

DERBYSHIRE COUNTY COUNCIL



SUMMARY OF STATEMENT OF ACCOUNTS

2004-05

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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 2005. 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

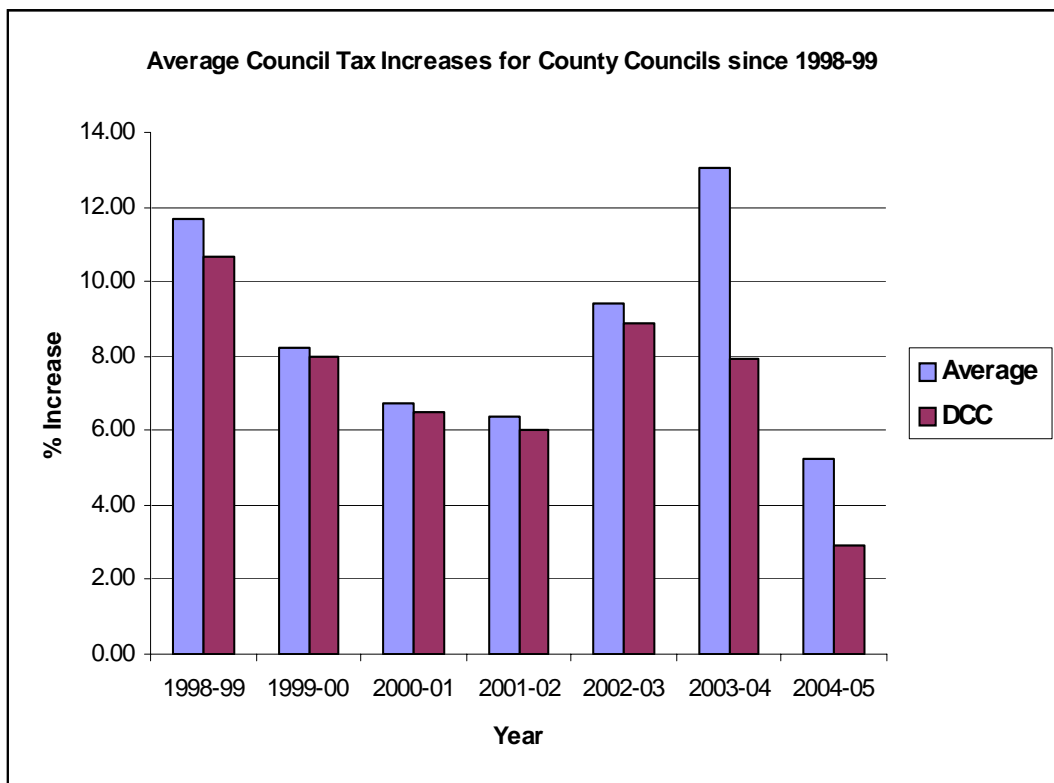
Derbyshire's population of 746,900 makes it the 11th most populous county, whilst its area of 255,077 hectares, makes it the 20th largest out of 34 English Counties.

SUMMARY OF THE COUNCIL'S FINANCIAL PERFORMANCE FOR THE YEAR 2004-05

During 2004-05 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 a maximum 4 out of 4 for its Use of Resources, as it had done in the previous year. Despite this score the Council has developed an action plan to improve further in anticipation of a reassessment during 2005.

REVENUE EXPENDITURE

The County Council's revenue budget for 2004-05 is £667.9 million (5.75% or £36.3m above FSS). It represents an increase of 6% after adjusting for changes in function. Government support in the form of Revenue Support Grant and a share of National Non Domestic Rates rose to £446.0m, an increase of 7.2%. This resulted in an increase in Council Tax of 2.94%, the lowest of any County Council in the country, where the average increase was 5.2%. For comparison purposes below illustrates the average council tax level for all County Council's. There were significant changes in the Council's responsibilities in 2004-05, both the Fire Authority and the Peak District Park Authority which had previously levied on the County Council became a precepting authority in their own right.

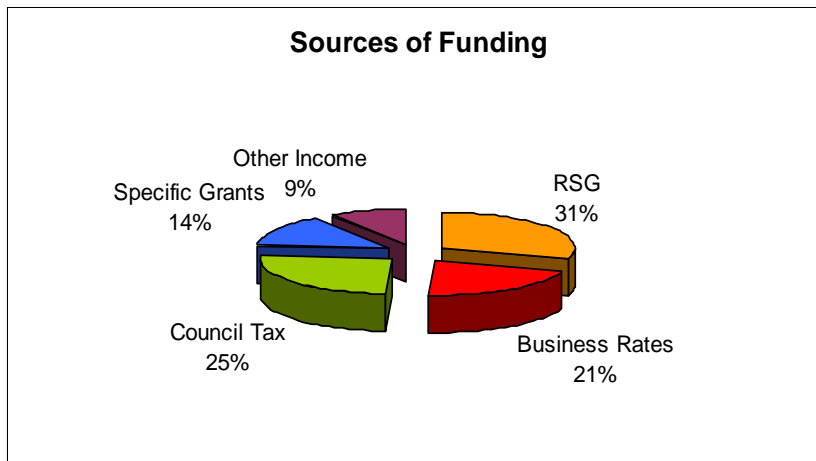
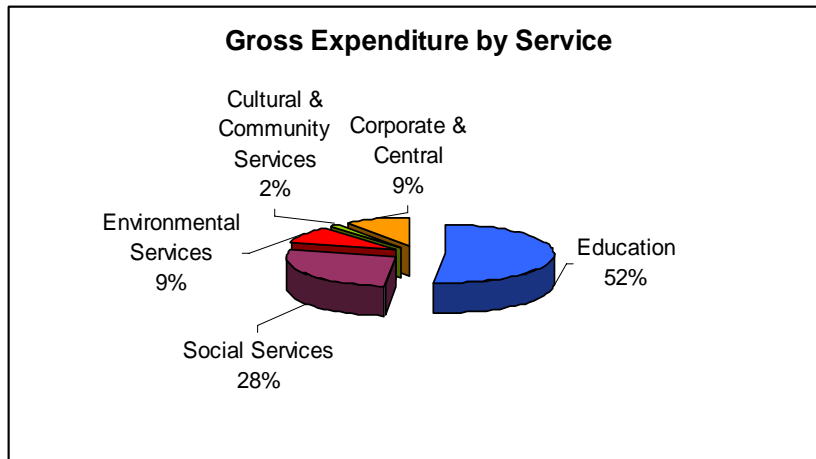


COUNTY FUND CONSOLIDATED REVENUE ACCOUNT SUMMARY

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.

County Fund Consolidated Revenue Account				
2003-04		2004-05		
Net Expenditure Restated		Gross Expenditure	Income	Net Expenditure
£000	Services	£000	£000	£000
388,109	Education	578,040	150,126	427,914
1,586	Central	23,383	19,271	4,112
2,490	Courts	7,979	6,023	1,956
36,097	Cultural, Environment & Planning	44,629	4,867	39,762
50,137	Highways, Roads & Transport	73,447	18,683	54,764
156,305	Social Services	275,783	104,367	171,416
6,270	Non Distributed Costs	6,427	257	6,170
5,009	Corporate & Democratic Core	5,606	-	5,606
646,003	Net Cost of Services	1,015,294	303,594	711,700
	-916 Surplus/Deficit on Trading Operations			-881
	-36826 Tfr from Asset Management Revenue Account			-56873
	-2682 Interest Received			-8079
	14586 Pensions Interest & expected return on assets			13783
	27209 Levies & Precepts			220
647,374	Net Operating Expenditure			659,870
	6,786 Contributions from () or to Revenue reserves			4,018
	-8,727 Contributions from () or to Pensions reserve			-11,950
	1,219 Contributions from () or to Capital financing account			7,419
	Amount to be met from government grants and local taxpayers			659,357
	-224,372 Precepts			-221,880
	-230,978 RSG			-258,503
	-196,974 NNDR			-186,373
	- PSA 1 Reward			-2,379
-5,672	(Surplus)/Deficit for the year			-9,778
	17,137 County Fund Balance 1 April 2004			22,809
	5,672 Contribution to () or from revenue			9,778
	22,809 Balance 31 March 2005			32,587

The charts below illustrate the County Council's gross expenditure by service and sources of funding for 2004/05.



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 consolidated balance sheet for 2004/05.

Consolidated Balance Sheet		
31-Mar-04 Restated £000	£000	31-Mar-05
Fixed Assets		
948,482 Land, Buildings and Infrastructure	1,240,522	
37,752 Vehicles, plant and equipment	50,609	
62,428 Long Term Debtors	64,256	
1,048,662 Total long-term assets		1,355,387
Current Assets		
7,317 Stocks/WIP	5,739	
42,277 Debtors	44,565	
168,297 Short term investments	211,960	262,264
Current Liabilities		
-102,210 Creditors	-110,812	
-16,350 Temporary loans	-15,160	
-24,595 Cash overdrawn	-26,966	-152,938
1,123,398 Total assets less current liabilities		1,464,713
Long term liabilities		
-302,217 Long term borrowing		-340,496
-6,746 Loan liability OLAS		-6,475
-264,248 Liability relating to defined benefit pension scheme		-431,827
-54,443 Government grants deferred		-73,173
-11,897 Provisions		-11,377
483,847 Total assets less liabilities		601,365
Represented by:		
523,685 Fixed Asset Restatement Account		757,743
143,580 Capital Financing Account		166,680
6,303 Usable capital receipts reserve		11,250
-264,248 Pensions Reserve		-431,827
Earmarked Reserves		
1,121 DLOs		1,272
14,998 LMS		22,857
35,629 Other		40,803
22,809 County Fund Balance		32,587
483,877 Total Equity		601,365

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.

CASH FLOW STATEMENT

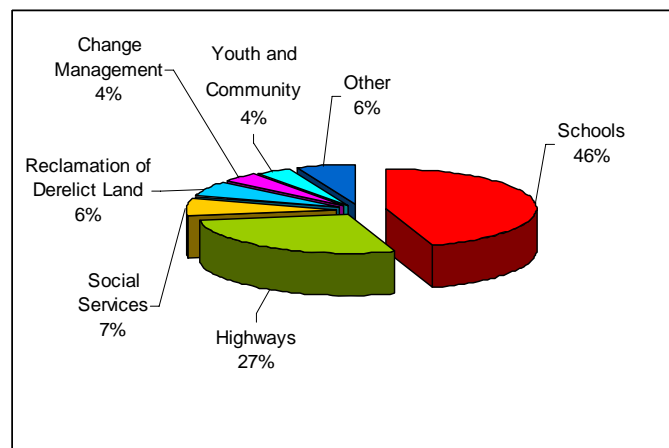
The consolidated statement summarises the in-flows and outflows of cash arising from transactions from third parties. It reflects the operations of the Authority as a whole as it includes both revenue and capital expenditure and how this has been financed. It excludes the Superannuation fund and internal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

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		
Capital Expenditure 2003/2004	Services	Capital Expenditure 2004-05
£000		£000
Central and Corporate Service		
311	Magistrates Courts	102
1,594	Change Management and Other	3,929
132	Economic Development	2,194
1,765	County Buildings	1,994
Education		
40,995	Schools	44,135
949	Youth and Community	3,789
Environmental Services		
19,330	Highways	26,648
14	Transport	310
880	Countryside	589
2,913	Reclamation of derelict land	6,126
11	Refuse Disposal	80
283 Cultural & Community Services		903
Social Services		
1,283	Residential Services	3,360
1,836	Day & Community Support Services	3,774
72,296		97,933

The chart below illustrates the County Council's Capital Expenditure for 2004/05



FURTHER INFORMATION

The full Statement of Accounts for 2004/05 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