675	
3,103	Net inc/dec other liquid resources		<u>(13,247)</u>	17,428
FINANCING				
252	Outflows Repaymts. amounts borrowed		274	
<u>(35,892)</u>	Inflows New loans raised		(307)	(33)
(3,056)	(INCREASE)/DECREASE IN CASH			(1,226)

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 2006-2007 £'000	Services	Capital Expenditure 2007-2008 £'000
	Central and Corporate Services	
3,424	Change Management and other	2,688
478	Economic Development	684
2,234	County Buildings	1,561
	Education	
52,227	Schools	50,896
1,337	Youth and Community	1,381
	Environmental Services	
18,246	Highways	26,880
0	Transport	0
464	Countryside	322
10,060	Reclamation of derelict land	17,883
1,682	Refuse Disposal	1,453
408	Cultural and Community Services	510
	Social Services	
2,854	Residential Services	5,167
3,315	Day & Community Support Services	3,561
<u>£96,729</u>		<u>£112,986</u>
	Financed from:	
35,234	Loans	21,764
8,147	Capital Receipts and other internal funds	19,709
53,348	Capital grants and contributions	71,513
<u>£96,729</u>		<u>£112,986</u>

The chart below illustrates the County Council's Capital Expenditure for 2007/08



PLANNED FUTURE DEVELOPMENTS

The Council's Five Year Financial Plan has been updated to forecast resources and costs up to 2012-13. The plan takes account of the details from the Government's Comprehensive Spending Review 2007 (CSR07) announced in Autumn 2007 and the three year Local Government Finance Settlements. These settlements provide the Council with some stability in terms of financial planning. However, the Council faces significant cost pressures in the years ahead such as Building Schools for the Future, new waste disposal requirements, increasing need for services from vulnerable people and other Council Plan targets as well as ongoing pressures of pay and prices. Single Status is planned to be implemented in the 2008/09 financial year and the funding of this is estimated to be £12M which will be met from reserves and savings made as a result of revised terms and conditions for the Council's employees. All this is within the context of keeping council tax rises down to as low a level as possible.

FURTHER INFORMATION

The full Statement of Accounts for 2007/08 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