

# Statement of Accounts 2009-10



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# EXPLANATORY FOREWORD

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## Introduction

This Statement of Accounts presents the overall financial position of the Council for the year ended 31 March 2010. It has been produced in compliance with both the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement of Recommended Practice (SORP) and Best Value Accounting Code of Practice (BVACOP), which have been based on United Kingdom Generally Accepted Accounting Practice (UK GAAP). UK GAAP is made up of a combination of many individual accounting standards.

The purpose of this foreword is to provide:

- An explanation of the accounting statements which follow.
- A review of the Council's financial performance in 2009-10.
- An indication of the Council's financial position as at 31 March 2010.

## Explanation of the Main Statements

- Statement of Accounting Policies - The purpose of the statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.
- Statement of Responsibilities for the Statement of Accounts - The Statement of Responsibilities sets out the respective responsibilities of the Council and the Chief Financial Officer.
- Annual Governance Statement (AGS) - This statement is an annual review of the system of internal control within the Council.
- Income and Expenditure (I&E) Account - This statement reports the net cost of all the services which the Council is responsible for, and demonstrates how that cost has been financed.
- Statement of Movement on the General Fund Balance (SMGFB) - This statement reconciles the Surplus or Deficit on the I&E Account to the income and expenditure allowable when calculating Council Tax.
- Statement of Total Recognised Gains and Losses (STRGL) - This statement identifies all gains and losses within the Council for the financial year.
- Balance Sheet (BS) - The Balance Sheet shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.
- Cash Flow Statement (CFS) - This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- Group Accounts – Consolidates the financial statements with those of any company the Council has a controlling interest in, after eliminating any transactions between the two organisations.
- Pension Fund Accounts - The pension fund financial statements provide information about the financial position and performance of the fund.

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## **EXPLANATORY FOREWORD**

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There has been a change in accounting policy relating to accounting for council tax and non-domestic rates. Until 2008-09, the Statement of Recommended Practice required the Council to show its precept for the current year plus or minus its share of the previous year's Collection Fund surplus. From 2009-10, the council tax income included in the income and expenditure account for the year will be accrued council tax income owing to that body for that year. The difference in income between these two approaches will be adjusted via the Statement of Movement on the General Fund Balance (SMGFB) and a new Collection Fund Adjustment Account.

The other significant change covers accounting for private finance initiative (PFI) schemes which means that they are now included on the Council's balance sheet.

The main statements in the accounts have been restated for 2008/09. Further details are shown in Note 2 to the accounts.

### **Summary of the Council's Financial Performance for 2009-10**

#### **Revenue Expenditure**

The Council set a net budget requirement in 2009-10 of £480.024m. The budget requirement has been funded from Redistributed National Non-Domestic Rates of £142.392m, Revenue Support Grant of £32.866m, Area Based Grant of £34.384m and the balance of £270.382m from Council Tax. The Council Tax demand represented a band D equivalent of £1,061.30, an increase of 2.9% from 2008-09 which was below the Shire County average of 3.3%.

The Income and Expenditure Account shows a deficit of £46.5m, this is largely due to revaluations and impairments to school assets. These are non cash related items and do not affect the financial stability of the organisation.

The Council faces significant pressures over the next few years. The pressures on public finances will result in lower levels of Government grant, with in-year reductions for 2010-11 already announced, and further reductions certain from 2011-12 onwards. At a service level demands will continue to grow, for example for social care and waste, together with costs arising from equal pay claims submitted by employees. As a consequence, a robust reserves position is prudent until the Council has more clarity about the future financing regime. This will be informed by the results of the Government Spending Review in the autumn, and an impending review of the Council's five year financial plan, after which the reserves position can also be reviewed. There will also be pressure to deliver low Council Tax increases. The Council has already embarked on a major efficiency drive in response to this background .

The General Fund reserves position as shown in the balance sheet is £85.753m. However, about a half of this is estimated to be committed to ongoing planned projects e.g. service commitments and equal pay liabilities. The reserves position will be subject to review and considered by Cabinet as part of the detailed revenue outturn reports produced by each department.

Balances held on behalf of schools total £23.370m at the year end. Other earmarked reserves totalling £61.444m and are set out on pages 61-62.

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## EXPLANATORY FOREWORD

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### Capital Expenditure

The Council's capital investment for the year totalled £127.613m (including £5.918m Revenue Expenditure Funded from Capital Under Statute), against an estimated spend of £145m. The major schemes were;

	Spend £'000
Clowne Heritage School	10,087
Chesterfield Replacement Home for Older People	4,775
Core Systems Project	4,522
Markham Colliery	4,100
Waterswallows North Derbyshire Composting	4,078
Chesterfield Abercrombie Primary	3,720
Clover Nook Site Transfer Station	2,039
Etwall John Port Sports Hall	1,972
Parkwood Hostel Replacement	1,533
Belper School Language Laboratory and Toilets	1,287

The Council funds its capital expenditure with capital grants, contributions, receipts from the sale of surplus assets, revenue funding and borrowing.

The sources of financing capital expenditure are as follows:

	Funding £'000
Government Grants	38,325
Other Contributions	23,009
Borrowing	52,245
Capital Receipts	5,294
Capital Reserves	460
Revenue Contributions	8,279
<b>Total</b>	<b>127,612</b>

### Capital Reserves

The Council's usable capital receipts, which represent proceeds from the sale of assets that have not yet been used to finance new capital spending, amounted to £14.677m.

### Long Term Borrowing

The Council undertakes long term borrowing in order to finance capital spending. The total amount of long term borrowing as at 31 March 2010 was £382.947m compared to £382.701m as at 31<sup>st</sup> March 2009.

### Pension Fund

The Pension Fund provides pensions and other benefits to employees of the Council. The statements of the fund are included within this Statement of Accounts and comprise:

- **Fund Account**

This statement summarises the financial transactions of the Pension Fund for the year.

- **Net Assets Statement**

This statement summarises the net assets relating to provisions of pensions and other benefits payable to former employees of the Council and other admitted bodies.



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## EXPLANATORY FOREWORD

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The Pension Funds return in 2009-10 was 35.3% (2008-09, -17.2%) which compares with the average return on local authority funds of 35.1%. Over the last five years the Fund's return was 7.9% pa which compares with the average return of 7.0%. Over ten years the Fund's return was 4.6% per annum which is 0.8% per annum ahead of the average.

### **Use of Resources Assessment**

Since 2005, Councils have been subject to an Audit Commission assessment of how well they are managing and using their resources to deliver value for money and better and sustainable outcomes. This assessment (Use of Resources) formed part of the Comprehensive Area Assessment framework, as well as other relevant performance assessment frameworks. On 21 May 2010, the Government abolished the CAA framework with immediate effect and announced that it would be reviewing the approach that auditors will take in future to the value for money conclusion from 2010-11. The Government is also in discussion with representative bodies regarding the future approach to inspection.

### **Looking ahead**

As set out earlier, it is necessary to plan for significant reductions in public expenditure. On 25 May 2010, the Government announced details of £6.2bn savings for the public sector, including local government, in 2010-11. It proposes reducing grants to local authorities by £1.2bn in the financial year 2010-11. This has resulted in a reduction in revenue grants of £4.170m and capital grants of £3.190m. The implications of this on the Council's budget will have to be assessed and reported to Cabinet in due course.

The Council Plan sets out the Council's priorities for the next four years. One of the five priorities is 'Good use of public money' – it is important that the services we provide offer excellent value for money and that we make the best use of our resources.

### ***Planned Future Developments***

#### **Carbon Reduction Commitment (CRC)**

As part of the Government's commitment on mitigating climate change, a mandatory 'cap and trade' scheme will be introduced for carbon dioxide (CO<sub>2</sub>) emissions. The aim of this scheme is to achieve 1.2 million tonnes reduction in carbon dioxide emissions each year by 2020 from business and public sector organisations in the UK. Inclusion in the scheme is determined by an organisation's operational energy consumption. CRC applies to Derbyshire County Council from April 2010 and will have significant financial implications for the Council. The Council will have to start buying CO<sub>2</sub> allowances to cover their carbon emissions and that will involve measuring and recording energy use and calculating CO<sub>2</sub> emissions (not including transport emissions).

#### **International Financial Reporting Standards**

From 1<sup>st</sup> April 2010, all Local Authorities are required to produce accounts in accordance with International Financial Reporting Standards (IFRS). This will mean a change to the accounting policies of the Council for the financial year 2010-11.

The Council is committed to making this transition a success and will use lessons learned in other organisations which have successfully implemented IFRS, with support from training events.

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## EXPLANATORY FOREWORD

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### **Single Status**

The Council is party to the Single Status Agreement that will ensure gender pay equality across all staff. The Council recognised certain liabilities and entered into agreements with the certain pay groups which bought out any historic claims these pay groups may have. The Council has revised all of its pay and grading structures and implemented a new system on 1<sup>st</sup> April 2010.

The new pay and grading system will result in a significant rise to the pay bill, for which the Council has made budgetary provision. In addition, the Council recognises there is a contingent liability for equal pay liabilities, and considers there are sufficient funds in the General Reserve to meet any outstanding historic liabilities.

### **New Core Systems Project**

The Council implemented a new core system (SAP) on 1<sup>st</sup> April 2010. The system incorporates:

- Financial / General Ledger System
- Accounts Payable and Accounts Receivable
- Asset Accounting
- E-Procurement
- Human Resources
- Payroll

This is a long term commitment by the Council and the impacts of the new systems will be seen over the coming years. This is the first stage of unifying internal systems to improve efficiency within the Council. It is anticipated that the system will bring about clearer processes and more efficient use of staff time and deliver real savings to the Council.

The new financial ledger system will significantly aid the introduction of IFRS, improving the speed and ease with which the accounts are produced and ensuring that the information detailed within them is clear, concise and correct.

### **Changing the Way Derbyshire Works**

This is a programme of work which will move Derbyshire forward, allowing the Council to learn and adapt to the challenging environment, in particular how it can respond to changing resource requirements and service delivery.

It involves a programme of five work stream projects which are the key to the Council's ongoing efficient infrastructure. The work stream projects currently include:

- Accommodation
- Smarter travel
- Procurement
- Organisational Development
- Core financial & personnel systems

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# STATEMENT OF ACCOUNTING POLICIES

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## **Introduction;**

The Statement of Accounts summarises the Council's transactions for the 2009-10 financial year and its position at 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2009: a Statement of Recommended Practice* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Where there is no specific guidance in the SORP, the Authority has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and
- Reliable, in that the financial statements:
  - Represent faithfully the financial position, financial performance and cash flows of the entity;
  - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - Are neutral i.e. free from bias;
  - Are prudent; and
  - Are complete in all material respects.

This document outlines how Derbyshire County Council (the Council) will account for all income, expenditure, assets and liabilities held and incurred during the 2009/10 financial year.

The accounting policies of the Authority are updated annually to reflect any changes in the SORP or changes in HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Authority's accounts.

The accounting policies of the Authority, as far as possible, have been developed to ensure that the accounts of the Authority are understandable, relevant, free from material error or misstatement, reliable and comparable. A glossary of terms can be found at the end of the Accounting Policies Statement.

## **ACCOUNTING PRINCIPLES**

### **1. Going Concern**

The Authority prepares its accounts on the basis that the Authority is a going concern; that is that there is the assumption that the functions of the Authority will continue in operational existence.

### **2. Accruals Concept**

The Authority accounts for income and expenditure in the period to which the service to which it relates has taken place, rather than when cash payments are received or made. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.

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## **STATEMENT OF ACCOUNTING POLICIES**

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- Supplies are recorded as expenditure when they are consumed – where supplies of significant value are held for future use; they are carried as stocks on the Balance Sheet.
- Works for external customers are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet (Work in Progress cannot be held at the reporting date for internal customers, including schools).
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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 respectively. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet respectively.

Debtors and creditors are recorded in terms of their nature i.e. Government Departments, Other Local Authorities, NHS organisations, Sundry etc.

### **3. Cost of Services**

Internal service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public. This is in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP).

Where possible the full cost of support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council’s status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties, or any other operational cost that cannot be reasonably attributed to a specific service.

### **4. Value Added Tax**

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it. Any amounts outstanding (payment or receipt) at the year end date is held as a creditor or debtor after netting off the amounts due / owed.

### **5. Previous Year Adjustments**

Where there are material changes in accounting policy from 2008-09, or where there are fundamental errors, omissions or misstatements, the Authority will adjust the previous year comparative figures to reflect the impact the revised policy / correction would have had on the accounts.

In these instances the previous year comparative column is renamed “restated 2008-09”. Disclosures of changes made will be included in the notes to the accounts.

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## **STATEMENT OF ACCOUNTING POLICIES**

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Where changes are made which are not material, or errors found which are not fundamental, disclosures will be included in the notes to the accounts.

### **6. Events after the Balance Sheet date**

Where there is a material post-Balance Sheet event, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will have been shown in the accounts.

### **7. Exceptional and Extraordinary Items**

Exceptional and extraordinary items will have been disclosed separately on the face of the Income and Expenditure Account and details will be disclosed in the notes to the accounts.

### **8. Contingent Assets and Liabilities**

Where the Council has a contingent asset or liability this will be disclosed as a note to the accounts.

## **CAPITAL ACCOUNTING**

### **9. Recognition of Capital Expenditure (de-minimis Policy)**

The Council recognises fixed assets as assets used in the provision of services or for administrative purposes on a continuing basis.

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance), is charged to revenue as it is incurred.

The Authority has two levels of de-minimis for recognition of capital expenditure:

- Below £10k – all expenditure below this level is deemed to be non-enhancing and, therefore, is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure.
- Above £500k - expenditure meeting the definitions above will be treated as capital expenditure. However, in order to ensure that the subsequent asset expenditure is enhancing the value of the asset, the Authority will instruct a valuation of the asset by a RICS qualified valuer, and any impairment will be recognised as necessary.
- Any expenditure between £10k and below £500k will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset. However it is not material enough to warrant individual impairment review, until the time the asset would normally be valued.

### **10. Capital Asset Valuation Methodology.**

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

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## STATEMENT OF ACCOUNTING POLICIES

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Assets included in the Balance Sheet at current value are revalued by a RICS qualified valuer where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a Service Revenue Account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are carried on the Balance sheet as follows:

- **Intangible Assets** – amortised historical cost.
- **Investment Properties and Assets Surplus to Requirements** – lower of net current replacement cost (market value) or net realisable value.
- **Land and Buildings, Vehicles, Plant and Equipment** – lower of net current replacement cost (existing use value or where no alternative, depreciated replacement cost) or net realisable value in existing use.
- **Infrastructure Assets and Community Assets** – depreciated historical cost.

### 11. Impairment of Fixed Assets

The values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits (for instance part of the building has been damaged by fire) the loss is charged to the relevant Service Revenue Account;
- otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant Service Revenue Account.

### 12. Disposal of Fixed Assets

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.
- The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.
- Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

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## STATEMENT OF ACCOUNTING POLICIES

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- Receipts in excess of £10k are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.
- Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.
- Sale proceeds below £10k are below de-minimus and are credited straight to the Income and Expenditure Account.

### 13. Depreciation / Amortisation Methodology

In order to recognise the total cost of using fixed assets, the Authority has a policy to depreciate assets on a straight line basis over their useful economic life, reducing the value of the asset, and charging the relevant revenue service expenditure. However, as under statute depreciation is not chargeable to the tax payer, the Authority removes this charge through the Statement of Movement in the General Fund Balance and charges to the Capital Adjustment Account.

The economic lives of assets are:

- **Intangible Assets** – 5 years.
- **Operational Buildings** – 40 years
- **Operational Land** – are not depreciated unless the Authority is reducing the economic life of the land, such as through mining.
- **Infrastructure Assets** – 40 years
- **Investment Property Assets, Surplus Assets and Assets under Construction** – are not depreciated
- **Community Assets** – Community Assets are depreciated in line with the normal policy for assets of that nature (i.e. land assets are not depreciated). Under rare circumstances, it is not possible to determine a useful life (such as works of art). In those instances the asset is not depreciated.
- **Vehicles** – 3 to 10 years
- **Furniture & Equipment** – 10 years

It is the Council's policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal.

### 14. Leases

#### Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

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## STATEMENT OF ACCOUNTING POLICIES

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Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

### **Operating Leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

### **15. Service Concession Agreements (PFI and other similar contracts)**

Due to the statutory early introduction of International Financial Reporting Standards (IFRS) for PFI arrangements, the Authority accounts for PFI assets in line with IFRIC 12 (International Financial Reporting Interpretations Committee Note 12 – accounting for Service Concession Arrangements).

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 to determine whether the risks and rewards incidental to ownership lie with the Authority or the contractor.

**Those which lie with the contractor** – payments made during the life of the contract are chargeable to revenue as incurred.

**Those which lie with the Authority** – the Authority recognises an asset in the Balance Sheet for the value of the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement.

Finance costs are chargeable to the Income and Expenditure Account as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue government grants.

### **16. Capital Grants and Contributions**

Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to balance depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.



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## **STATEMENT OF ACCOUNTING POLICIES**

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### **17. Revenue Expenditure Funded from Capital Under Statute (REFCUS).**

Expenditure incurred during the year that may be capitalised under statutory provisions or capital expenditure which does not result in the creation of fixed assets, have been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses the amounts charged in the Statement of Movement in the General Fund Balance so there is no impact on the level of council tax.

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

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Authority will provide 4% of debt outstanding as at 31 March 2008. On any new debt since this date to provide 4% of the balance on all borrowing, unless any unsupported borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets is used and where those assets are vehicles then 5 year lives are used.

As a result of the changes introduced by early adoption of International Financial Reporting Standards for PFI, some additional PFI assets are being brought onto the Balance Sheet. As a result, the Authority has adopted the policy of charging MRP for these assets at the value of the associated loan liability repayment each year, thus mitigating the impact to the general fund.

The Authority continues to have the option to make additional provision for debt repayment if it wishes. The proposals set meet the requirement to make a prudent calculation of MRP.

### **19. Capital Reserves**

The Authority holds capital reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

### **20. Derbyshire Schools**

There are four types of state school in Derbyshire which all receive funding from the local Council and are included as assets on the Council's Balance Sheet, these being Community Schools, Foundation Schools, Voluntary-Aided Schools and Voluntary Controlled Schools.

Although not all assets are owned by the Council, i.e. Foundation, and Voluntary Controlled Schools, since the provision of schooling forms part of the Education Service of the Council, their assets and liabilities have been included in the Council's Balance Sheet as the risks and rewards of ownership lie with the Authority. If the

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## **STATEMENT OF ACCOUNTING POLICIES**

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schools were severely impaired, the Council would still have the responsibility of educating the children affected.

Only the land associated with Voluntary Aided Schools has been included in the Balance Sheet.

All schools are insured with the Council and where some schools decide to arrange insurance themselves, the Council arranges a “contingency” cover should their insurance not cover the loss. This ensures that the Council fulfils its responsibility as an LEA.

### **REVENUE ACCOUNTING**

#### **21. Recognition of Revenue Expenditure.**

The Authority recognises revenue expenditure as expenditure which is not capital.

#### **22. Back pay arising from unequal pay claims**

If it becomes necessary for the Authority to recognise a provision, in accordance with statutory guidance, an adjustment will be entered in the Statement of Movement in the General Fund Balance and a related Unequal Pay Back Pay Account shown in reserves. This is to defer the impact to the general fund until cash is paid.

#### **23. Retirement Benefits**

Employees of the Council are members of two separate pension schemes:

- The Teachers’ Pension Scheme, administered by Capita Teachers’ Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Local Government Pension Scheme, administered by Derbyshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees of the Council. However, the arrangements for the teachers’ 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 the education service revenue account is charged with the employer’s contributions payable to teachers’ pensions in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities of the Derbyshire County Council pension scheme 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 retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

Pension liabilities are measured using the projected unit method and discounted at the Balance Sheet date rate of return on high quality corporate bonds of equivalent

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## STATEMENT OF ACCOUNTING POLICIES

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term to the liabilities. The discount rate is the weighted average of “spot yields” on AA rated corporate bonds.

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

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

The change in the net pension liabilities is analysed into seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- 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 in the Income and Expenditure Account
- 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 in the Income and Expenditure Account
- gains/losses on settlements and curtailments – the result 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 in the Income and Expenditure Account as part of Non Distributed Costs
- actuarial gains and 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 – debited to the Statement of Total Recognised Gains and Losses
- contributions paid to the Derbyshire County Council Pension Fund – cash paid as employer’s contributions to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Fund Reserve to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations 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.

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## **STATEMENT OF ACCOUNTING POLICIES**

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### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **24. Revenue Grants and Contributions**

Revenue grants, contributions and donations are recognised as income at the date that the Authority has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the accruals concept policy.

Revenue grants can either be received to be used for a specific purpose, or can be used for general purposes. Those for a specific purpose are recognised as income in the relevant service revenue account within the net cost of services. Those which are for general purpose are shown in the foot of the Income and Expenditure Account, before the net surplus or deficit.

Any underspends of revenue grant should be assessed against the grant determination; however the most common occurrences are below:

- Where grant has been received, and any underspend is repayable to the sponsoring body, the grant is held as a creditor and repaid in the following accounting period (not recognised as income in the Income and Expenditure Account).
- Where grant has been received, and any underspend in one year is carried forward by the sponsoring body, resulting in an increase to the budget for the following year, the grant should be held as income in advance (not recognised in the Income and Expenditure Account until the following year).
- Where grant has been received, and any underspend in one year reduces the allocation for the following year, the grant is held as income in advance.
- Where grant is awarded but its use is not specified (however maybe restricted to a service area) the grant will immediately be shown in the Income and Expenditure Account, and any underspend may be appropriated to reserves if the internal arrangements to do so are in place.

### **25. Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. As a result, it is expected that the need to create a provision will be few and far between. Before creating a provision (excluding bad debt provisions and insurance provisions) approval should be gained from Technical Finance.

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## **STATEMENT OF ACCOUNTING POLICIES**

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Provisions are charged to the appropriate service revenue account in the year that the Authority recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Estimated settlements are reviewed at the end of each financial year and adjustments with the service revenue account are made as required.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

The Authority does not hold any general provisions.

### **26. Revenue Reserves**

The Authority holds usable revenue reserves for the purpose of funding future expenditure. The General Reserves represent the balance of reserve available to be set aside for a specific purpose. Earmarked Reserves represent reserves where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences associated with the recognition of retirement benefits, council tax income and financial instruments.

### **27. Research Costs**

Research costs are treated as revenue expenditure at the point in which they are incurred, and charged to the relevant service revenue.

### **28. Members' Allowances**

The Authority in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members' Allowance Scheme, outlining the allowances payable to Members of the Council.

Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be available for scrutiny by the Authority's Auditors or other relevant persons as and when required. The scheme is updated annually, and full details are available on the Authority's website.

The total amount paid in terms of Members' Allowances is disclosed in the notes to the Accounts.

### **29. Council Tax Recognition**

Council Tax income included in the Income and Expenditure Account for the year is the accrued income for the year. The Authority's share of the accrued Council Tax income is obtained from the information that is required by billing authorities in the production of their Collection Fund Statements.

If the net cash paid to the Authority in the year is more than its proportionate share of net cash collected from council tax debtors in the year, the Authority will recognise a

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## STATEMENT OF ACCOUNTING POLICIES

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credit adjustment for the same amount in creditors after adjusting for the previous year brought forward and vice versa if net cash paid is less than the proportionate share.

The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Statement of Movement in the General Fund Balance.

### 30. **Cap and Trade Schemes**

Currently the Landfill Allowance Trading Scheme is the only 'cap and trade' scheme that the Authority has in operation during 2009-10.

The Landfill Allowances Trading Scheme (LATS) gives rise to:

- a) an asset for allowances held
- b) LATS grant income
- c) a liability for actual landfill usage.

Allowances, allocated by DEFRA or purchased from other waste disposal authorities (WDAs), shall be recognised as assets and classified as current assets. They shall be measured initially at their fair value. Landfill Allowances are issued free by DEFRA. The recognition of fair value of the allowances issued to WDAs creates a credit which should be accounted for as specific revenue Government grant.

As landfill is used, a liability shall be recognised for actual landfill usage. This liability is treated as a provision, creating revenue expenditure. The liability is discharged by using allowances to meet the liability, paying a cash penalty to DEFRA or a combination of both. The liability shall be measured at the best estimate of the expenditure required to meet the obligation at the reporting date. This will normally be the present market price at the reporting date of the number of allowances needed to cover actual landfill usage for the year.

After initial measurement, the Authority shall re-measure the value of Landfill Allowances as the lower of cost or net realisable value.

Where there is no evidence of an active market for Landfill Allowances, for example where the number of allowances issued is greater than that required by authorities, the fair value of the allowances and the net realisable value of the allowances is likely to be nil.

### 31. **Stocks and Work in Progress**

Stocks are included in the Balance Sheet at the lower of cost (see below) and net realisable value (sale price less cost of sale). Currently the method of quantifying the cost of stock is varied throughout the Authority:

- **Property DLO stock and Transport Division stock** – cost valued on an average price paid basis.
- **All other stocks** – First in First Out (FIFO) / latest price paid basis.

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## STATEMENT OF ACCOUNTING POLICIES

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Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

### 32. Provisions for bad and doubtful debts

In order to suitably reflect the varied nature of debtors within the Council, the basis for providing for bad debts is specific to the circumstances in each individual department. The general policy followed is:

- No public sector debt is provided for (i.e. other Local Authorities, NHS or Central Government).
- Specific Adult Social Care debtors are provided for 5% of the outstanding balance.
- Aged debt is reviewed and a reasonable percentage provided for.

Significant individual invoices are reviewed and wholly provided for where it is thought to be necessary.

## TREASURY MANAGEMENT

### 33. Definition of Treasury Management Activities

The Authority has adopted the following definition of Treasury Management Activities:

- The management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority.
- The Authority acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is, therefore, committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

### 34. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost.

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. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, plus any interest accrued to 31<sup>st</sup> March, and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part

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## STATEMENT OF ACCOUNTING POLICIES

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of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively 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. Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Reserve to be spread over future years.

The Authority has a policy of spreading the gain/loss over the term of the replacement loan subject to a minimum period of 10 years with the case of discounts. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Reserve is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

### 35. 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

Loans and receivables are initially measured at fair value and carried at their amortised cost. 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, plus any interest accrued to 31<sup>st</sup> March and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserve is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Income and Expenditure Account to the net gain required against the General Reserve is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.



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## STATEMENT OF ACCOUNTING POLICIES

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- **available-for-sale assets** – assets that have a quoted market price and/or do not have fixed or determinable payments.

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset, multiplied by the effective rate of interest for the instrument.

Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

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 Movement in the General Fund Balance. The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account. Any gains and losses that arise upon derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### 36. **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

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# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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## The Council's Responsibilities

The Council 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 Council, that Officer is the Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

## The Director of Finance's Responsibilities

The Director of Finance is responsible for the preparation of the Council's Statement of Accounts which, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

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;
- Complied with the Local Authority SORP.

The Director of Finance has also:-

- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Ensured that events after the balance sheet date have been considered.

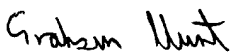
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## AUTHORISATION OF ACCOUNTS FOR ISSUE


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### Certificate of Director of Finance

I certify that the accounts give a true and fair view of the financial position of the Council at 31<sup>st</sup> March 2010 and of its income and expenditure for the year then ended.

  
Graham Hunt  
Director of Finance  
27<sup>th</sup> September 2010

The Statement of Accounts were approved by the Audit Committee on 29<sup>th</sup> June 2010

  
Councillor Stuart Bradford  
Chair of the Audit Committee  
29<sup>th</sup> June 2010

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# ANNUAL GOVERNANCE STATEMENT

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## **Scope of Responsibility**

Derbyshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Derbyshire County 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 effectiveness, economy and efficiency.

In discharging this overall responsibility, Derbyshire County Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Derbyshire County Council has approved and adopted a code of corporate governance, which is consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and demonstrates its commitment to corporate governance stating that “good Corporate Governance underpins credibility and confidence in our public services”.

This Statement explains how Derbyshire County Council has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control. This code is available on the Council’s website.

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

The Governance Framework comprises the systems, processes and values by which the Authority is directed and controlled and the 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.

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 failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not 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 Derbyshire County Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The Governance Framework has been in place at Derbyshire County Council for the year ended 31<sup>st</sup> March 2010 and up to the date of approval of the Annual Report and Statement of Accounts.

## **Key Elements of the Governance Framework and their Contribution to Overall Effectiveness**

### *Policy and Plans*

The Sustainable Community Strategy for Derbyshire sets out a vision for everyone in Derbyshire to enjoy a good quality of life, both now and in the future. The Strategy provides an overarching guiding framework for partnership working and sets the context for the Authority’s Council Plan. The Council Plan sets out key priorities to help the Authority achieve its ambitions and is supported by Resource Strategies, Departmental Service Plans and other

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# ANNUAL GOVERNANCE STATEMENT

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strategies, policies and plans. The Council monitors and reports on progress against a range of identified targets, including those set out in the Derbyshire Local Area Agreement (LAA) on a six monthly basis with an annual review of performance resulting in the production of an Annual Report. Reviewing and subsequently updating the Council Plan on an annual basis also ensures that priorities continue to meet the needs of local communities.

The Authority operates Financial Regulations and Standing Orders which are subject to annual review by the Audit Committee. Codes of Conduct defining the standards of behaviour for Members and Officers have been established and complaints in this arena are monitored by the Standards Committee. The Council operates a Confidential Reporting Code (whistle blowing policy) and a complaints procedure. In addition the Council has an Anti Fraud/Anti Corruption Strategy Policy Statement which is subject to annual review. The Council has in place an effective risk management framework and business continuity plans. The Strategic Risk Register is subject to regular review and project specific risk registers are in place for major projects and partnerships which are subject to ongoing review. Emerging risks are identified by the reviews and from ongoing audit work.

## *Leadership*

To ensure effective leadership throughout the Authority, Members and Officers work together to deliver a common purpose with clearly defined functions and roles. The County Council's Constitution includes details of the roles and responsibilities of the Executive, Committees, full Council and Chief Officers and the rules under which they operate. Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution which provides for delegation to Officers within the framework laid down by the Council. The Constitution is subject to review. The Council's political structure and the roles and responsibilities of Cabinet Members are detailed on the Council website.

Chief Officers play a key role in implementing policy decisions. The County Secretary is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by the Council, Cabinet, its Committees and Officers, providing support and advice on the maintenance of ethical standards and advising the Standards Committee. The Director of Finance is the nominated Section 151 Officer and is responsible for the proper administration of the Council's financial affairs.

The Council's Head of Internal Audit carries out an annual review of the Council's corporate governance arrangements. Based on the evidence from audit work the Head of Internal Audit produces an Annual Report which is considered by the Audit Committee and highlights both significant areas of good practice and those where improvements can be made. The Annual Report includes the formal Assurance Statement by the Head of Internal Audit on the effectiveness of the Authority's systems of internal control.

## *Role of the Audit Committee*

The Council has an Audit Committee which operates in accordance with prescribed terms of reference, its function being defined in the Constitution. It is responsible for ensuring the continued adequacy and effectiveness of the Authority's internal control framework and for undertaking an annual review of the regulatory framework which is comprised of:-

- Financial Regulations and Standing Orders;
- Codes of Conduct for both Members and Officers;
- Confidential Reporting Code (whistle blowing policy);
- Anti Fraud/Anti Corruption Strategy Policy Statement.

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# ANNUAL GOVERNANCE STATEMENT

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The Audit Committee receives, approves and monitors the Audit Plans for both internal and external audit and receives internal and external audit reports. It also monitors the effectiveness of the Authority's risk management arrangements.

The Audit Committee plays a key role in monitoring and reviewing the effectiveness of the system of internal control, systems established to combat fraud and corruption, and ensuring that an adequate risk management framework is in place.

## *The Internal Control Framework*

Derbyshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. The Authority has established a Governance Group of Senior Officers, chaired by the County Secretary, to review and monitor the Authority's governance arrangements. This review is supported by the work of Strategic Directors, formalised by the completion of Assurance Framework matrices which, together with the work of internal audit, demonstrate that good governance practices are embedded throughout the Authority. Further assurance is provided by the Head of Internal Audit's Annual Report, and also by comments made by the external auditor and other review agencies and inspectorates, e.g. Ofsted, Care Quality Commission. As part of the Audit Commission's Comprehensive Area Assessment (CAA) the Council was judged to be 'performing well' under the Organisational Assessment element of the framework. Since the formalisation of the Coalition Government, the CAA has ceased.

## *The Chief Financial Officer*

The Director of Finance is the Authority's Chief Financial Officer. The Authority's financial management arrangements substantially conform to the governance requirements specified in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The key area identified for development in 2010-11 is the formalisation of the Director of Finance's role in the continuing assessment and development of the financial skills required by members of the Leadership Team, managers and staff of the Authority.

## *Role of Internal Audit*

The effectiveness of the Council's internal controls is examined in detail through the work of Audit Services. The Unit has a Strategic Audit Plan from which the Annual Audit Plan is formulated based on key risks identified in the Council's Strategic Risk Register and through consultation with the Chief Executive, Strategic Directors, External Audit and other key stakeholders. The plan is flexed within the year to address emerging risks and to optimise the Authority's Audit resource. Audit findings are reported to the relevant Strategic Directors and Senior Managers, together with recommendations for improvement in the form of prioritised action plans. Checks are undertaken by Audit Services to ensure agreed recommendations have been implemented and regular progress reports on the work of Audit Services are considered by the Audit Committee.

A detailed review of the effectiveness of the system of internal audit was undertaken in 2007-08 by the Director of Finance utilising an objective assessment tool and concluded that the internal audit arrangements within the Council are effective. A further light touch review in 2009 affirmed this conclusion.

Audit Services carry out a wide range of audit work on both financial and operational systems within the Authority, including an annual review of Corporate Governance arrangements, and

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# ANNUAL GOVERNANCE STATEMENT

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report the outcome of their work on a regular basis. In addition External Audit and other external agencies, e.g. Ofsted, contribute to the review of the Council's compliance with its policies, laws and regulations.

## *Role of Improvement and Scrutiny*

Improvement and Scrutiny Committees support the work of the Executive and the Council as a whole, by reviewing and/or scrutinising decisions, producing reports and making recommendations and exercising the right to call-in for reconsideration decisions made but not yet implemented by the Executive. The role of Improvement and Scrutiny is defined in the Constitution and reports produced by these Committees and can be accessed via the County Council's website.

## *Role of Standards Committee*

The Standards Committee has a duty to monitor and review the operation of the Constitution and the ethical framework. The Monitoring Officer (County Secretary) has a key role in making recommendations to ensure that the Constitution achieves its purposes. Changes to the Constitution are only made following approval by full Council. The role of Standards Committee is defined in the Constitution and reports issued by this Committee can be accessed via the County Council's website.

## *Member and Staff Development*

The Council provides training for Members to assist them in their roles. Staff induction, training and personal development reviews are undertaken and feed into training plans which are subject to review. The management competency framework supports the development of employees.

## *Consultation and Delivery in Partnership*

The Authority's vision and intended outcomes are communicated to citizens through a range of media including the Council's website and the Council Tax leaflet.

The Authority ensures that clear channels of communication are in place with all sections of the community and other stakeholders, e.g. Its Your Shout, Workers' groups, Citizens' Panel, Youth Forum, 50+ Forum, BME Forum, Local Area Fora, School Councils and service user groups. Corporate communications are managed by staff of the Chief Executive's Office.

The Authority operates a partnership protocol, toolkit and database; specific requirements of partnership working are defined in Financial Regulations and partnership arrangements are subject to annual review by Audit Services.

## **Future Improvements**

The reviews of effectiveness undertaken by both internal and external audit have advised that the Council's overall financial management and corporate governance arrangements are sound. A full review of the Council's governance arrangements has been undertaken in order to produce this Statement utilising an objective assessment process recommended by the Chartered Institute of Public Finance. This has highlighted opportunities to further strengthen present arrangements and the responsibility for monitoring progress in this regard is monitored by the Governance Group. A detailed action plan has been formulated to address these areas which includes:-

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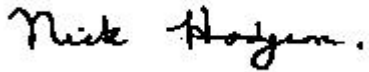
## ANNUAL GOVERNANCE STATEMENT

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- Further development of the Strategic Directors' Assurance Matrices;
- Performance management and trend information;
- The formalisation of risk management responsibilities in new job family specifications.

We have been advised on the implications of the results of the review of the effectiveness of the Governance Framework by the Audit Committee and that a plan to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address the issues highlighted above so as to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



**Nick Hodgson**  
**Chief Executive**

29<sup>th</sup> June 2010



**Councillor Andrew Lewer**  
**Leader of the Council**

29<sup>th</sup> June 2010

On behalf of Derbyshire County Council

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# Independent auditor's report to Members of Derbyshire County Council

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## **Opinion on the Authority and Group accounting statements**

I have audited the Authority and Group accounting statements and related notes of Derbyshire County Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement and the related notes. The Authority and Group accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Derbyshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## **Respective responsibilities of the Director of Finance and auditor**

The Director of Finance's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the Authority and Group accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the



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## AUDITORS' OPINION

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governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In my opinion:

- The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

### **Opinion on the pension fund accounting statements**

I have audited the pension fund accounting statements for the year ended 31 March 2010 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Derbyshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49

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## AUDITORS' OPINION

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of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

### **Respective responsibilities of the Director of Finance and auditor**

The Director of Finance's responsibilities for preparing the pension fund accounting statements, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I read other information published with the pension fund accounting statements and related notes and consider whether it is consistent with the audited pension fund accounting statements. This other information comprises the Explanatory Foreword and the content of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounting statements and related notes.

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## AUDITORS' OPINION

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### Opinion

In my opinion the pension fund accounting statements and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the Pension Fund during the year ended 31 March 2010, and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Derbyshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

### Certificate

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

Ian Sadd  
District Auditor  
Rivermead House  
Grove park  
Enderby  
Leicester  
LE19 1SU

27<sup>th</sup> September 2010

## INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008-09 Restated Net Exp £'000		Note	2009-10		Net Exp £'000
			Gross Exp £'000	Inc £'000	
9,018	Central Services to the Public		2,978	(1,186)	1,792
44,243	Cultural, Environmental, Regulatory and Planning Services		55,899	(5,926)	49,973
106,161	Children's and Education Services		756,612	(589,064)	167,548
54,523	Highways, Roads & Transport Services		93,731	(40,295)	53,436
184,672	Adult Social Care		291,421	(100,139)	191,282
966	Courts Services		1,499	(348)	1,151
9,457	Corporate & Democratic Core		11,981	(3,302)	8,679
6,095	Non Distributed Costs	47	9,125	0	9,125
<b>415,135</b>	<b>Net Cost of Services</b>		<b>1,223,246</b>	<b>(740,260)</b>	<b>482,986</b>
(1,327)	(Surplus) on Trading Operations	4			(941)
24,372	Interest Payable and Similar Charges	48			25,136
(15,412)	Interest and Investment Income	48			(6,440)
24,269	Pensions Interest Cost & Expected Return on Pension Assets	34			36,307
5,759	(Gain) / Loss on Disposal of Assets	45			897
0	Other Income				(816)
239	Levies & Precepts	46			262
<b>453,035</b>	<b>Net Operating Expenditure</b>				<b>537,391</b>
(262,071)	Council Tax				(270,733)
(144,763)	National Non-Domestic Rates				(142,392)
(59,778)	General Government Grants	8			(77,744)
<b>(13,577)</b>	<b>(Surplus) / Deficit for the Year</b>				<b>46,522</b>

## STATEMENT OF 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 12 months. However, the Council 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;
- 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 it 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.

2008-09 Restated £'000		2009-10 £'000
(13,577)	(Surplus) / Deficit for the Year on the Income and Expenditure Account	46,522
(9,574)	Net Additional Amount Required by Statute to be (Credited) or Debited to the General Fund Balance for the Year	(63,947)
<b>(23,151)</b>	<b>(Increase) / Decrease in General Fund Balance for the Year</b>	<b>(17,425)</b>
(68,547)	General Fund Balance Brought Forward	(91,698)
<b>(91,698)</b>	<b>General Fund Balance Carried Forward</b>	<b>(109,123)</b>
(27,488)	Amount of General Fund Balance held by Governors Under Schemes to Finance Schools	(23,370)
(64,210)	Amount of General Fund Balance Generally Available for New Expenditure	(85,753)
<b>(91,698)</b>		<b>(109,123)</b>

## NOTE OF RECONCILING ITEMS TO THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Statement of Recommended Practice which Local Authorities follow requires a note to the accounts that breaks down the amounts, apart from the outturn on the Income and Expenditure Account required by statute or non-statutory proper practices, to be debited or credited to the General Fund for the year. This is the Note of Reconciling Items to the Statement of Movement on the General Fund Balance.

2008-09 Restated £'000		Note	2009-10 £'000
	<b>Amounts included in the I&amp;E Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</b>		
(51,692)	Depreciation, Amortisation and Impairment of Fixed Assets	19-21	(65,528)
17,802	Government Grants Deferred Amortisation	44	8,997
(5,759)	Net Gain / (Loss) on Disposal of Fixed Assets	45	(897)
0	Capital Receipt not from the Sale of Fixed Assets		816
(6,711)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)		(5,918)
288	Adjustment for the Difference Between Council Tax Credited to the I&E and the Amount Required by Statute to be included in the General Fund Balance		351
(68,396)	Net Charges Made for Retirement Benefits in Accordance with Financial Reporting Standard (FRS) 17	34	(69,483)
<b>(114,468)</b>			<b>(131,662)</b>
	<b>Amounts not included in the I&amp;E Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>		
19,877	Minimum Revenue Provision for Capital Financing		21,033
(2,107)	Principal Transferred Debt		(1,519)
17,261	Revenue Contributions to Capital Outlay		8,143
177	Reversal of Effective Interest Rate		506
47,644	Employers' Contributions Payable to Derbyshire Pension Fund and Teachers Pensions Agency	34	51,049
<b>82,852</b>			<b>79,212</b>
	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
22,042	Net Transfer to / (from) Earmarked Reserves		(11,497)
<b>(9,574)</b>	<b>Net Additional Amount Required by Statute to be (Credited) or Debited to the General Fund Balance for the Year</b>		<b>(63,947)</b>

## 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 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 and re-measurement of the net liability to cover the cost of retirement benefits.

<b>2008-09</b>		<b>2009-10</b>
<b>Restated</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
(13,577)	(Surplus) / Deficit on the Income and Expenditure Account	46,522
(38,941)	(Surplus) / Deficit Arising on Revaluation of Fixed Assets	(142,998)
(77,816)	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	163,871
138	Other Movements	0
<b>(130,196)</b>	<b>Total (gains) and losses for the year</b>	<b>67,395</b>

Details of the impact of prior period adjustments on the Statement of Total Recognised Gains & Losses can be found in Note 2 to the accounts.

## BALANCE SHEET

2008-09 Restated £'000		Note	2009-10	
			£'000	£'000
	<i>Tangible Fixed Assets</i>			
1,435,098	Land & Buildings	Notes 13-15 & 19-21	1,572,205	
49,161	Vehicles, Plant & Equipment		52,105	
229,769	Infrastructure Assets		249,812	
4,989	Community Assets		6,326	
89,629	Non-Operational Assets		121,876	2,002,324
208	Intangible Fixed Assets	22/23		3,541
47,154	Long Term Debtors	40		41,287
16,276	Long Term Investments	36		21,000
<b>1,872,284</b>	<b>Total Long-Term Assets</b>			<b>2,068,152</b>
	<i>Current Assets</i>			
3,840	Stocks / Work in Progress	42	1,841	
64,288	Debtors	38/39	67,318	
287,878	Short Term Investments	36	245,816	314,975
	<i>Current Liabilities</i>			
(134,706)	Creditors	41	(164,481)	
(59,055)	Short Term Borrowing	36	(27,304)	
(15,156)	Cash Overdrawn	43	(12,434)	(204,219)
<b>2,019,373</b>	<b>Total Assets Less Current Liabilities</b>			<b>2,178,908</b>
(382,701)	Long Term Borrowing	36	(382,947)	
(5,457)	Long Term Liability Transferred Debt	36	(5,238)	
(55,095)	Long Term Liability (PFI)	18	(53,757)	
(195,536)	Government Grants and Contributions Deferred	44	(247,873)	
(7,061)	Insurance Provisions	26	(7,294)	
(7,436)	Other Provisions	27	(802)	(697,911)
(421,435)	Liability Relating to Defined Benefit Pension Scheme	34		(603,740)
<b>944,652</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>			<b>877,257</b>
	<b>Represented By:</b>			
62,348	Revaluation Reserve	Note 28		198,746
1,121,754	Capital Adjustment Account			1,096,399
(524)	Financial Instruments Adjustment Account			(18)
250	Collection Fund Adjustment Account			601
17,899	Useable Capital Receipts Reserve			14,677
64,210	General Fund Balance			85,753
27,488	Schools Balances			23,370
621	Capital Earmarked Reserves			25
72,041	Revenue Earmarked Reserves			61,444
(421,435)	Pensions Reserve			(603,740)
<b>944,652</b>	<b>TOTAL EQUITY</b>			<b>877,257</b>



## CASH FLOW STATEMENT

2008-09 Restated			Note	2009-10	
£'000	£'000			£'000	£'000
		<b>REVENUE ACTIVITIES</b>			
		<i>Cash Outflows:</i>			
(667,167)		Payments to and on Behalf of Employees		(671,157)	
(492,982)		Other Operating Payments		(596,061)	
	(1,160,149)				(1,267,218)
		<i>Cash Inflows:</i>			
261,783		Council Tax Precepts Received		270,382	
144,763		National Non Domestic Rates Received		142,392	
53,251		Revenue Support Grant		32,866	
574,965		Other Grants	35.iv	625,990	
190,941		Other Income		250,586	
	1,225,703				1,322,216
	<b>65,554</b>	<b>Net Cash Flows</b>	35.i		<b>54,998</b>
		<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
		<i>Cash Outflows:</i>			
(20,536)		External Interest Paid		(19,584)	
(3,825)		Interest Paid on Finance Leases & PFI Assets		(3,746)	
		<i>Cash Inflows:</i>			
15,412		Interest Received		5,596	
	<b>(8,949)</b>	<b>Net Cash Flows</b>			<b>(17,734)</b>
		<b>CAPITAL ACTIVITIES</b>			
		<i>Cash Outflows:</i>			
(98,527)		Purchase of Fixed Assets		(121,591)	
0		Purchase of Long Term Investments		(21,000)	
	(98,527)				(142,591)
		<i>Cash Inflows:</i>			
2,733		Proceeds from Sale of Fixed Assets		1,255	
56,021		Capital Grants Received	35.v	80,733	
	58,754				81,988
	<b>(39,773)</b>	<b>Net Cash Flows</b>			<b>(60,603)</b>
		<b>MANAGEMENT OF LIQUID RESOURCES</b>			
(14,678)		Short Term Deposits Repaid		59,904	
	<b>(14,678)</b>	<b>Net Cash Flows</b>			<b>59,904</b>
		<b>FINANCING</b>			
		<i>Cash Outflows:</i>			
(32,011)		Repay Amounts Borrowed		(140,408)	
(1,177)		Capital Element of PFI Payments		(1,338)	
	(33,188)				(141,746)
		<i>Cash Inflows:</i>			
0		New Long Term Loans Raised		12,500	
36,931		New Short Term Loans Raised		95,403	
	36,931				107,903
	<b>3,743</b>	<b>Net Cash Flows</b>			<b>(33,843)</b>
	<b>5,897</b>	<b>Increase / (Decrease) in Cash</b>			<b>2,722</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Acquired or Discontinued Operations

There have been no acquired or discontinued operations during the financial year.

## 2. Exceptional / Extraordinary Items and Prior Year Adjustments

No exceptional or extraordinary items have occurred during the financial year.

The 2008-09 position has been restated for two material changes in accounting policy, both of which were required in order to comply with the Statement of Recommended Practice (SORP).

- Early introduction of International Financial Reporting Interpretation Committee 12 (IFRIC12), PFI and similar contracts.

Local Authorities are required to change their accounting policies for Service Concession Arrangements, of which PFI contracts form a part. This is due to the early introduction of International Financial Reporting Standards, which are due to be fully implemented in 2010-11. The changes relate to the basis for determining whether PFI assets and liabilities are to be recognised by the private sector partner company or the Local Authority. All four PFI schools operating in Derbyshire, are now treated as 'on-balance sheet' by the Authority, and previous years transactions have been amended to reflect this treatment. Further information on the Authority's PFI schemes can be found in note 18.

- Recognition of the Authority's share of Council Tax debtors.

The SORP introduces a change to the method of accounting for Council Tax. Previously the Council was required to show the precept received from the Billing Authority. The changes require all Authorities to show their actual attributable share of Council Tax surplus or deficit, cash received and debt owed by bill payers. The impact of this is mitigated in the Collection Fund Adjustment Account.

The impact of these changes to the main statements is shown below:

Statement / Line	Published 2008-09 £'000	PFI Phase 1 £'000	PFI Phase 2 £'000	Council Tax £'000	Restated 2008-09 £'000
Change					
<i>I&amp;E / Central Services to the Public</i>	7,493				9,018
Move PFI Credits to General Grants		3,071	3,456	0	
Removal of the Interest Charge		(1,859)	(1,966)	0	
Removal of the Liability Repayment		(595)	(582)	0	
<i>I&amp;E / Children's and Education Services</i>	102,240				106,161
Remove residual value charge		1,041	1,207	0	
Write out Pre-Payment reserve		0	(120)	0	
Depreciation Charge		957	836	0	
<b>I&amp;E / NET COST OF SERVICES</b>	<b>409,689</b>	<b>2,615</b>	<b>2,831</b>	<b>0</b>	<b>415,135</b>
<i>I&amp;E / Interest Payable and Similar Charges</i>	20,547				24,372
Finance Charges		1,859	1,966	0	
<b>I&amp;E / OPERATING EXPENDITURE</b>	<b>443,764</b>	<b>4,474</b>	<b>4,797</b>	<b>0</b>	<b>453,035</b>
<i>I&amp;E / Council Tax</i>	(261,783)				(262,071)
Recognition of C'Tax Adjustment		0	0	(288)	
<i>I&amp;E / General Government Grants</i>	(53,251)				(59,778)
Recognition of PFI grant as general		(3,071)	(3,456)	0	
<b>I&amp;E / (SURPLUS) FOR THE YEAR</b>	<b>(16,033)</b>	<b>1,403</b>	<b>1,341</b>	<b>(288)</b>	<b>(13,577)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Statement / Line Change	Published 2008-09 £'000	PFI Phase 1 £'000	PFI Phase 2 £'000	Council Tax £'000	Restated 2008-09 £'000
<i>Note to the SMGFB / Depreciation</i>	(49,899)				(51,692)
Depreciation Charge		(957)	(836)	0	
<i>Note to the SMGFB / PFI Residual Interest</i>	2,248				0
Removal of the residual interest		(1,041)	(1,207)	0	
<i>Note to the SMGFB / C'Tax Adjustment</i>	0				288
Recognition of C'Tax Adjustment		0	0	288	
<i>Note to the SMGFB / MRP</i>	18,700				19,877
MRP charge		595	582	0	
<i>Note to the SMGFB / Transfer to Reserves</i>	21,922				22,042
Write out pre-payment reserve		0	120	0	
<b>Note to the SMGFB / NET AMOUNT TO BE DEBITED OR CREDITED FOR THE YEAR</b>	<b>(7,118)</b>	<b>(1,403)</b>	<b>(1,341)</b>	<b>288</b>	<b>(9,574)</b>

Statement / Line Change	Published 2008-09 £'000	PFI Phase 1 £'000	PFI Phase 2 £'000	Council Tax £'000	Restated 2008-09 £'000
<i>SMGFB / Surplus on the I&amp;E</i>		1,403	1,341	(288)	
<i>SMGFB / Amount adjusted in the Note to the SMGFB</i>		(1,403)	(1,341)	288	
<b>SMFGB / INCREASE IN GENERAL FUND BALANCE FOR THE YEAR</b>	<b>(23,151)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23,151)</b>

### Impact to the Statement of Total Recognised Gains and Losses:

<b>2007-08 Total Equity</b>	<b>827,974</b>
Write Out residual value	(12,431)
Prev years Depreciation B Fwd	(4,585)
Prev years MRP Bal B Fwd	3,536
Council Tax Adjustment Account	(38)
<b>2007-08 Restated Total Equity</b>	<b>814,456</b>
2007-08 to 2008-09 Movement	<b>130,196</b>

Statement / Line Change	Published 2008-09 £'000	PFI Phase 1 £'000	PFI Phase 2 £'000	Council Tax £'000	Restated 2008-09 £'000
<b>STRGL</b>					
(Surplus) on the I&E account	(16,033)	1,403	1,341	(288)	(13,577)
(Surplus) on revaluation of assets	(26,905)	(12,036)	0	0	(38,941)
Actuarial (gain) on pension fund	(77,816)	0	0	0	(77,816)
Other movements	138	0	0	0	138
<b>STRGL / TOTAL (GAINS) FOR THE YEAR</b>	<b>(120,616)</b>	<b>(10,633)</b>	<b>1,341</b>	<b>(288)</b>	<b>(130,196)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Statement / Line Change	Published 2008-09 £'000	PFI Phase 1 £'000	PFI Phase 2 £'000	Council Tax £'000	Restated 2008-09 £'000
<i>BS / Fixed Assets Land &amp; Building</i>	1,366,876				1,435,098
Asset value brought forward		26,225	31,754	0	
Revaluation of Asset		12,036	0	0	
Depreciation for the year		(957)	(836)	0	
<i>BS / Long Term Debtors</i>	63,154				47,154
Write Out residual Value		(8,829)	(5,851)	0	
Removal of Phase 1 Pre-Payment		0	(1,320)	0	
<b>BS / TOTAL LONG TERM ASSETS</b>	<b>1,820,062</b>	<b>28,475</b>	<b>23,747</b>	<b>0</b>	<b>1,872,284</b>
<i>BS / Short Term Debtors</i>	54,651				64,288
Removal of the PFI Pre-Payment		0	(60)	0	
Creation of the C'Tax Debtor		0	0	9,697	
<i>BS / Short Term Creditors</i>	(124,004)				(134,706)
Short term part of the PFI liability		(636)	(619)	0	
Creation of the C'Tax Creditor		0	0	(9,447)	
<b>BS / ASSETS LESS SHORT TERM LIABILITIES</b>	<b>1,968,216</b>	<b>27,839</b>	<b>23,068</b>	<b>250</b>	<b>2,019,373</b>
<i>BS / PFI Liability</i>	0				(55,095)
Recognition of liability		(25,497)	(29,598)	0	
<b>BS / ASSETS LESS LIABILITIES</b>	<b>948,590</b>	<b>2,342</b>	<b>(6,530)</b>	<b>250</b>	<b>944,652</b>
<i>BS / Revaluation Reserve</i>	50,312				62,348
Revaluation of asset		12,036	0	0	
<i>BS / Capital Adjustment Account</i>	1,138,098				1,121,754
Prev Year Residual Value		(7,788)	(4,643)	0	
Current Year residual value		(1,041)	(1,207)	0	
Prev years Depreciation B Fwd		(2,914)	(1,671)	0	
Prev years MRP Bal B Fwd		2,411	1,125	0	
Current year MRP charge		595	582	0	
Current year Depreciation charge		(957)	(836)	0	
<i>BS / Collection Fund Adjustment Account</i>	0				250
Creation of Reserve		0	0	250	
<i>BS / Earmarked Revenue Reserves</i>	71,921				72,041
Write out Pre-Payment adjustments		0	120	0	
<b>BS / RESERVES</b>	<b>948,590</b>	<b>2,342</b>	<b>(6,530)</b>	<b>250</b>	<b>944,652</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 3. Outstanding Obligations Arising From Long-Term Contracts

The Council is required by the SORP to disclose information about all the contracts under which the Council has committed material revenue resources for future financial years. Details of material contracts are:

The Authority paid approximately £1.314m during 2009-10 (£1.588m in 2008-09) to Leonard Cheshire Homes for day care services provided to clients with physical disabilities. This contract is due to expire on 31<sup>st</sup> March 2011, and an estimated £1.524m is committed to this contract in 2010-11.

The Authority paid approximately £1.731m during 2009-10 (£1.807m in 2008-09) to McIntyre Day Services, for day care services provided to clients with learning disabilities. This contract is due to expire on 30<sup>th</sup> September 2016, and an estimated £1,832k is committed to this contract in 2010-11.

The Authority has paid approximately £4.895m during 2009-10 (£4.236m in 2008-09) to Medequip Assisted Technology for Integrated Community Equipment Service (Adult Care equipment). This contract is due to expire on 31<sup>st</sup> March 2015, and an estimated £4m is committed in 2010-11.

The Authority currently has 4 schools under PFI contracts. Details of these contracts can be found in note 18.

### 4. Trading Operations

The Council has the following 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 Council or other organisations.

2008-09 Net Surplus £'000		2009-10		
		Expenditure £'000	Income £'000	Net Surplus £'000
(1,327)	Industrial Development Activities	529	(1,470)	(941)
(1,327)	<b>Total (Suplus) on Trading Activities</b>	<b>529</b>	<b>(1,470)</b>	<b>(941)</b>

Industrial Development Activities relate to factory units throughout the County which provide accommodation for companies and provides a number of Small Business Centres.

### 5. Agency Services

The Council had no material agency agreements during the financial year.

### 6. Transport Act 2000

There are currently no toll roads in operation or planned in Derbyshire.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Pooled Funds and Similar Arrangements

Section 31 of the Health Act 1999, and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000, enable the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. A key feature of the pool is that the use of resources contributed to the pool should be dictated by the needs of clients who meet the criteria established for the pool, rather than the respective contributions of the partners. Thus, it is to be expected that health service resources could be used to deliver local authority services and vice versa.

Derbyshire County Council and Derbyshire Primary Care Trust have a pooled budget arrangement for Derbyshire Integrated Community Equipment. Details of the pooled budget for the year are below.

2008-09 Total Pooled Funding £'000		Derbyshire County Council £'000	2009-10 Derbyshire Primary Care Trust £'000	Total Pooled Funding £'000
110	Employees	52	63	115
1	Other Running Costs Equipment	0	1	1
6,712	Purchase of Equipment	3,380	4,130	7,510
755	Delivery Costs	356	434	790
158	Repairs	73	90	163
(3,500)	Collections Rebate	(1,658)	(2,026)	(3,684)
<b>4,236</b>	<b>Total</b>	<b>2,203</b>	<b>2,692</b>	<b>4,895</b>

### 8. General Government Grants

The General Government Grants figure shown in the Income and Expenditure Account is made up of various General Government Grants as detailed below. The Council has the authority to use these grants however it deems necessary, either to support the general budget requirement, or by specific allocation to projects, ensuring full local control over how the funding is used.

Restated 2008-09 £'000		2009-10 £'000
20,152	Revenue Support Grant (RSG)	32,866
32,660	Area Based Grant (ABG)	34,568
0	Public Service Agreement (PSA) Phase 2 Reward Grant	3,472
439	Local Authority Business Growth Incentive (LABGI)	311
6,527	PFI Credits	6,527
<b>59,778</b>	<b>Total General Government Grants</b>	<b>77,744</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The 2008-09 figures have been restated for the change in accounting policy which requires Private Finance Initiative (PFI) grant credits to be shown as general grant income. Further information on the PFI schemes can be found in note 18.

### 9. Members' Allowances

The total members' allowances paid in 2009-10 were £1.059m. In 2008-09 this figure was £1.057m.

### 10. Officers' Remuneration

Regulation 4 of the Accounts and Audit Regulations 2009 [Statutory Instrument No. 3322] requires Local Authorities to disclose the number of employees in bands of £5k whose total salary plus bonus and benefits, excluding pensions (remuneration), was £50k or more.

There is an expected level of increase in employees who are reported in the primary band of £50k to £55k each year due to the incremental progression of staff within the pay scale, and inflationary effects on pay.

Restated 2008-09				2009-10		
No of Employees			Remuneration Between:	No of Employees		
Teachers	Other	Total		Teachers	Other	Total
177	41	218	£50,000 and £54,999	223	46	269
87	27	114	£55,000 and £59,999	101	22	123
34	6	40	£60,000 and £64,999	56	11	67
11	2	13	£65,000 and £69,999	11	7	18
8	1	9	£70,000 and £74,999	7	0	7
5	6	11	£75,000 and £79,999	7	6	13
6	8	14	£80,000 and £84,999	7	9	16
1	1	2	£85,000 and £89,999	6	2	8
2	2	4	£90,000 and £94,999	1	0	1
0	0	0	£95,000 and £99,999	2	0	2
<b>331</b>	<b>94</b>	<b>425</b>		<b>421</b>	<b>103</b>	<b>524</b>

This table shows all employees earning over £50k except for the Chief Executive and those who report directly to the Chief Executive. Details of their remuneration is shown in the table below, which shows, for Senior Employees whose salary is above £50k, the total remuneration earned in the financial year, and the name of any individual whose salary exceeds £150k.

# NOTES TO THE CORE FINANCIAL STATEMENTS

	Salary (inc Allowances) £	Bonuses £	Expense Allowances £	Compensation For Loss Of Office £	Benefits £	Remuneration £	Employers Pension Contribs £	Total Remuneration 2009-10 £	Total Remuneration 2008-09 £
<b>Chief Executive: Nick Hodgson</b>									
	151,205	0	0	0	1,324	<b>152,529</b>	27,115	<b>179,643</b>	<b>179,134</b>
<b>Deputy Chief Exec &amp; Strategic Director Children &amp; Younger Adults</b>									
	129,765	0	0	0	1,177	<b>130,942</b>	23,266	<b>154,208</b>	<b>149,938</b>
<b>Strategic Director Adult Care Services</b>									
	116,342	0	0	0	1,330	<b>117,672</b>	20,857	<b>138,528</b>	<b>132,894</b>
<b>Strategic Director Environmental Services</b>									
	116,342	0	0	0	1,265	<b>117,607</b>	20,857	<b>138,463</b>	<b>134,969</b>
<b>Strategic Director Cultural &amp; Community Services</b>									
	96,623	0	0	0	1,260	<b>97,883</b>	17,317	<b>115,200</b>	<b>114,395</b>
<b>Strategic Director Policy &amp; Community Safety</b>									
	94,430	0	0	0	1,238	<b>95,668</b>	16,923	<b>112,591</b>	<b>109,701</b>
<b>Director of Human Resources</b>									
	93,916	0	0	0	1,172	<b>95,088</b>	16,962	<b>112,050</b>	<b>98,892</b>
<b>County Secretary</b>									
	91,530	0	0	0	894	<b>92,424</b>	16,403	<b>108,826</b>	<b>108,259</b>
<b>Director of Finance</b>									
	89,453	0	0	0	975	<b>90,428</b>	16,030	<b>106,458</b>	<b>104,783</b>
<b>Director of Property</b>									
	87,376	0	0	0	1,113	<b>88,489</b>	15,657	<b>104,146</b>	<b>101,289</b>
<b>Director of Communications &amp; Access to Services</b>									
	87,376	0	0	0	0	<b>87,376</b>	15,657	<b>103,033</b>	<b>99,708</b>
<b>Director of Transformation (2008-09 includes 11 months from May 2008)</b>									
	85,299	0	0	0	1,171	<b>86,470</b>	15,284	<b>101,754</b>	<b>90,502</b>
<b>Head of Chief Executive Office (2008-09 includes 11 months from May 2008)</b>									
	74,464	0	0	0	1,214	<b>75,678</b>	13,340	<b>89,017</b>	<b>79,158</b>



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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### 11. 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. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

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. The most material transactions with Central Government are grants received, as identified in notes 35iv and 35v.

Council Members have direct control over the Council's financial and operating policies. During 2009-10 material transactions have taken place with the following companies with whom Councillors and/or Chief Officers have an interest: -

- |   |       |
|---|-------|
| • Enable Housing Association Limited        | £479k |
| • Derby and Derbyshire Economic Partnership | £111k |
| • SCAPE System Build Limited                | £100k |
| • Willow Tree Family Farm                   | £30k  |
| • Age Concern                               | £17k  |
| • Vital Earth Derby Limited                 | £16k  |

All contracts were entered into in full compliance with the Council's Standing Orders.

Some Members and Chief Officers may be nominated by the Council to sit on outside bodies. However, the Council's representation on the management board of such organisations has not influenced any contracts, only how funding will be used.

A number of companies have been set up by schools for the purpose of out of school childcare where the board structure is generally made up of school staff members. During 2009-10 identified transactions with any of these companies did not exceed £50k.

A number of services are provided to the Police and Fire Authorities and the Peak District National Park Authority (PDNPA) by the County Council (financial, legal, personnel, information technology, property and fleet services). The values of these services during 2009-10 were: -

- |   |       |
|---|-------|
| • Police Authority                      | £936k |
| • Fire Authority                        | £150k |
| • Peak District National Park Authority | £58k  |

The Council also held temporary deposits for both the PDNPA and the Derbyshire Fire Authority during 2009-10. Details are as follows:

	PDNPA £'000	Derbyshire Fire £'000
Average Balance	6,258	10,608
Balance at 31 <sup>st</sup> March 2010	6,295	8,482
Total Interest	30	50

The Pension Fund held balances up to October 2009 of between £10m and £30m in surplus cash deposited with the council, however no balance was held after October resulting in an average balance of £9,715k for the year. The Council paid the fund a total for interest of £50k on these deposits. In addition, £28k was paid by the Council to the pension fund as its share of interest on credit balances held at the Co-operative Bank. The Council charged the fund £1,449k for expenses incurred in administering the fund.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Audit Costs

The Audit Commission became the new appointed auditors with effect from 1<sup>st</sup> April 2008. The Council incurred the following fees for 2009-10 relating to external audit and inspection;

2008-09 £'000		2009-10 £'000
288	Fees payable with regard to external audit services carried out by the appointed auditor	292
15	Fees payable in respect of statutory inspection	16
28	Fees payable for the certification of grant claims and returns	25
2	Fees payable in respect of other services provided by the appointed auditor.	12
<b>333</b>		<b>345</b>

### 13. Summary of Capital Expenditure and Fixed Asset Disposals

#### *i. Movement on Fixed Assets*

Fixed assets of the Council have been included in the Balance Sheet at their current value and details of the valuation policy are given in the Statement of Accounting Policies.

The following table shows the change in the value of fixed assets during the year:

	OPERATIONAL ASSETS				NON OPERATIONAL ASSETS			TOTAL £'000
	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Investment Properties £'000	Assets Under Construction £'000	Surplus Assets for Disposal £'000	
<b>COST OR VALUATION</b>								
At 1st April 2009	1,443,920	86,679	274,389	4,989	15,386	13,695	60,548	1,899,606
Prior Period	71,685	0	0	0	0	0	0	71,685
Additions	42,060	10,274	26,902	1,058	83	33,335	4,612	118,324
Donations	0	0	0	0	0	0	0	0
Disposals	(4,908)	(140)	0	(15)	(7)	0	(327)	(5,397)
Reclassifications	6,368	0	0	(3)	1,917	(8,099)	(183)	0
Revaluations	68,411	0	0	300	0	0	916	69,627
<b>At 31st March</b>	<b>1,627,536</b>	<b>96,813</b>	<b>301,291</b>	<b>6,329</b>	<b>17,379</b>	<b>38,931</b>	<b>65,566</b>	<b>2,153,845</b>
<b>DEPRECIATION AND IMPAIRMENTS</b>								
At 1st April 2009	(77,044)	(37,518)	(44,620)	0	0	0	0	(159,182)
Prior Period	(3,464)	0	0	0	0	0	0	(3,464)
Charge for Year	(51,013)	(7,282)	(6,859)	(3)	0	0	(329)	(65,486)
Disposals	3,149	92	0	0	0	0	0	3,241
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	73,041	0	0	0	0	0	329	73,370
<b>At 31st March</b>	<b>(55,331)</b>	<b>(44,708)</b>	<b>(51,479)</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(151,521)</b>
<b>OPENING VALUE AT 1st APRIL 2009</b>								
	1,366,876	49,161	229,769	4,989	15,386	13,695	60,548	1,740,424
<b>CLOSING VALUE AT 31st MARCH 2010</b>								
	1,572,205	52,105	249,812	6,326	17,379	38,931	65,566	2,002,324
<b>NATURE OF ASSET HOLDING</b>								
Owned	1,505,494	52,105	249,812	6,326	17,379	38,931	65,566	1,935,613
Finance Lease	0	0	0	0	0	0	0	0
PFI	66,711	0	0	0	0	0	0	66,711
	1,572,205	52,105	249,812	6,326	17,379	38,931	65,566	2,002,324

## NOTES TO THE CORE FINANCIAL STATEMENTS

### ii. Capital Expenditure and Financing

When the Council constructs a building or purchases a piece of land, it treats such expenditure as capital. Below are details of the capital expenditure during the year analysed by the major divisions of each service. Details of how this expenditure has been financed are at the foot of the table.

2008-09 £'000		2009-10 £'000
	<b>CENTRAL AND CORPORATE SERVICES</b>	
3,661	Change Management and Other	7,222
0	Economic Development	25
1,717	County Buildings	2,568
	<b>CHILDREN AND YOUNGER ADULTS</b>	
56,005	Schools	62,496
0	Childrens Services	458
1,357	Youth and Community	1,747
	<b>ENVIRONMENTAL SERVICES</b>	
28,413	Highways	29,237
408	Countryside	1,096
16,952	Reclaim of Derelict Land	4,971
2,132	Refuse Disposal	7,422
450	<b>CULTURAL AND COMMUNITY SERVICES</b>	171
	<b>ADULT CARE</b>	
3,836	Residential Services	7,616
2,988	Day and Community Support Services	2,583
<b>117,919</b>		<b>127,612</b>
	<b>FINANCED FROM</b>	
33,747	Loans	52,245
28,151	Revenue Contributions	8,279
0	Capital Reserves (Revenue Contributions from Previous Years)	460
0	Capital Receipts	5,294
56,021	Capital Grants and Contributions	61,334
<b>117,919</b>		<b>127,612</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 14. Commitments Under Capital Contracts

Listed below are schemes over £500k where there is still significant expenditure outstanding as at 31<sup>st</sup> March 2010.

	Total Estimated Cost £'000	Expenditure Incurred £'000	Expenditure Outstanding £'000
<b>Children &amp; Younger Adults</b>			
Abercrombie Primary School	4,345	3,720	625
Bakewell Lady Manners School	1,081	92	989
Bolsover School BSF	2,007	1,299	708
Buxton Community School	1,513	896	617
Clowne Heritage School BSF	19,646	10,087	9,559
Renishaw Primary School	918	277	641
Shirland Primary School	4,621	44	4,577
Staveley Hollingwood Primary School	5,570	970	4,600
Staveley Springwell School BSF	1,743	1,101	642
Wirksworth Stone Centre	1,208	174	1,034
<b>Environmental Services</b>			
Buxton - Waterswallows - Waste site	3,500	1,902	1,598
Grassmoor Lagoons - Reclamation	4,771	210	4,561
Alfreton Clover Nook - Waste Site	2,532	1,389	1,143
	<b>53,455</b>	<b>22,161</b>	<b>31,294</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15. Information on Assets Held

Details of fixed assets owned by the Council are given below. This table shows the total number of assets in relation to a particular type of asset e.g. there are 1,768 assets in relation to schools made up of elements such as land, buildings, swimming pools etc on site.

Restated Number 2008-09		Number 2009-10
	<b>Land &amp; Buildings</b>	
21	Area Offices	21
38	Community Centres	40
109	Day Centres	106
72	Residential (Elderly)	61
11	Residential (Other)	42
101	Investment Properties	111
85	Offices and Council Buildings	115
1,780	Schools	1,768
78	Libraries	78
309	Other	225
<b>2,604</b>	<b>Total Land &amp; Building</b>	<b>2,567</b>
	<b>Vehicles, Plant &amp; Equipment</b>	
663	Equipment and Furniture	651
764	Vehicles and Plant	762
<b>1,427</b>	<b>Total Vehicles, Plant &amp; Equipment</b>	<b>1,413</b>
	<b>Infrastructure Assets</b>	
2	Land	2
29	Other	30
<b>31</b>	<b>Total Infrastructure Assets</b>	<b>32</b>
	<b>Community Assets</b>	
14	Land	17
59	Other	59
<b>73</b>	<b>Total Community Assets</b>	<b>76</b>
	<b>Non-Operational Assets</b>	
	Assets Under Construction:	
2	Children's Centres	4
1	Residential Home (Elderly)	1
1	Residential Home (Other)	1
3	Schools	17
0	Other Education	1
0	Waste Disposal	4
	Assets Held for Sale:	
8	Schools	19
12	Land	27
35	Other	8
<b>62</b>	<b>Total Non-Operational Assets</b>	<b>82</b>
<b>4,197</b>	<b>Total Assets</b>	<b>4,170</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16. Assets Held Under Leases

The Council uses leased vehicles and specialised plant and equipment under the terms of operating leases. The amount paid in the financial year was £762k (£1.048m in 2008-09).

The Council is committed to making payments in relation to operating leases as detailed below.

2009-10 Actual £'000		Number of Leases	2010-11 Committed £'000
142	Leases expiring within 1 year	26	553
620	Leases expiring within 2 to 5 years	4	67
0	Leases expiring after 5 years	0	0
762			620

### 17. Assets Held For Leasing

The Council has no assets held for finance leasing purposes.

### 18. Private Finance Initiative Schemes

The Council has two Private Finance Initiative (PFI) schemes in which a private sector provider builds, maintains and services accommodation for use by the County Council. Payment is made by an annual Unitary Charge over the life of the contract, subject to satisfactory performance in delivering the serviced accommodation in line with the Council's requirements.

#### (a) Schools Phase 1

In 2001, the Council signed a contract for the provision of two new secondary schools at Tupton and Chapel-en-le Frith. The schools were completed and occupied in April 2003 under a 26 year contract.

#### (b) Schools Phase 2

During 2004-05, the Council signed a contract for the provision of two further secondary schools at Newbold and Long Eaton. They became operational in February 2006. The Council made a payment of £1.5m to the provider at the time of contract signature to secure a reduction in the level of future liabilities. This has been treated as a prepayment in the accounts.

The PFI Schools have been recognised in the value of fixed assets on the Balance Sheet initially at the value of the construction costs. Since the initial recognition, Phase 1 has been revalued and both assets have incurred depreciation charges. The table below details how this has been reflected in the accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Phase 1 £'000	Phase 2 £'000
<b>COST OR VALUATION</b>		
<b>Construction Cost</b>	29,139	33,424
Prior Period Revaluation	9,122	0
<b>Valuation as at 1st April 2009</b>	<b>38,261</b>	<b>33,424</b>
Additions	268	15
Disposals	0	0
Revaluations	0	0
<b>At 31st March 2010</b>	<b>38,529</b>	<b>33,439</b>
<b>DEPRECIATION AND IMPAIRMENTS</b>		
<b>At 1st April 2009</b>	<b>(957)</b>	<b>(2,507)</b>
Charge for Year	(957)	(836)
Disposals	0	0
Revaluations	0	0
<b>At 31st March 2010</b>	<b>(1,914)</b>	<b>(3,343)</b>
OPENING VALUE AT 1st APRIL 2009	37,304	30,917
<b>CLOSING VALUE AT 31st MARCH 2010</b>	<b>36,615</b>	<b>30,096</b>

The unitary charge payments are split into service delivery costs and capital costs for the loan liability.

The cost of service delivery is charged within the Education and Children's Services line on the Income and Expenditure Account, this amount is variable each year as deductions and additions can be made depending on the level of service.

The loan liability element is fixed, however, it is split into interest costs and reduction to the liability; these amounts taper as the loan value reduces.

The table below shows how the payment this year has been reflected in the accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2008-09		2009-10	
	Phase 1 £'000	Phase 2 £'000	Phase 1 £'000	Phase 2 £'000
<b>Unitary Charge Paid</b>				
Delivery of services	2,054	2,218	2,022	2,207
Interest Payment	1,859	1,966	1,818	1,929
Reduction to Liability	595	582	636	619
<b>Unitary Charge Paid Total</b>	<b>4,508</b>	<b>4,765</b>	<b>4,476</b>	<b>4,755</b>
<b>Loan Liability B Fwd</b>	(26,728)	(30,799)	(26,133)	(30,217)
Reduction to Liability	595	582	636	619
<b>Loan Liability C Fwd</b>	<b>(26,133)</b>	<b>(30,217)</b>	<b>(25,497)</b>	<b>(29,599)</b>
Less Amount Due Within 12 Months	636	619	680	658
<b>Long Term Liability</b>	<b>(25,497)</b>	<b>(29,599)</b>	<b>(24,816)</b>	<b>(28,940)</b>

The Authority has committed to making unitary charge payments over the life of the contracts on the following basis (service charge element may vary):

	Phase 1 £'000	Phase 2 £'000		Phase 1 £'000	Phase 2 £'000
<b>Within one year:</b>			<b>Within eleven to fifteen years:</b>		
Service charge	1,776	2,049	Service charge	8,878	10,245
Interest element	1,774	1,889	Interest element	4,611	5,795
Repayment of liability	680	658	Repayment of liability	7,660	6,943
<b>Within two to five years:</b>			<b>Within sixteen to twenty years:</b>		
Service charge	7,103	8,196	Service charge	7,250	10,245
Interest element	6,587	7,109	Interest element	1,538	3,278
Repayment of liability	3,229	3,081	Repayment of liability	8,455	9,459
<b>Within six to ten years:</b>			<b>Within 21 years and beyond:</b>		
Service charge	8,878	10,245	Service charge	0	3,856
Interest element	6,798	7,642	Interest element	0	395
Repayment of liability	5,472	5,095	Repayment of liability	0	4,362



# NOTES TO THE CORE FINANCIAL STATEMENTS

## 19. Fixed Asset Valuation

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by a RICS qualified valuer who is an employee of the Council. The basis for valuation is set out in the Statement of Accounting Policies. Amounts below are shown at net book value.

	OPERATIONAL ASSETS				NON OPERATIONAL ASSETS			TOTAL £'000
	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Investment Properties £'000	Assets Under Construction £'000	Surplus Assets for Disposal £'000	
<b>VALUED AT HISTORICAL COST</b>								
	0	52,105	249,812	6,326	0	38,931	0	<b>347,174</b>
<b>VALUED AT CURRENT COST</b>								
<i>DRC</i>	462,209	0	0	0	0	0	30	462,239
<i>EUV</i>	187	0	0	0	0	0	0	187
<i>MV</i>	156	0	0	0	841	0	1,378	2,375
<b>2005-06</b>	<b>462,552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>841</b>	<b>0</b>	<b>1,408</b>	<b>464,801</b>
<i>DRC</i>	13,606	0	0	0	0	0	10	13,616
<i>EUV</i>	25,264	0	0	0	1,914	0	0	27,178
<i>MV</i>	2,280	0	0	0	941	0	48,238	51,459
<b>2006-07</b>	<b>41,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,855</b>	<b>0</b>	<b>48,248</b>	<b>92,253</b>
<i>DRC</i>	33,443	0	0	0	0	0	0	33,443
<i>EUV</i>	1,792	0	0	0	0	0	0	1,792
<i>MV</i>	0	0	0	0	1,430	0	944	2,374
<b>2007-08</b>	<b>35,235</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,430</b>	<b>0</b>	<b>944</b>	<b>37,609</b>
<i>DRC</i>	158,026	0	0	0	0	0	104	158,130
<i>EUV</i>	16,874	0	0	0	25	0	169	17,068
<i>MV</i>	240	0	0	0	12,228	0	13,072	25,540
<b>2008-09</b>	<b>175,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,253</b>	<b>0</b>	<b>13,345</b>	<b>200,738</b>
<i>DRC</i>	852,477	0	0	0	0	0	1,621	854,098
<i>EUV</i>	111	0	0	0	0	0	0	111
<i>MV</i>	5,540	0	0	0	0	0	0	5,540
<b>2009-10</b>	<b>858,128</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,621</b>	<b>859,749</b>
	<b>1,572,205</b>	<b>52,105</b>	<b>249,812</b>	<b>6,326</b>	<b>17,379</b>	<b>38,931</b>	<b>65,566</b>	<b>2,002,324</b>

DRC = Depreciated Replacement Cost

EUV = Economic Usage Value

MV = Market Value

Intangible assets are not included above, however are all valued at Historical Cost.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20. Depreciation Methodology

Depreciation is charged on a straight line basis using the following bases:

Land	Nil
Infrastructure	40 years
Buildings	40 years
Vehicles	Over the life of the asset (3 - 8 years)
Furniture and Equipment	10 years

It is the Council's policy not to charge depreciation in the year of acquisition but a full years charge is made in the year of disposal.

The depreciation charged for 2009-10 can be analysed by Revenue Department, or the categories that form the Income and Expenditure Account as shown below:

	OPERATIONAL ASSETS				TOTAL £'000
	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	
<b>SHOWN BY DCC DEPARTMENT</b>					
Children & Younger Adults	22,642	4,374	0	0	27,016
Adult Social Care	1,148	303	0	0	1,451
Corporate Resources & Chief Executives	93	202	1	0	296
Corporate and Cultural & Community	1,259	216	4	0	1,479
Environmental Services	89	2,186	6,855	3	9,133
<b>Charge for Year</b>	<b>25,231</b>	<b>7,281</b>	<b>6,860</b>	<b>3</b>	<b>39,375</b>
<b>SHOWN BY I&amp;E ACCOUNT CATEGORY</b>					
Central Services to the Public	2	6	1	0	9
Cultural, Environmental, Regulatory & Planning	548	112	0	3	663
Children's and Education Services	22,644	4,376	0	0	27,020
Highways, Roads & Transport Services	39	2,176	6,855	0	9,070
Adult Social Care	1,148	303	0	0	1,451
Courts Services	0	0	0	0	0
Corporate & Democratic Core	0	0	0	0	0
Non Distributed Costs	850	308	0	0	1,158
(Surplus) on Trading Operations	0	0	4	0	4
<b>Charge for Year</b>	<b>25,231</b>	<b>7,281</b>	<b>6,860</b>	<b>3</b>	<b>39,375</b>

Amortisation of intangible fixed assets is shown in note 23.

### 21. Changes In Depreciation Methods

There have been no changes to the depreciation methodology during the financial year.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22. Intangible Fixed Assets

Intangible Assets relate to software licences for the Council which are being written off over five years in line with the current amortisation policy. The increase in Software Licences is due to the new SAP core system.

	Software Licences £'000	Licences & Trademarks £'000	Patents £'000	Total £'000
<b>COST OR VALUATION</b>				
At 1st April 2009	208	0	0	208
Prior Peiod	0	0	0	0
Additions	3,375	0	0	3,375
Donations	0	0	0	0
Disposals	0	0	0	0
<b>At 31st March 2010</b>	<b>3,583</b>	<b>0</b>	<b>0</b>	<b>3,583</b>
<b>AMORTISATION</b>				
At 1st April 2009	0	0	0	0
Prior Period	0	0	0	0
Charge for Year	(42)	0	0	(42)
Disposals	0	0	0	0
<b>At 31st March 2010</b>	<b>(42)</b>	<b>0</b>	<b>0</b>	<b>(42)</b>
OPENING VALUE AT 1st APRIL	208	0	0	208
<b>CLOSING VALUE AT 31st MARCH 2010</b>	<b>3,541</b>	<b>0</b>	<b>0</b>	<b>3,541</b>

### 23. Changes in Amortisation Methods For Intangible Fixed Assets

There have been no changes to the amortisation methodology during the financial year.

The amortisation charged for 2009-10 can be analysed into the Revenue Departments, or the categories that form the Income and Expenditure Account as shown below:

	Software Licences £'000	Licences & Trademarks £'000	Patents £'000	Total £'000
<b>SHOWN BY DCC DEPARTMENT</b>				
Children & Younger Adults	9	0	0	9
Adult Social Care	21	0	0	21
Environmental Services	12	0	0	12
<b>Charge for Year</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>42</b>
<b>SHOWN BY I&amp;E ACCOUNT CATEGORY</b>				
Children's and Education Services	9	0	0	9
Highways, Roads & Transport Services	12	0	0	12
Adult Social Care	21	0	0	21
<b>Charge for Year</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>42</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 24. Analysis Of Net Assets Employed

2008-09 Restated £'000		2009-10 £'000
	GENERAL FUND:	
(257,970)	REVENUE	(432,590)
1,202,622	CAPITAL	1,309,847
<b>944,652</b>		<b>877,257</b>

## 25. Interests In Companies

Connexions Derbyshire Limited is a company which is jointly owned by Derbyshire County Council and Derby City Council. Derbyshire County Council has 50% of the voting rights and, as such, Connexions has been treated as a joint venture, and all assets and liabilities have been consolidated into the Group Accounts on a 50% equity basis. Responsibility for delivery of the Connexions' services transferred to the authorities on 1<sup>st</sup> April 2008.

The Council has voting rights of 20% or above in the following companies:

- MEGZ Limited 100%
- Creswell Trading Company Limited 50%
- The Creswell Heritage Trust 30%
- The National Stone Centre 21%
- The Derbyshire Environmental Trust Limited 20%

However, the activities and assets of these companies are not considered to be material to the affairs of the Council; their assets and liabilities are, therefore, not included in the accounts.

A number of companies have been set up by schools for the purpose of out of school childcare where the board structure is generally made up of school staff members. The activities and assets of these companies are not considered to be material to the affairs of the Council; their assets and liabilities are, therefore, not included in the accounts.

The Council provides support to certain community transport companies in the region, however, the activities and assets of these companies are not considered to be material to the affairs of the Council; their assets and liabilities are, therefore, not included in the accounts.

The Council acts as treasurer to the CLASP consortium and, as at 31<sup>st</sup> March, had cash holdings of £864k on behalf of the consortium. These funds are not part of the Council's accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 26. Insurance Provisions

The Council operates an insurance fund primarily to meet the estimated outstanding claims under the 'excess' clauses of the Council's insurance policies. Settlement of claims is likely to be spread over a number of years. The fund is made up of both provisions and reserve balances. The element of the fund relating to provisions represents obligations as at 31 March as a result of past claims and events where a reliable estimate can be made of the obligation. The reserve element is an estimate of possible obligations related to claims or events which have not yet been notified.

2008-09 £'000		2009-10 £'000
	<b>INCOME AND EXPENDITURE ACCOUNT:</b>	
	<b>Expenditure</b>	
2,249	External Premiums	1,927
64	General Charges and Expenses	58
990	Claims Paid in the Year	647
<b>3,303</b>	<b>Total Expenditure</b>	<b>2,632</b>
	<b>Income</b>	
(2,892)	Income from Schools	(2,866)
(3,002)	General Fund Contribution	(2,885)
(449)	Other Income	(191)
<b>(6,343)</b>	<b>Total Income</b>	<b>(5,942)</b>
	<b>Transfer to Provisions and Reserves</b>	
2,130	Contribution to Provision	1,481
910	Contribution to Reserve	1,829
	<b>PROVISIONS:</b>	
6,945	<b>OPENING BALANCE</b>	7,061
2,130	Contribution from Revenue	1,481
(2,014)	Claims Paid and Risk Management Expenditure	(1,248)
<b>7,061</b>	<b>CLOSING BALANCE ON PROVISIONS</b>	<b>7,294</b>
	<b>RESERVES:</b>	
10,111	<b>OPENING BALANCE</b>	11,663
910	Contribution from Revenue	1,829
642	Interest on Balances	78
<b>11,663</b>	<b>TOTAL RESERVES</b>	<b>13,570</b>
<b>18,724</b>	<b>Fund balance at 31 March</b>	<b>20,864</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by the transfer of economic benefits. Provisions are charged to the appropriate service revenue account in the year the Council becomes aware of the obligations, based on the best estimate of the likely settlement. Details of the Council's provisions are shown below.

Balance at 31 March 2009 £'000		Provisions Made £'000	Provisions Used £'000	Balance at 31 March 2010 £'000
	Provision For:			
(116)	Disputed Rates Bills	(148)	254	(10)
(41)	Potential ESF Claw Back	0	0	(41)
(7)	Car Parking Dispute	0	0	(7)
(2)	Landfill Allowances	0	0	(2)
0	Educating Hospitalised Children	(300)	0	(300)
0	Planning Appeal Costs	(442)	0	(442)
(7,270)	Other	0	7,270	0
<b>(7,436)</b>		<b>(890)</b>	<b>7,524</b>	<b>(802)</b>

### 28. 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. The Council has the following reserves.

*Revaluation Reserve-*

Store of gains on revaluation of fixed assets not yet realised through sales

*Capital Adjustment Account-*

Store of capital resources set aside to meet past expenditure

*Financial Instruments Adjustment Account-*

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

*Useable Capital Receipts Reserve-*

Proceeds of fixed asset sales available to meet future capital investment

*Pensions Reserve-*

Balancing account to allow inclusion of Pensions Liability in the Balance Sheet

*General Fund Balance-*

Resources available to meet future running costs for non-schools services

*Schools Balances-*

Resources available to meet future running costs for schools services

*Capital Earmarked Reserves-*

Voluntary reserves held for specific capital projects

*Revenue Earmarked Reserves-*

Voluntary reserves held for specific revenue projects

*Collection Fund Adjustment Account-*

Balancing account to allow for proper accounting practice for recognition of Council Tax Income.

Details of the Council's reserve balances are shown below:

# NOTES TO THE CORE FINANCIAL STATEMENTS

Narrative	Note	Revaluation Reserve £'000	Capital Adj Acct £'000	Fin Instrmnts Adj Acct £'000	Usable Capital Receipts £'000	General Fund - County Fund £'000	General Fund - Schools £'000	Capital EM Reserves £'000	Revenue EM Reserves £'000	Collection Fund Adj Acct £'000	Pensions Reserve £'000	Total £'000
<b>PUBLISHED 2008-09</b>		<b>50,312</b>	<b>1,138,098</b>	<b>(524)</b>	<b>17,899</b>	<b>64,210</b>	<b>27,488</b>	<b>621</b>	<b>71,921</b>	<b>0</b>	<b>(421,435)</b>	<b>948,590</b>
<i>Change in accounting policy for</i>												
PFI assets	2	12,036	(16,344)						120	250		(4,188)
Council Tax	2									250		250
<b>OPENING BALANCE 1ST APRIL</b>		<b>62,348</b>	<b>1,121,754</b>	<b>(524)</b>	<b>17,899</b>	<b>64,210</b>	<b>27,488</b>	<b>621</b>	<b>72,041</b>	<b>250</b>	<b>(421,435)</b>	<b>944,652</b>
<i>Surplus or (Deficit) on the I&amp;E Statement</i>						<b>(46,522)</b>						<b>(46,522)</b>
<i>Charges from the SMGFB:</i>												
Depreciation of fixed assets	20/21		(39,417)			39,417						0
Impairment of fixed assets	19	(28)	(26,083)			26,111						0
Government grants deferred amortisation	44		8,997			(8,997)						0
Net gain on disposal of fixed assets	45	(449)	(1,704)		1,256	897						0
Other Income					816	(816)						0
REFCUS			(5,918)			5,918						0
Collection Fund Adjustment						(351)				351		0
Net charges made for retirement benefits	34					69,483						(69,483)
Minimum revenue provision			21,033			(21,033)						0
Principal transferred debt			(1,519)			1,519						0
Revenue Contributions to Capital Outlay					8,279	(8,143)		(136)				0
Reversal of effective interest rate				506		(506)						0
Employer contribution to Pension Fund	34					(51,049)					51,049	0
Net Transfer to / from EM reserves						11,497			(11,497)			0
<i>Movements Within Reserves:</i>												
Historic Cost Depreciation Adjustment		(5,890)	5,890									0
Use of Capital Reserves for Financing			5,754		(5,294)							0
Movement in Schools Balances						4,118	(4,118)					0
Correction to previous year errors		(233)	(667)						900			0
<i>Charges from the STRGL</i>												
Gain on Revaluation of Fixed Assets		142,998										142,998
Loss on Pensions Assets											(163,871)	(163,871)
Other Movements	34											0
<b>CLOSING BALANCE 31ST MARCH</b>		<b>198,746</b>	<b>1,096,399</b>	<b>(18)</b>	<b>14,677</b>	<b>85,753</b>	<b>23,370</b>	<b>25</b>	<b>61,444</b>	<b>601</b>	<b>(603,740)</b>	<b>877,257</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Narrative	Opening Balance £'000	Transfer within Reserves £'000	To Reserves / Gain £'000	From Reserves / Loss £'000	Closing Balance £'000
<b>Revaluation Reserve</b>	(62,348)	6,600	(142,998)	0	(198,746)
<b>Capital Adjustment Account</b>	(1,121,754)	25,355	0	0	(1,096,399)
<b>Financial Instruments Adjustment Account</b>	524	(506)	0	0	18
<b>Useable Capital Receipts Reserve</b>	(17,899)	3,222	0	0	(14,677)
<b>General Fund Balance</b>	(64,210)	(56,568)	(11,497)	46,522	(85,753)
<b>Schools' Balances</b>	(27,488)	4,118	0	0	(23,370)
<b>Capital Earmarked Reserves</b>	(621)	596	0	0	(25)
<b>Collection Fund Adjustment Account</b>	(250)	(351)	0	0	(601)
<b>Pensions Reserve</b>	421,435	18,434	0	163,871	603,740
<b>Revenue Earmarked Reserves:</b>					
<u>Adult Care Reserves:</u>					
<i>Supporting People Specific Grant</i>	0	0	(1,716)	0	(1,716)
<i>Other Adult Care Grants Unspent</i>	(1,692)	0	(1,296)	2,472	(516)
<i>Group Living Scheme Rents</i>	0	0	(137)	22	(115)
<u>Environmental Services</u>					
<i>DLO Reserves</i>	(4,277)	0	(1,598)	716	(5,159)
<i>Waste Disposal - Royalties Reserve</i>	(2,088)	0	0	0	(2,088)
<i>Environmental Services Grants Unspent</i>	(2,496)	0	0	222	(2,274)
<i>Commuted Sums &amp; Maintenance</i>	(748)	0	(204)	0	(952)
<i>Other Environmental Services Reserves</i>	(2,752)	0	(931)	376	(3,307)
<u>Children &amp; Younger Adults:</u>					
<i>Teaching Assistant Support Funding</i>	(2,617)	0	(1,134)	0	(3,751)
<i>Reserve for Surestart Grant</i>	(1,710)	0	0	0	(1,710)
<i>Reserve for PSA Reward Grant</i>	(1,808)	0	0	0	(1,808)
<i>Other CAYA Grants Unspent</i>	(16,569)	0	0	16,481	(88)
<i>Other CAYA Reserves</i>	(1,657)	0	(889)	38	(2,508)
<u>Corporate Resources and Chief Execs</u>					
<i>DLO Reserves</i>	(1,324)	0	(2,145)	363	(3,106)
<i>Derbyshire Property Package</i>	(1,621)	0	(1,796)	1,621	(1,796)
<i>Other CRD &amp; Chief Execs Reserves</i>	(3,470)	(900)	(415)	1,774	(3,011)
<u>Cultural &amp; Community Services and Corporate</u>					
<i>Insurance Reserve</i>	(11,663)	0	(1,907)	0	(13,570)
<i>PFI Schools Reserves</i>	(4,136)	0	(67)	407	(3,796)
<i>PSA Reward Grant</i>	(103)	0	(3,472)	0	(3,575)
<i>Change Management Reserve</i>	(7,728)	0	(555)	5,043	(3,240)
<i>Early Retirement</i>	(1,000)	0	0	0	(1,000)
<i>LABGI Grant</i>	(643)	0	(311)	90	(864)
<i>Other CACS &amp; Corporate Grants</i>	(1,264)	0	(18)	576	(706)
<i>Other CACS &amp; Corporate Reserves</i>	(674)	0	(242)	128	(788)
	<b>(944,651)</b>	<b>0</b>	<b>(173,328)</b>	<b>240,722</b>	<b>(877,257)</b>



# NOTES TO THE CORE FINANCIAL STATEMENTS

## 29. Contingent Liabilities And Contingent Assets

There are no Contingent Assets or Liabilities for 2009-10.

## 30. Authorisation of Accounts for Issue

The accounts were approved by the Audit Committee on 29<sup>th</sup> June 2010. Following the unqualified audit opinion being issued by the Audit Commission, the Director of Finance authorised the accounts for issue on 27<sup>th</sup> September 2010. The formal Statement of Approval can be found on page 24.

## 31. Events After The Balance Sheet Date

In his budget statement on 22 June, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which has been the practice in the past. As a result, future pension increases under the Derbyshire County Council Pension Fund/Teachers' Pension Scheme are expected to be slightly lower, on average, than would have been the case if this change had not been made. This change is estimated to reduce the FRS17 benefit obligations by between 5% and 8% for most employers. The precise financial effect will be taken into account in the FRS17/IAS19 figures for the financial year ending 31 March 2011.

The Government recently announced changes in respect of the Building Schools for the Future programme. The Council holds assets in relation to Wave 5 planned schemes valued at around £1.7m in the balance sheet. Part of this is in relation to purchase of land, which will retain a value for sale, and therefore at this stage it is not possible to accurately determine the final position. In due course some expenditure may need to be written off in the Income and Expenditure account.

## 32. Trust Funds

The Council administers a number of Trust Funds. These are funds made up of donations or bequests made to the Council. Generally the benefactors specify the use to which the fund is to be put, the most common being the provision of educational prizes.

The tables below detail the Aggregate Revenue Account and Balance Sheet for all Trust and Other Funds currently administered by the Council but these funds are not part of the Council's Accounts.

2008-09 Total £'000		Trust Funds £'000	2009-10 Other Funds £'000	Total £'000
	<b>AGGREGATE REVENUE ACCOUNT</b>			
3,933	Opening Balance	1,233	3,154	4,387
643	Add Income	60	309	369
(189)	Less Expenditure	(13)	(561)	(574)
4,387	Closing Balance	1,280	2,902	4,182
	<b>REPRESENTED BY</b>			
36	Investments	58	0	58
2,376	Building Society Deposits	0	2,668	2,668
1,975	Cash & Temporary Loans	1,222	234	1,456
4,387	<b>Total Assets</b>	1,280	2,902	4,182
(7)	Increase in unrealised profit on investments included in expenditure	22	0	22
77	Number of Funds (actual not 000's)	66	20	86

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 33. Reserves and Balances Held by Schools Under Delegated Schemes

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, 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 can be spent on educational services, provided directly by maintained schools (via the Individual Schools Budget-*ISB*), or by central teams.

Details of the deployment of DSG receivable for 2009-10 are as follows.

2008-09 Total £'000	Notes		Central Expenditure £'000	ISB £'000	2009-10 Total £'000
406,793	A	Final DSG for 2009-10	59,719	355,210	414,929
3,572	B	Brought forward from 2008-09	5,077	1,057	6,134
0	C	Carry forward to 2010-11 agreed in advance	0	0	0
<b>410,365</b>	<b>D</b>	<b>Agreed budgeted distribution in 2009-10</b>	<b>64,796</b>	<b>356,267</b>	<b>421,063</b>
(54,052)	E	Actual central expenditure	(57,834)		(57,834)
(350,179)	F	Actual ISB deployed to schools		(354,184)	(354,184)
0	G	Local Authority contribution for 2009-10	0	0	0
<b>6,134</b>	<b>H</b>	<b>Carry forward to 2010-11</b>	<b>6,962</b>	<b>2,083</b>	<b>9,045</b>

A: DSG figure as issued by DCSF.

B: Figure brought forward from 2008-09 as agreed with DCSF.

C: Amount the Council decided to carry forward to 2010-11 rather than distribute in 2009-10.

D: Budgeted distribution of DSG, adjusted for carry forward, as agreed with the schools forum.

E: Actual amount of central expenditure items in 2009-10.

F: Amount of ISB actually distributed to schools in 2009-10.

G: Any contribution by the Council in 2009-10.

H: Carry forward to 2010-11.

### 34. Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employee earns their future entitlement.

#### 34.i Details of the Pension Schemes

The Council participates in two pension schemes, these are:

- Local Government Pension Scheme for non-teaching employees. This scheme is a funded, defined benefit scheme, administered by the Council. The Council and employees pay contributions into the fund, at a level intended to balance the pension's liabilities with investment assets.
- Teachers' Pension Scheme. This scheme is an unfunded, defined benefit scheme (accounted as a defined contribution scheme), administered by the Department for Children, School and Families. Contribution rates to DCSF are;
  - teachers contributions 6.4%
  - employer contributions 14.1%

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 34.ii The Nature of the Authority's Participation and the Financial Effect of Changes

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when they are actually paid to pensioners. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, resulting in a reversal of real cost of pensions being reversed out in the Note of Reconciling Items to the Statement of Movement in the General Fund Balance.

The following transactions have been made in the Income and Expenditure Account and the Note of Reconciling Items to the Statement of Movement in the General Fund Balance during the year:

	Local 2009-10 £'000	Government 2008-09 £'000	Teachers Unfunded 2009-10 £'000	2008-09 £'000	Total Pensions Costs 2009-10 £'000	2008-09 £'000
<b>INCOME AND EXPENDITURE ACCOUNT</b>						
Net Cost of Services:						
• Current Service Cost	31,581	43,402	0	0	31,581	43,402
• Effect of Curtailments	194	104	1,401	621	1,595	725
Net Operating Expenditure:						
• Interest Cost	78,421	79,257	3,645	3,651	82,066	82,908
• Expected Return on Assets in the Scheme	(45,759)	(58,639)	0	0	(45,759)	(58,639)
<b>Net Charge to the Income and Expenditure Account</b>	<b>64,437</b>	<b>64,124</b>	<b>5,046</b>	<b>4,272</b>	<b>69,483</b>	<b>68,396</b>
<b>STATEMENT OF MOVEMENT IN THE GENERAL FUND BALANCE</b>						
• Reversal of net charges made to the I&E	(64,437)	(64,124)	(5,046)	(4,272)	(69,483)	(68,396)
• Employers Contributions to the Scheme	46,543	43,414	4,506	4,230	51,049	47,644
<b>Net Adjustment Made to the SMGFB</b>	<b>(17,894)</b>	<b>(20,710)</b>	<b>(540)</b>	<b>(42)</b>	<b>(18,434)</b>	<b>(20,752)</b>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>						
• Actuarial Loss Made in the Year	(154,071)	69,395	(9,800)	8,421	(163,871)	77,816
<b>Movement in Reserve Balance</b>	<b>(171,965)</b>	<b>48,685</b>	<b>(10,340)</b>	<b>8,379</b>	<b>(182,305)</b>	<b>57,064</b>

The cumulative actuarial loss for the Local Government Pensions Scheme recognised in the Statement of Total Recognised Gains and Losses is £323.736m. For the Teachers' Pensions Scheme this is an actuarial loss of £13.801m, total cumulative actuarial losses are £337.537m.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 34.iii Reconciliation of the Opening and Closing Balance of the Present Value Liabilities

The present value of scheme liabilities at 31 March has been reconciled to the opening balance as follows:

	Local Government		Teachers Unfunded		Total Pensions Costs	
	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000
Estimated Liabilities In Scheme At 1st April	1,103,247	1,291,046	53,591	61,970	1,156,838	1,353,016
Current Service Cost	31,581	43,402	0	0	31,581	43,402
Interest on Pension Liabilities	78,421	79,257	3,645	3,651	82,066	82,908
Past Service Costs	0	0	0	107	0	107
Member Contributions	15,736	14,720	0	(8,421)	15,736	6,299
Actuarial (Gains)/Losses on Liabilities	364,460	(283,667)	9,800	0	374,260	(283,667)
Curtailments	194	104	1,401	514	1,595	618
Benefits/Transfers Paid	(46,443)	(41,615)	(4,506)	(4,230)	(50,949)	(45,845)
<b>Estimated Liabilities in Scheme at 31st March</b>	<b>1,547,196</b>	<b>1,103,247</b>	<b>63,931</b>	<b>53,591</b>	<b>1,611,127</b>	<b>1,156,838</b>

### 34.iv Reconciliation of the Opening and Closing Balance of Scheme Assets

The fair value of scheme assets at 31 March has been reconciled to the opening balance as follows:

	Local Government	
	2009-10 £'000	2008-09 £'000
Fair Value of Plan Assets at 1st April	(735,403)	(874,517)
Expected Return on Plan Assets	(45,759)	(58,639)
Actuarial (Gains) / Losses on assets	(210,389)	214,272
Employer Contributions	(46,543)	(43,414)
Member Contributions	(15,736)	(14,720)
Benefits / Transfers paid	46,443	41,615
<b>Estimated Assets in Scheme at 31st March</b>	<b>(1,007,387)</b>	<b>(735,403)</b>

The actual return on scheme assets in the year was a gain of £256.148m (loss of £155.633m in 2008-09).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 34.v Scheme History (Current year plus previous 4 accounting periods)

	2009-10 £'000	2008-09 £'000	2007-08 £'001	2006-07 £'002	2005-06 £'003
Estimated Liabilities in Scheme					
Local Government Pension's Scheme	1,547,196	1,103,247	1,291,046	1,179,524	1,161,573
Teachers Pension's Scheme	63,931	53,591	61,970	58,871	61,213
Estimated Assets in Scheme					
Local Government Pension's Scheme	(1,007,387)	(735,403)	(874,517)	(848,249)	(786,218)
(Surplus) or Deficit in the Scheme:					
Local Government Pension's Scheme	539,809	367,844	416,529	331,275	375,355
Teachers Pension's Scheme	63,931	53,591	61,970	58,871	61,213
<b>Total</b>	<b>603,740</b>	<b>421,435</b>	<b>478,499</b>	<b>390,146</b>	<b>436,568</b>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £604m has a substantial impact on the overall net worth of the Authority as shown in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the overall position of the Authority remains healthy.

The total contributions estimated to be made into the Local Government Pension's Scheme by the Council in the year to 31<sup>st</sup> March 2011 is £45.244m normal contributions, plus £1.880m additional contributions.

The actuarial gains and losses identified can be analysed into the following categories, measured as a percentage of assets or liabilities:

#### Local Government Pension's Scheme:

	2009-10 %	2008-09 %	2007-08 %	2006-07 %	2005-06 %
Actuarial (Gain) / Loss on Assets Expressed as a Percentage of Total Assets	(2.90)	29.10	5.00	0.30	(14.30)
Actuarial (Gain) / Loss on Liabilities Expressed as a Percentage of Total Liabilities	23.60	(25.70)	2.10	(5.10)	10.20

#### Teachers' Pension's Scheme:

	2009-10 %	2008-09 %	2007-08 %	2006-07 %	2005-06 %
Actuarial (Gain) / Loss on Liabilities Expressed as a Percentage of Total Liabilities	15.30	(15.70)	6.00	(2.90)	4.60

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 34.vi Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis by the Authority's Actuary, Mercer Limited. Whilst this approach is approximate in that assumptions are made regarding the progression of the liabilities between full triennial valuations of the Pension Fund, the investment returns are actual experience.

The principal assumptions used by the actuary have been:

	Local Government Pensions Scheme		Teachers Pensions Scheme	
	2009-10	2008-09	2009-10	2008-09
Long Term Expected Rate of Return on Assets in the Scheme:				
Equities	7.5%	7.5%	-	-
Government Bonds	4.5%	4.0%	-	-
Other Bonds	5.2%	6.0%	-	-
Property	6.5%	6.5%	-	-
Cash	0.5%	0.5%	-	-
Other	7.5%	7.5%	-	-
Mortality Assumptions:				
Longevity at 65 for a Future Male Pensioner	22.2	22.2	21.2	21.2
Longevity at 65 for a Future Female Pensioner	25.0	25.0	24.1	24.0
Longevity at 65 for a Current Male Pensioner	21.2	21.2	21.2	21.2
Longevity at 65 for a Current Female Pensioner	24.1	24.0	24.1	24.0
Rate of Inflation	3.3%	3.3%	3.2%	3.3%
Rate of Increase in Salaries	4.8%	4.8%	-	-
Rate of Increase in Pensions	3.3%	3.3%	3.2%	3.3%
Rate of Discounting in Scheme Liabilities	5.6%	7.1%	5.5%	7.1%
Take-Up of Option to Convert Annual Pension into Retirement Lump-Sum				
Maximum Cash	50.0%	-	-	-
3/80ths Cash	50.0%	-	-	-

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Teachers' Pensions Scheme has no assets to cover its liabilities. The Local Government Pensions Scheme's assets consist of the following categories, by proportion of assets held:

	2009-10 %	2008-9 %
Equities	68.0	63.5
Government Bonds	14.6	20.9
Other Bonds	5.8	3.5
Property	5.1	7.1
Cash	5.8	4.7
Other	0.7	0.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### 35. Notes Relating To The Cash Flow Statement

- i. *Reconciliation of net surplus/deficit on the Income and Expenditure Account to the revenue activities net cash flow*

	£'000	£'000
<b>Surplus / (Deficit) in the Income and Expenditure Account</b>		<b>(46,522)</b>
<b>Non Cash Transactions</b>		
Depreciation & Impairment	65,527	
Amortisation of Capital Grants	(8,997)	
Collection Fund Adjustment	(351)	
Net Effect of FRS17 Adjustments	18,434	
		<b>74,613</b>
<b>Items on an Accrual Basis (Revenue Only)</b>		
Movement in Debtors	(1,130)	
Movement in Creditors	13,533	
Movement in Stock	1,999	
Movement in Provisions	(6,401)	
		<b>8,001</b>
<b>Items Classified Elsewhere in the Cash Flow Statement</b>		
Capital Receipts & Disposals	210	
Interest Payable & Receivable	18,696	
		<b>18,906</b>
<b>Revenue Activities Net Cash Inflow</b>		<b>54,998</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

ii. *Movement in cash reconciled to the movement in net debt*

	Short Term Investments £'000	Short Term Borrowing £'000	Cash £'000	Long Term Borrowing £'000	Transferred Debt £'000	Long Term Liability (PFI) £'000	Total Net Debt £'000
2008-09	287,878	(59,055)	(15,156)	(382,701)	(5,457)	(55,095)	(229,586)
2009-10	245,816	(27,304)	(12,434)	(382,947)	(5,238)	(53,757)	(235,864)
<b>Movement</b>	<b>(42,062)</b>	<b>31,751</b>	<b>2,722</b>	<b>(246)</b>	<b>219</b>	<b>1,338</b>	<b>(6,278)</b>

	£'000	£'000
<b>Increase in Cash</b>		<b>(2,722)</b>
<b>Cash Transactions to Net Debt:</b>		
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Cash Flow from Management of Liquid Resources	59,904	
		<b>59,904</b>
<b>FINANCING</b>		
Cash Flow from New Loans Raised	107,903	
Cash Flow from Loans Repaid	(140,408)	
Cash Flow from Payment of PFI Principal	(1,338)	
		<b>(33,843)</b>
<b>Non Cash Transactions:</b>		
Maturity of Long Term Investments into Short Term	(16,276)	
Accrued Interest on Financial Assets & Liabilities	961	
Offset Transferred Debt Principal Owed with Due	(1,746)	
		<b>(17,061)</b>
<b>Movement in net debt for the period</b>		<b>6,278</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### iii. Reconciliation of items under Financing and Management of Liquid Resources

	2009-10 £'000	2008-09 £'000	Movement £'000
<b>Short term Investments</b>	245,816	287,878	42,062
<b>Non Cash Transactions:</b>			
Maturity of Long Term Investments into Short Term			16,276
Accrued Interest on Financial Assets			1,566
<b>MANAGEMENT OF LIQUID RESOURCES</b>	<b>245,816</b>	<b>287,878</b>	<b>59,904</b>

	2009-10 £'000	2008-09 £'000	Movement £'000
<b>Short Term Borrowing</b>	(27,304)	(59,055)	(31,751)
<b>Long Term Borrowing</b>	(382,947)	(382,701)	246
<b>Long Term Liability Transferred Debt</b>	(5,238)	(5,457)	(219)
<b>Long Term Liability (PFI)</b>	(53,757)	(55,095)	(1,338)
<b>Non Cash Transactions:</b>			
Offset Transferred Debt Principal Owed with Due			1,746
Accrued Interest on Financial Liabilities			(2,527)
<b>FINANCING</b>	<b>(469,246)</b>	<b>(502,308)</b>	<b>(33,843)</b>

iv. The table below details the revenue grants included in the Cashflow Statement

## NOTES TO THE CORE FINANCIAL STATEMENTS

Grant	Awarding Body	2009-10 £'000
<b>General Government Grants</b>		
Area Based Grant	Department for Communities & Local Government (DCLG)	34,568
PFI Credits	DCLG	6,527
PSA Reward Grant	DCLG	3,472
LABGI Scheme	DCLG	311
<b>Specific Grants</b>		
<u>CULTURAL &amp; COMMUNITY SERVICES &amp; CORPORATE</u>		
Contact Point	Department for Children, Schools and Families (DCSF)	394
Arts Council Grants	Arts Council England	130
Other Grants	Heritage Lottery & Youth Music	25
<u>CHILDREN &amp; YOUNGER ADULTS</u>		
Dedicated Schools Grant	DCSF	414,929
Standards fund	DCSF	49,708
LSC School	Learning & Skills Council (LSC)	33,511
Sure Start	DCSF	20,306
School Standards Grant	DCSF	23,396
Adult Education Grants	LSC	7,789
Diploma Grant 0910	DCSF	1,084
Think Family Grants	DCSF	644
Various Sports Grants	Sport England / National Lottery / Sports Council England	955
Youth Opportunity Fund	DCSF	397
Higher Level Teaching Asst. Training	Teachers Development Agency	286
Contactpoint	DCSF	254
Cohort 6 Young Apprentice Scheme	LSC	228
Unaccompanied Asylum Seeking Children	Home Office-UK Border Agency	213
Remodelling Social Work Delivery Pilot	Children Workforce Development Council	202
Other Grants		3,159
<u>ENVIRONMENTAL SERVICES</u>		
Aggregate Landscape for Derbyshire and the	English Heritage	138
Asset Management Element 1 Revenue	Department For Transport (DfT)	89
DfT Road Safety	DfT	70
Cromford HERS	Natural England (NE)	39
Belper & Milford HERS	NE	21
Pennine Bridleway National Trail	NE	28
Kickstart Bus Challenge	DfT	9
<u>CORPORATE RESOURCES DEPARTMENT &amp; CHIEF EXECUTIVES</u>		
YJB Effective Practice	Youth Justice Board (YJB)	529
Prevention	YJB	363
ISSP	YJB	172
Community Safety Project	RIEPs funding	122
Drugs Workers	YJB	112
Other Grants		344
<u>ADULT CARE</u>		
Supporting People Main	Department of Health (DoH)	17,261
Social Care Reform	DoH	3,015
Disability Employment Project	European Social Fund	471
Learning Disability Campus Closure	DoH	236
Handyperson	DoH	150
Stroke Victims & Carers	DoH	134
Communities for Health	DoH	100
AIDS Support Grant	DoH	76
Challenge Fund	DoH	10
Open College Network	LSC	7
Access to Work	Department of Works and Pensions	4
VPN Workforce Plan Project	Government Office East Midlands	2
		<b>625,990</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

v. The table below details the capital grants included in the Cashflow Statement

Grant	Awarding Body	2009-10 £'000
Devolved Formula Capital	DCSF	20,107
Building Schools for the Future	DCSF	13,100
Intergrated Transport	DfT	10,088
Modernisation	DCSF	7,218
Primary Capital Programme	DCSF	7,038
PSA Reward Grant	DCLG	3,472
Learning & Skills Council	LSC	3,054
Waste Infrastructure Capital Grant	DCLG	1,343
Extended Services	DCSF	1,303
MEGZ	DfT	1,041
Targeted Capital Fund - Standards & Diversity	DCSF	1,000
Aiming High Capital Grant	DCSF	824
Targeted Capital Fund - Kitchens	DCSF	756
De-Trunking	DfT	740
Sure Start Capital Grant	DCSF	637
Targeted Capital - Specialist Sports Colleges	DCSF	630
Playbuilder	DCSF	535
Other Capital Grants		7,847
		<b>80,733</b>

### 36. Financial Instrument Disclosures

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Long Term		Current	
	31 Mar 2009 £'000	31 Mar 2010 £'000	31 Mar 2009 £'000	31 Mar 2010 £'000
<b>Financial liabilities (principal amount)</b>	<b>(386,523)</b>	<b>(389,023)</b>	<b>(58,702)</b>	<b>(24,736)</b>
Financial liabilities at amortised cost	(382,701)	(382,947)	(59,055)	(27,304)
Financial liabilities at fair value through the I&E	0	0	0	0
<b>Total borrowings</b>	<b>(382,701)</b>	<b>(382,947)</b>	<b>(59,055)</b>	<b>(27,304)</b>
<b>Loans and receivables (principal amount)</b>	<b>16,000</b>	<b>21,000</b>	<b>285,905</b>	<b>244,250</b>
Loans and receivables	16,276	21,000	287,878	245,816
Available-for-sale financial assets	0	0	0	0
Financial assets at fair value through the Income & Expenditure	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
<b>Total investments</b>	<b>16,276</b>	<b>21,000</b>	<b>287,878</b>	<b>245,816</b>

Note 1 – Under accounting requirements, the financial instrument value shown in the Balance Sheet includes the principal amount borrowed or lent plus accrued interest and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Financial Instruments Gains/(Losses)

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

2008-09	Liabilities Measured at Amortised Cost £'000	Loans & Receivables £'000	Available for Sale Assets £'000	Total £'000
<b>Interest Expense</b>				
Losses on Derecognition	0	0	0	0
Impairment Losses	0	0	0	0
Interest Payable & Similar Charges	(22,961)	0	0	(22,961)
<b>Interest Income</b>				
Gains on Derecognition	0	0	0	0
Interest & Investment Income	0	15,504	7	15,511
Gains on Revaluation	0	0	0	0
Losses on Revaluation	0	0	0	0
Amounts Recycled to the Income & Expenditure Account After Impairment	0	0	0	0
Surplus Arising on the Revaluation of Financial Assets	0	0	0	0
<b>Net Gain/(Loss)</b>	<b>(22,961)</b>	<b>15,504</b>	<b>7</b>	<b>(7,450)</b>
<b>2009-10</b>				
<b>Interest Expense</b>				
Losses on Derecognition	0	0	0	0
Impairment Losses	0	0	0	0
Interest Payable & Similar Charges	(21,885)	0	0	(21,885)
<b>Interest Income</b>				
Gains on Derecognition	0	0	0	0
Interest & Investment Income	0	4,298	52	4,350
Gains on Revaluation	0	0	0	0
Losses on Revaluation	0	0	0	0
Amounts Recycled to the Income & Expenditure Account After Impairment	0	0	0	0
Surplus Arising on the Revaluation of Financial Assets	0	0	0	0
<b>Net Gain/(Loss)</b>	<b>(21,885)</b>	<b>4,298</b>	<b>52</b>	<b>(17,535)</b>

From time to time during the year the Council held investments in UK Treasury Bills. The gains on these are shown above. The Council had no investment in Treasury Bills at the year end.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans' Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	Carrying Amount		Fair Value	
	Restated 31 Mar 2009 £'000	31 Mar 2010 £'000	Restated 31 Mar 2009 £'000	31 Mar 2010 £'000
Public Works Loans Board	(354,988)	(355,255)	(406,397)	(383,094)
Lender Option Borrower Option	(27,713)	(27,692)	(31,050)	(29,462)
Long Term Borrowing	(382,701)	(382,947)	(437,447)	(412,556)
Other Local Authorities Transferred Debt	(5,457)	(5,238)	(5,457)	(5,238)
Long Term Element of PFI Liability	(55,095)	(53,757)	(55,095)	(53,757)
<b>Total Long Term Liabilities</b>	<b>(443,253)</b>	<b>(441,942)</b>	<b>(497,999)</b>	<b>(471,551)</b>
Short Term Debt – Public Works Loans Board	(31,973)	(10,000)	(31,973)	(10,000)
Short Term Debt - Temporary Loans	(27,082)	(14,736)	(27,082)	(14,736)
Trade Creditors	(47,124)	(63,135)	(47,124)	(63,135)
<b>Total Financial Liabilities</b>	<b>(549,432)</b>	<b>(529,813)</b>	<b>(604,178)</b>	<b>(559,422)</b>

The fair value of long term debt is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans, where the interest rate payable is higher than the rates available for similar loans in the markets at the Balance Sheet date.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Carrying amount		Fair value	
	31 Mar 2009 £'000	31 Mar 2010 £'000	31 Mar 2009 £'000	31 Mar 2010 £'000
Long Term Investments - Money Markets	16,276	21,000	16,802	21,149
Long Term Trade Debtors	0	3,251	0	3,251
Short Term Investments - Money Markets	287,878	244,250	287,878	244,250
Trade Debtors	54,462	14,489	54,462	14,489
	<b>358,616</b>	<b>282,990</b>	<b>359,142</b>	<b>283,139</b>

The differences are attributable to fixed interest instruments receivable being held by the Council whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to the PWLB redemption rules which provides a good approximation of the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

### Nature and Extent of Risks in Relation to Financial Instruments

#### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

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# NOTES TO THE CORE FINANCIAL STATEMENTS

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## Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually, in advance, prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures relating to fixed and variable rates;
  - Its maximum and minimum for exposures relating to the maturity structure of debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's Annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

These policies are implemented by the Director of Finance. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

## Credit Risk

The Council does not expect any losses from non-performance by any of its counterparties in relation to its deposits.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Council's counterparty list is based on the above credit assessment and is approved each year as part of the Council's Investment Strategy. The Institutions' credit ratings are monitored throughout the year and significant changes are reported to the Cabinet.

The Annual Investment Strategy also imposes a maximum amount and maximum loan duration for each counterparty.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The following analysis summarises the Authority's maximum exposure to credit risk. The table (composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period since at least 1990 to 2009. Defaults shown are by long term rating category on investments out to 1 year, which are the most commonly held investments.

	Amount 2009-10 £'000	Historical experience of default %	Adjustment for market conditions %	Maximum exposure to default <i>Estimated</i> £'000
Deposits with banks and financial institutions	(a)	(b)	(c)	(a * c)
AAA Rated Counterparties	40,500	0.00%	0.00%	0
AA Rated Counterparties	80,000	0.03%	0.03%	24
A Rated Counterparties	132,750	0.08%	0.08%	106.2
BAA Rated Counterparties	12,000	0.24%	0.24%	28.8
Trade Debtors	27,230	Local experience		
<b>Total Financial Assets</b>	<b>292,480</b>			

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties.

The Council does not generally allow credit for its trade debtors, such that £4.218m of the £27.230m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 Mar 2009 £'000	31 Mar 2010 £'000
Less than 3 Months	10,057	1,948
3 Months to 6 Months	547	416
6 Months to 1 Year	608	642
More than 1 Year	1,092	1,212
	<b>12,304</b>	<b>4,218</b>

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy Reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.



## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved Treasury and Investment Strategies address the main risks, and the Central Treasury Team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	<b>Restated</b>	
	<b>31 Mar 2009</b>	<b>31 Mar 2010</b>
	<b>£'000</b>	<b>£'000</b>
Maturing Within 1 Year	(111,636)	(93,105)
Maturing in 1-2 Years	(11,375)	(11,428)
Maturing in 2-5 Years	(33,255)	(28,548)
Maturing in 5-10 Years	(33,159)	(51,068)
Maturing in More than 10 Years	(360,007)	(345,664)
	<b>(549,432)</b>	<b>(529,813)</b>

The maturity analysis of financial assets is as follows:

	<b>31 Mar 2009</b>	<b>31 Mar 2010</b>
	<b>£'000</b>	<b>£'000</b>
Maturing within 1 Year	342,340	258,739
Maturing in 1-2 Years	16,276	24,251
	<b>358,616</b>	<b>282,990</b>

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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### Market Risk

**Interest Rate Risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income & Expenditure Account (I&E Account) or Statement of Total Recognised Gains and Losses (STRGL). However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account, in which case gains and losses will be posted to the Income and Expenditure Account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a Treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Central Treasury Team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

## NOTES TO THE CORE FINANCIAL STATEMENTS

	31 Mar 2010 £'000
Increase in Interest Payable on Variable Rate Borrowings	266
Increase in Interest Receivable on Variable rate Investments	(3,314)
<b>Impact in the Income and Expenditure Account</b>	<b>(3,048)</b>
Decrease in Fair Value of Fixed Rate Investment Assets	286
Impact on STRGL	0
<b>Decrease in Fair Value of Fixed Rate Borrowings Liabilities (No Impact on the I&amp;E Account or STRGL)</b>	<b>48,205</b>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

**Price risk** - The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

**Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies. It, therefore, has no exposure to loss arising from movements in exchange rates.

### 37. Status of Property held by Foundation, Voluntary Controlled and Voluntary-Aided Schools

Number	Value of Land and Buildings £'000		Number	Value of Land and Buildings £'000
2008-09			2009-10	
15	164,666	Foundation Schools	20	135,592
		Voluntary Controlled Schools:		
7	14,708	Fully owned by DCC	10	19,683
34	82,856	Partially owned by DCC	28	34,534
43	64,425	No DCC Ownership	42	31,861
47	452	Voluntary Aided Schools (Land value only)*	51	423

\* (Land Value only - owned by DCC)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 38. Debtors

	2009-10 £'000
<b>Amounts Owning to the Authority</b>	
From Other Local Authorities	6,891
From NHS Bodies	11,286
From Government Departments	16,086
From Connexions Derbyshire (inter-group eliminated in group accounts)	372
From Other Sundry Debtors	23,979
	58,614
<b>Amounts Paid in Advance by the Authority</b>	
To Other Local Authorities	1,494
To NHS Bodies	0
To Government Departments	273
To Connexions Derbyshire (inter-group eliminated in group accounts)	0
To Other Sundry Debtors	7,678
	9,445
<b>Total Debtors</b>	<b>68,059</b>
Less Amount Held as Provision for Bad Debts (see note 39)	(741)
<b>Total Debtors less Bad Debt Provision</b>	<b>67,318</b>

### 39. Bad Debt Provision

The Bad Debt Provision is calculated on a different basis across the Authority to best reflect the varying needs of departments. The total Bad Debt Provision is £741k, which is about 3% of Sundry Debtors.

	2009-10 £'000
Adult Care Provision for Part III Debt	(126)
Adult Care Provision for Continuing Care Invoices	(127)
Adult Care General Provision for Bad Debt's	(145)
Children & Younger Adults General Provision	(46)
Environmental Services General Provision	(104)
Corporate Resources & Chief Executives General Provision	(66)
Cultural and Community & Corporate General Provision	(127)
	(741)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 40. Long Term Debtors

2008-09 £'000		2009-10 £'000
38,219	Derby City 1997 Reorganisation Transferred Debt	36,594
1,375	Districts 1997 Reorganisation Transferred Debt	1,320
137	Further Education Funding Council	122
15	Loans to Voluntary Organisations	15
923	Loan to Police Authority	842
4,854	Other Capital Debtors	1,937
1,399	Debtor Invoices Paid in Installments	199
232	Long Term Car Loan Debtors	258
<b>47,154</b>		<b>41,287</b>

### 41. Creditors

	2009-10 £'000
<b>Amounts Owed by the Authority</b>	
For Other Local Authorities	(1,588)
For NHS Bodies	(105)
For Government Departments	(16,823)
For Other Sundry Creditors	(63,135)
	(81,651)
<b>Amounts Received in Advance by the Authority</b>	
From NHS Bodies	(2,445)
From Government Departments	(75,639)
From Other Sundry Creditors	(4,746)
	(82,830)
<b>Total Creditors</b>	<b>(164,481)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 42. Stock & Work In Progress

The present basis of showing stocks and work in progress does not comply with SSAP9, which requires them to be shown at the lower of cost or net realisable value. All stocks and work in progress that are recorded in the Balance Sheet are valued at cost. Details of the Council's stocks are as follows:

	Opening Balance £'000	Useage in Year £'000	New Stock Purchased £'000	Closing Balance £'000
<b>Environmental Services</b>				
Stock Of Vehicle Parts	176	(154)	164	186
Planning Shop Stock & Hq Publications	73	(7)	0	66
Allroads Stores	713	(2,408)	2,323	628
<b>Cultural &amp; Community Services and Corporate</b>				
Members' Bar	4	(1)	0	3
Museums	4	0	0	4
<b>Children &amp; Younger Adults</b>				
Stock Held By Schools	38	(38)	33	33
Catering Service Stock	180	(180)	205	205
Other CAYA Stocks	14	0	9	23
<b>Corporate Resources Department and Chief Executives</b>				
Computer Small Stores	3	(3)	0	0
IT Commissioning Unit	14	(196)	221	39
Work In Progress	398	(22)	0	376
DSO Stock	84	(4)	0	80
DSO Work In Progress	2,139	(1,941)	0	198
<b>Total</b>	<b>3,840</b>	<b>(4,954)</b>	<b>2,955</b>	<b>1,841</b>

There were no stock holdings within the Adult Care Directorate.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 43. Cash & Bank Balances

2008-09 £'000		2009-10 £'000
(9,635)	<b>Cash Book Balance (per Bank Reconciliation)</b>	(14,548)
	<b>LESS:</b>	
(12,329)	Amounts in Bank Balance Relating to the Pensions Fund	(5,008)
(425)	Amount Relating to Partnerships	(37)
	Trust Fund Cash & Temporary Loans (see note 32):	
(642)	<i>Adult Care Trust Funds</i>	(234)
(1,224)	<i>Children &amp; Younger Adults Trust Funds</i>	(1,249)
28	<i>Trust Fund Investments</i>	27
(137)	Savings and Benefits of Adult Care Clients	(419)
	<b>PLUS:</b>	
8,977	Amounts Held by Bank Account Schools	8,784
	Petty Cash & Imprest Balances:	
143	<i>Adult Care</i>	158
36	<i>Corporate Resources Department &amp; Chief Execs</i>	36
24	<i>Children &amp; Younger Adults</i>	25
24	<i>Cultural &amp; Community Services &amp; Corporate</i>	27
4	<i>Environmental Services</i>	4
<b>(15,156)</b>		<b>(12,434)</b>

### 44. Government Grants Deferred

2008-09 £'000		2009-10 £'000
(157,317)	Balance Brought Forward	(195,537)
	Movement on Government Grants Deferred	
(56,022)	Grants Receivable in Year	(61,333)
17,802	Amortisation of Capital Grants	8,997
<b>(195,537)</b>	<b>Balance Carried Forward</b>	<b>(247,873)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 45. Gain / Loss on Disposal of Fixed Assets

	OPERATIONAL ASSETS				NON OPERATIONAL ASSETS			TOTAL 2009-10 £'000
	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Investment Properties £'000	Assets Under Construction £'000	Surplus Assets for Disposal £'000	
Cost or Revalued Amount	(4,908)	(140)	0	(15)	(7)	0	(327)	(5,397)
Depreciation	3,149	92	0	0	0	0	0	3,241
Capital Receipts	768	0	0	190	13	0	285	1,256
Adjust for Previous Year	0	3	0	0	0	0	0	3
	(991)	(45)	0	175	6	0	(42)	(897)

### 46. Levies & precepts

The Council is required to pay certain precepts and levies towards the running costs of certain agencies, details of the amounts paid in 2009-10 are;

2008-09 £'000		2009-10 £'000
	Precepts to the Environment Agency:	
173	Severn Trent Region	178
33	North West Region	34
33	Yorkshire Region	48
0	Financial Reporting Council Levy	2
<b>239</b>	<b>Total Levies and Precepts Paid</b>	<b>262</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 47. Non Distributed Costs

Expenditure within Non Distributed Costs is primarily for pensions related costs. Any current year pension costs will have apportioned across the main headings in the Income & Expenditure Account. However, there is a small element of non-pensions costs which the Authority is unable to directly attribute to specific services; these have also been charged to Non Distributed Costs. Such charges include running costs for buildings where a service is not being delivered (non-operational buildings).

2008-09 £'000		2009-10 £'000
	Added Years, Early Retirement Costs	
214	Central Services to the Public	208
345	Cultural, Environmental & Planning	350
4,601	Education and Children Services	4,792
9	Highways, Roads & Transport	10
486	Adult Social Services	494
10	Corporate & Democratic Core	13
104	Curtailments	1,595
326	Unapportioned Amounts	337
0	Capital Non Enhancing Expenditure	1,326
<b>6,095</b>	<b>Total Non Distributed Costs</b>	<b>9,125</b>

### 48. Interest Paid & Received

	2009-10 £'000
<b>Interest Payable</b>	
Interest on Long Term Loans	21,755
Interest on Short Term Loans	130
PFI Interest Payable	3,746
Less Discounts on Early Repayment of Borrowing	(551)
Other Interest Payable	56
<b>Total Interest Payable</b>	<b>25,136</b>
<b>Interest Receivable</b>	
Interest on Investments	(4,350)
Transferred Debt Interest Receipts	(1,971)
Interest on Car Loans	(31)
Other Interest Receivable	(88)
<b>TOTAL</b>	<b>(6,440)</b>

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## **GROUP ACCOUNTS EXPLANATORY FOREWORD**

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### **INTRODUCTION**

The Accounting Code of Practice requires that where a Council has material financial interests, and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of a Council's financial activities and the resources employed in carrying out those activities.

### **INCLUSION WITHIN THE GROUP ACCOUNTS**

Connexions Derbyshire Limited, transferred responsibility for the delivery of its functions jointly to Derbyshire County Council and Derby City Council as of the 1<sup>st</sup> April 2008. Control of the company is made up of two members and two officers from each Council.

Consolidation has been based on a joint venture relationship (50% consolidation after removal of inter group transactions).

The Accounts have been prepared on a merger accounting basis as Connexions Derbyshire Limited was already within Government control.

### **CONTACT INFORMATION FOR CONNEXIONS DERBYSHIRE**

Additional information or copies of the accounts for Connexions can be obtained from:

Carolyn Davis  
2 Godkin House  
Park Road  
Ripley  
Derbyshire  
DE5 3EF

Connexions Derbyshire Limited is audited as a single entity by:

Horwath Clark Whitehill LLP  
Foley House  
123 Stourport Road  
Kidderminster  
Worcestershire  
DY11 7BW

## GROUP ACCOUNTS

### GROUP INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the group entity during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed, and the real projected value of retirement benefits earned by employees in the year. Any transactions between individual entities within the group have been eliminated.

Restated 2008-09		2009-10		
		Gross Expenditure £'000	Income £'000	Net Expenditure £'000
£'000				
9,018	Central Services to the Public	2,978	(1,186)	1,792
44,243	Cultural, Environmental, Regulatory and Planning Services	55,899	(5,926)	49,973
106,170	Children's and Education Services	763,074	(595,654)	167,420
54,523	Highways, Roads & Transport Services	93,731	(40,214)	53,517
184,672	Adult Social Care	291,421	(100,139)	191,282
966	Courts Services	1,499	(348)	1,151
9,457	Corporate & Democratic Core	11,981	(3,302)	8,679
6,095	Non Distributed Costs	9,159	0	9,159
<b>415,144</b>	<b>Net Cost of Services</b>	<b>1,229,742</b>	<b>(746,769)</b>	<b>482,973</b>
(1,327)	(Surplus) on Trading Operations			(941)
24,372	Interest Payable and Similar Charges			25,136
(15,429)	Interest and Investment Income			(6,441)
24,269	Pensions Interest Cost & Expected Return on Pension Assets			36,611
5,759	(Gain) / Loss on Disposal of Assets			897
0	Other Income			(816)
239	Levies & Precepts			262
5	Corporation Tax Paid on Ordinary Activities			0
<b>453,032</b>	<b>Net Operating Expenditure</b>			<b>537,681</b>
(262,071)	Council Tax			(270,733)
(144,763)	National Non-Domestic Rates			(142,392)
(59,778)	General Government Grants			(77,744)
<b>(13,580)</b>	<b>(Surplus) / Deficit for the Year</b>			<b>46,812</b>

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## GROUP ACCOUNTS

### RECONCILIATION OF SINGLE ENTITY TO GROUP SURPLUS

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This statement is a reconciliation to show how the various group entities have contributed to the overall surplus/deficit on the Group Income and Expenditure Account. Details of each surplus/deficit can be found in each entity's single entity accounts.

Restated 2008-09 Net Expenditure £'000		2009-10 Net Expenditure £'000
(13,577)	(Surplus)/Deficit for the Year on Derbyshire County Council I&E Account	46,522
(3,309)	Adjustment for Inter Group Transactions	371
<b>(16,886)</b>	<b>Adjusted Deficit for the Year on Derbyshire County Council I&amp;E Account</b>	<b>46,893</b>
(6)	(Surplus)/Deficit for the Year for Connexions Limited	208
6,618	Adjustment for Inter Group Transactions	(371)
<b>6,612</b>	<b>Adjusted (Surplus) for the Year on Connexions Ltd I&amp;E Account</b>	<b>(163)</b>
(16,886)	Derbyshire County Council Adjusted Deficit, Consolidation on 100% Basis	46,893
3,306	Connexions Adjusted (Surplus), Consolidation on 50% Basis	(82)
<b>(13,580)</b>	<b>(Surplus) / Deficit For The Year On The Group I&amp;E Account</b>	<b>46,812</b>

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## GROUP ACCOUNTS

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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The Statement of Total Gains and Losses reconciles all gains and losses within the Group boundary and balances to the movement in net equity shown on the Group Balance Sheet.

<b>Restated 2008-09 £'000</b>		<b>2009-10 £'000</b>
(13,577)	(Surplus)/Deficit on the Income and Expenditure Account	46,812
(38,941)	(Surplus)/Deficit Arising on Revaluation of Fixed Assets	(143,000)
(78,973)	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities	166,868
138	Other Movements	0
<b>(131,353)</b>	<b>Total (Gains) and Losses for the Year</b>	<b>70,680</b>

The SORP requires a reconciliation to show the impact of prior year adjustments on the Statement of Total Recognised Gains and Losses. There have been no Prior year adjustments for Connexions Ltd, and therefore the only adjustments relate to Derbyshire County Council. Details of the prior period adjustments and their impact can be found in note 2 of the single entity accounts.

## GROUP ACCOUNTS - GROUP BALANCE SHEET

Restated 2008-09 £'000		2009-10	
		£'000	£'000
	<i>Tangible Fixed Assets</i>		
1,435,098	Land & Buildings	1,572,327	
49,239	Vehicles, Plant & Equipment	52,127	
229,769	Infrastructure Assets	249,812	
4,989	Community Assets	6,326	
89,629	Non-Operational Assets	121,876	2,002,468
208	Intangible Fixed Assets		3,541
47,154	Long Term Debtors		41,287
16,276	Long Term Investments		21,000
<b>1,872,362</b>	<b>Total Long-Term Assets</b>		<b>2,068,296</b>
	<i>Current Assets</i>		
3,840	Stocks / Work in Progress	1,841	
64,809	Debtors	67,687	
287,878	Short Term Investments	245,816	
			315,344
	<i>Current Liabilities</i>		
(135,673)	Creditors	(165,609)	
(59,055)	Short Term Borrowing	(27,304)	
(14,591)	Cash Overdrawn	(11,806)	(204,719)
<b>2,019,570</b>	<b>Total Assets Less Current Liabilities</b>		<b>2,178,921</b>
(382,701)	Long Term Borrowing	(382,947)	
(5,457)	Long Term Liability Transferred Debt	(5,238)	
(55,095)	Long Term Liability (PFI)	(53,757)	
(195,536)	Government Grants and Contributions Deferred	(247,873)	
(7,061)	Insurance Provisions	(7,294)	
(7,436)	Other Provisions	(802)	(697,911)
(424,699)	Liability Relating to Defined Benefit Pension Scheme		(610,105)
<b>941,585</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>870,905</b>
	<b>Represented By:</b>		
62,348	Revaluation Reserve		198,746
1,121,754	Capital Adjustment Account		1,096,399
(524)	Financial Instruments Adjustment Account		(18)
250	Collection Fund Adjustment Account		601
17,902	Useable Capital Receipts Reserve		14,677
64,395	General Fund Balance		85,766
27,488	Schools Balances		23,370
630	Capital Earmarked Reserves		25
72,041	Revenue Earmarked Reserves		61,444
(424,699)	Pensions Reserve		(610,105)
<b>941,585</b>	<b>TOTAL EQUITY</b>		<b>870,905</b>

## GROUP ACCOUNTS - GROUP CASH FLOW STATEMENT

2008-09			2009-10	
£'000	£'000		£'000	£'000
		<b>REVENUE ACTIVITIES</b>		
		<i>Cash Outflows:</i>		
(667,167)		Payments to and on Behalf of Employees	(676,524)	
(484,947)		Other Operating Payments	(597,551)	
	(1,152,114)			(1,274,075)
		<i>Cash Inflows:</i>		
261,783		Council Tax Precepts Received	270,382	
144,763		National Non Domestic Rates Received	142,392	
53,251		Revenue Support Grant	32,866	
574,965		Other Grants	625,990	
190,941		Other Income	257,584	
	1,225,703			1,329,214
	<b>73,589</b>	<b>Net Cash Flows</b>		<b>55,139</b>
		<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
		<i>Cash Outflows:</i>		
(20,536)		External Interest Paid	(19,584)	
		Interest Paid on Finance Leases & PFI Assets	(3,746)	
		<i>Cash Inflows:</i>		
15,412		Interest Received	5,596	
	<b>(5,124)</b>	<b>Net Cash Flows</b>		<b>(17,734)</b>
		<b>CAPITAL ACTIVITIES</b>		
		<i>Cash Outflows:</i>		
(111,949)		Purchase of Fixed Assets	(121,669)	
0		Purchase of Long Term Investments	(21,000)	
	(111,949)			(142,669)
2,733		<i>Cash Inflows:</i>		
56,021		Proceeds from Sale of Fixed Assets	1,255	
0		Capital Grants Received	80,733	
	58,754			81,988
	<b>(53,195)</b>	<b>Net Cash Flows</b>		<b>(60,681)</b>
		<b>MANAGEMENT OF LIQUID RESOURCES</b>		
22,253		Short Term Deposits Repaid	59,904	
	<b>22,253</b>	<b>Net Cash Flows</b>		<b>59,904</b>
		<b>FINANCING</b>		
		<i>Cash Outflows:</i>		
(32,011)		Repay Amounts Borrowed	(140,408)	
0		Capital Element of PFI Payments	(1,338)	
				(141,746)
		<i>Cash Inflows:</i>		
0		New Long Term Loans Raised	12,500	
0		New Short Term Loans Raised	95,403	
				107,903
	<b>(32,011)</b>	<b>Net Cash Flows</b>		<b>(33,843)</b>
	<b>5,512</b>	<b>Increase / (Decrease) in Cash</b>		<b>2,785</b>

## GROUP ACCOUNTS – NOTES TO THE GROUP ACCOUNTS

The impact of inclusion of Connexions accounts in the group accounts has not created a material difference to the notes included within the single entity statements. As such the full range of notes have not been included in the group accounts, as it is felt they would not add to the understanding of the reader of the accounts.

The SORP does however require reconciliation between the net surplus or deficit on the group income and expenditure account, to the revenue/operating activities net cash flow. This is the only group note produced.

### 1. Reconciliation between the net surplus or deficit on the group income and expenditure account, to the revenue/operating activities net cash flow.

	2009-10	
	£'000	£'000
<b>Surplus / (Deficit) in the Income and Expenditure Account</b>		<b>(46,812)</b>
<b>Non Cash Transactions</b>		
Depreciation & Impairment	65,527	
Amortisation of Capital Grants	(8,997)	
Collection Fund Adjustment	(351)	
Net Effect of FRS17 Adjustments	18,539	
		<b>74,718</b>
<b>Items on an Accrual Basis (Revenue Only)</b>		
Movement in Debtors	(977)	
Movement in Creditors	13,706	
Movement in Stock	1,999	
Movement in Provisions	(6,401)	
		<b>8,327</b>
<b>Items Classified Elsewhere in the Cash Flow Statement</b>		
Capital Receipts & Disposals	210	
Interest Payable & Receivable	18,696	
		<b>18,906</b>
<b>Revenue Activities Net Cash Inflow</b>		<b>55,139</b>

### 2. Joint Venture turnover attributable to the Group Accounts.

Connexions Derbyshire generated £13,320k of turnover, of which £6,660k is attributable to the Group Accounts. This income has been included as part of the Children's and Education Services line on the Group Income and Expenditure Account.



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## PENSION FUND ACCOUNTS EXPLANATORY FOREWORD

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### Investment Policy

Responsibility for policy matters lies with an Investment Committee of seven County Councillors, two Derby City Councillors, two representatives of the Local Government Association (Derbyshire) and three Trades Union representatives attending as non-voting members. The Investment Committee receives advice from the Director of Finance and from two independent external advisers. Day-to-day management of the Fund is delegated to the Director of Finance and his in-house staff, operating within a policy framework laid down by the Investment Committee. Policy is determined by reference to investment regulations issued under the Superannuation Act, 1972, which require that advice is taken at regular intervals and that the investments are suitably diversified. In addition, the regulations place limitations on investments including maximum investment in a single holding and in 'unlisted securities' (no more than 10% in each category).

The return for 2009-10 for the Fund was 35.3% (2008-09, -17.2%) which compares with the average return on local Council funds of 35.1%. Over the last five years, the Fund's return was 7.9% pa which compared with the average return of 7.0%. Over ten years the Fund's return was 4.6% per annum which is 0.8% per annum ahead of the average. For comparison, the ten year figures for average earnings and retail price increases are 2.7% and 3.8% respectively. On a year by year basis, returns tend to fluctuate significantly according to economic and market conditions and long-term returns are a more appropriate guide to the performance of the Fund. World equity market performance over the last two years has had a significant impact on both short and longer term performance.

### Members' Statistics

	Actuals		
	2008	2009	2010
Contributors	36,497	37,273	36,959
Pensioners and Dependants	19,376	19,957	20,929
Deferred Pensions	16,445	17,331	19,321

### Actuarial Position of the Fund

Every three years an actuarial valuation of the Fund is undertaken in accordance with the provisions of the Local Government Pension Scheme (Administration) Regulations 2008 (prior to these the provisions of the Local Government Pension Scheme Regulations 1997 applied). The purpose of the valuation is to determine the solvency of the Fund and to set the level of contributions payable by each participating employer for the following three years. A valuation of the Fund was undertaken as at 31 March 2007 to set the level of employer contributions for the three years commencing 1 April 2008. The Net Assets of the Pension Fund at 31 March 2007 were £2,087,881k.

The contributions required in respect of future service have been determined using the "projected unit" method. The full rate of employer's contribution provides for the cost of year-by-year accrual of benefits in respect of current Fund members and the amount required to meet a past service deficiency.

The valuation was undertaken using a market value approach. The assets were valued at their market value with market related discount rates used as the basis for determining the present

## PENSION FUND ACCOUNTS EXPLANATORY FOREWORD

value of the liabilities. There are a number of assumptions used in determining the value of past service liabilities, which are detailed in the following table.

The financial assumptions used were as follows:

	Past Service	Future Service
Fixed Interest Gilts Yield:	4.40%	n/a
Index Linked Gilts Real Yield:	1.30%	n/a
Asset Out-Performance Assumption (Pre-Retirement)*	2.50%	n/a
Asset Out-Performance Assumption (Post Retirement)*	1.00%	n/a
Real Earnings Inflation	1.50%	1.50%
Discount Rate (Pre Retirement)	6.90%	6.50%
Discount Rate (Post Retirement)	5.40%	6.50%
Price Inflation	3.10%	2.80%
Salary Increases	4.60%	4.25%
Pension Increases	3.10%	2.75%

\*Asset out-performance assumptions represent the expected out-performance of investment returns relative to gilts. This partly depends on the proportion of the Fund invested in equities.

The actuarial value placed on the assets represented 80% of the value of the past service liabilities compared with 70% at the 2004 valuation. This is being dealt with in accordance with the Funding Strategy Statement, which is available on the Council's website at [www.derbyshire.gov.uk/pensions](http://www.derbyshire.gov.uk/pensions).

The main reason for the improvement in funding was favourable investment performance relative to the actuary's assumptions. In common with other local authorities, Derbyshire's Fund benefited from strong equity markets in the 3 years to 31 March 2007 on which the actuarial valuation was based. This was offset by a lowering of gilt yields (and therefore the discount rate for liabilities) and an increased life expectancy for Fund members.

Employers were given the option of paying either a full rate of contributions for the whole of the period covered by the actuary's valuation certificate or to achieve this by a stepped approach over a period of time.

**Contributions payable by the County, Unitary and District Councils** expressed as a percentage of pensionable payroll:

## PENSION FUND ACCOUNTS EXPLANATORY FOREWORD

<b>Council</b>	<b>2009-10 %</b>	<b>Stepped or full rate</b>	<b>2010-11 %</b>	<b>Stepped or full rate</b>
Derbyshire County	17.95	stepped	18.2	stepped
Amber Valley Borough	21.9 plus £373,536	full	21.9 plus £390,718	full
District of Bolsover	20.2	full	20.2	full
Chesterfield Borough	20.7	full	20.7	full
Derby City	17.8	full	17.8	full
Derbyshire Dales	19.6	full	19.6	full
Erewash Borough	20.9	full	20.9	full
High Peak Borough	23.8	full	23.8	full
North East Derbyshire	20.2 plus £447,295	full	20.2 plus £467,871	full
South Derbyshire	19.9	full	19.9	full

The cash amounts payable by Amber Valley Borough Council and North East Derbyshire District Council are to amortise the past service deficits of former employees up to the point of transfer to other service providers.

All employing bodies are paying a rate which is sufficient to meet the cost of future service and reduce their past service deficiency over a period of time.

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 came into force on 1 April 2008 and employees paid between 5.5% and 7.5% of their pay, excluding non-contractual overtime, depending on their pay banding. Certain contributors (previously classed as manual workers paying at a rate of 5%) had a protected rate of 5.5% in 2009-10. This increased to 6.5% (if appropriate) for 2010-11.

The Derbyshire Pension Fund Statement of Investment Principles, Funding Strategy Statement, Actuarial Valuation Report, Governance Compliance Statement, Communications Policy Statement, Annual Report and Annual Business Plan are available on the Derbyshire County Council's website at [www.derbyshire.gov.uk/pensions](http://www.derbyshire.gov.uk/pensions).

**PENSION FUND ACCOUNTS**  
**PENSIONS FUND AND NET ASSET STATEMENT**

**PENSIONS FUND ACCOUNT**

2008-09 £'000		Note	2009-10 £'000
	<b>Contributions and Benefits</b>		
133,761	Contributions	4,19	138,894
6,235	Transfers In	5	10,408
139,996			149,302
(90,669)	Benefits	6,19	(99,116)
(3,902)	Payments to and on Account of Leavers	7	(15,701)
(1,070)	Administrative Expenses	8	(1,067)
(95,641)			(115,884)
<b>44,355</b>	<b>Net Additions from Dealings With Members</b>		<b>33,418</b>
	<b>Return on Investments</b>		
72,960	Investment Income	9	63,741
(4,064)	Taxation	10	(3,300)
(422,805)	Change in Market Value of Investments	11	559,183
(2,557)	Investment Management Expenses	13	(3,321)
<b>(356,466)</b>	<b>Net Return on Investments</b>		<b>616,303</b>
<b>(312,111)</b>	<b>Net Increase / (Decrease) in the Fund During the Year</b>		<b>649,721</b>
2,070,900	Net Assets of The Fund at 1 April		1,758,789
<b>1,758,789</b>	<b>Net Assets of the Fund at 31 March</b>		<b>2,408,510</b>

**NET ASSET STATEMENT**

2008-09 £'000		Note	2009-10 £'000
1,758,609	Investment Assets	11,12	2,404,282
(7,165)	Investment Liabilities	11,12	(3,211)
8,359	Current Assets	15	8,782
(1,014)	Current Liabilities	16	(1,343)
<b>1,758,789</b>	<b>Net Assets of the Fund at 31 March</b>		<b>2,408,510</b>

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# PENSION FUND ACCOUNTS

## NOTES TO THE PENSION FUND

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The accounts summarise the transactions of the Pension Fund and deal with the net assets at the disposal of the Investment Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Pension Fund – foreword to Financial Statements and the actuarial statement included in the Annual Report and these accounts should be read in conjunction with them.

### **1. Basis of preparation**

The accounts have been prepared in accordance with the Statement of Recommended Practice (“SORP”): Financial Reports of Pension Schemes (Revised May 2007) insofar as it is relevant.

The amount of separately invested Additional Voluntary Contributions (“AVCs”) paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with regulation 5(2)(c) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (S1 1998 No 1831).

### **2. Accounting policies**

#### **Contributions**

Employee contributions are accounted for when deducted from members’ pay.

Employer normal contributions are accounted for in the period to which the corresponding pay relates.

Other employer contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a cash basis.

#### **Benefits**

Benefits and payments to leavers are accounted for in the period they fall due for payment.

Where a member has a choice about the form of their benefit, the benefit is accounted for and the liability is recognised when the member notifies the Council of their decisions as to what form of benefit they will take.

Where a member has no choice about the form of benefit, the benefit is accounted for in the period of leaving/retirement/death, being the period in which the liability to pay the benefit arises.

#### **Transfers**

Where past service liabilities do not transfer between schemes until assets/liabilities have been transferred, transfers are accounted for on a cash basis.

Where trustees have agreed to accept past service liabilities in advance of the transfer of funds, the transfer is accounted for in accordance with the terms of the agreement.

The numbers of transfer payments primarily from and to other local authority pension funds were significantly greater than in the previous year. A backlog of transfers had arisen in 2008-09 when the Council was awaiting changes to its computerised pensions administration system following revisions to the basis of transfer calculations. The majority of the outstanding cases were cleared in the first half of 2009-10.

The values of transfers to and from local authority pension funds have risen due to a change in the basis of calculation.

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# PENSION FUND ACCOUNTS

## NOTES TO THE PENSION FUND

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### **Expenses**

Administrative and Investment expenses are accounted for on an accruals basis.

### **Investment income**

Dividends from quoted securities are accounted for when the securities are quoted ex-dividend.

Rent is accounted for in accordance with the terms of the lease.

Interest on cash and bonds is accrued on a daily basis.

Income arising on the underlying investments of accumulation funds is accounted for within change in market value of investments.

### **Foreign currency translation**

Overseas assets are translated into Sterling from local currency at the exchange rate ruling at the Balance Sheet date.

Exchange gains and losses are treated as follows:

- those relating to the translation of investments are accounted for as part of change in market value included in the Fund Account;
- those relating to current assets and liabilities are accounted for within the Fund Account under an appropriate heading.

### **3. Basis of valuation**

Investments are valued on the net assets statement at their market value as at 31 March 2010. Quoted securities are included at closing bid prices.

Fixed interest stocks are valued excluding accrued income.

Unquoted investments are included at fair value estimated by the Trustees, based on the latest financial information available at the year end.

Pooled investment vehicles are included at closing bid price for funds with bid/offer spreads, or if single priced, at the closing price.

Property is included at open market value as at 31 March 2010, determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards and the Practice Statement contained therein. The property portfolio was independently valued by Edmund Kirby, Chartered Surveyors and Architects.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract on that date. All gains and losses arising on forward foreign exchange contracts are reported within "Change in Market Value".

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

**4. Contributions**

	<b>2008-09</b> <b>£'000</b>	<b>2009-10</b> <b>£'000</b>
Employers		
Normal	70,038	74,318
Deficit Funding	28,310	28,802
Augmentation	939	0
Members		
Normal	34,474	35,774
	<b>133,761</b>	<b>138,894</b>

The rates of employers' contributions payable in 2008-09 and 2009-10 were set as part of the 2007 valuation which revealed an overall funding level of 80.2%

**5. Transfers in**

	<b>2008-09</b> <b>£'000</b>	<b>2009-10</b> <b>£'000</b>
Individual transfers in from other schemes	6,235	10,304
Restitution payments for mis-sold personal pensions	0	104
	<b>6,235</b>	<b>10,408</b>

**6. Benefits**

	<b>2008-09</b> <b>£'000</b>	<b>2009-10</b> <b>£'000</b>
Pensions	69,518	75,424
Commutation of pensions and lump sum retirement benefits	19,021	21,116
Lump sum death benefits	2,130	2,576
	<b>90,669</b>	<b>99,116</b>

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

**7. Payments to and on account of leavers**

	2008-09 £'000	2009-10 £'000
Refund of contributions	16	17
Individual transfers out to other schemes	3,330	15,684
Group transfers out	556	0
	<b>3,902</b>	<b>15,701</b>

**8. Administrative expenses**

	2008-09 £'000	2009-10 £'000
Administration and processing	969	998
Actuarial fees	37	19
Audit fee	64	50
	<b>1,070</b>	<b>1,067</b>

**9. Investment income**

	2008-09 £'000	2009-10 £'000
Income from fixed interest securities	13,688	11,665
Dividends from equities	46,418	43,180
Income from index-linked securities	2,413	2,537
Income from pooled investment vehicles	785	1,056
Net rents from properties	5,188	4,711
Interest on cash deposits	4,468	592
	<b>72,960</b>	<b>63,741</b>



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

**10. Taxation**

	2008-09 £'000	2009-10 £'000
Irrecoverable taxation	4,064	3,300

**11. Investment assets and liabilities**

	Value at 1st April £'000	Purchases & hedging payments £'000	Sales & hedging receipts £'000	Change in mkt val £'000	Value at 31st March £'000
<b>Investment assets</b>					
Fixed interest securities	288,253	445,323	(408,552)	(14,914)	310,110
Equities	938,104	320,035	(321,923)	460,080	1,396,296
Index linked securities	128,254	175,455	(153,836)	6,765	156,638
Pooled investment vehicles	239,790	26,895	(686)	98,844	364,843
Properties	68,060	7	(51)	6,679	74,695
Currency hedging contracts	775	64,263	(66,291)	2,027	774
Insurance policies	14	0	0	11	25
	<b>1,663,250</b>	<b>1,031,978</b>	<b>(951,339)</b>	<b>559,492</b>	<b>2,303,381</b>
Cash deposits & short term loans	81,733				88,141
Other investment balances	13,626				12,760
	<b>1,758,609</b>				<b>2,404,282</b>
<b>Investment liabilities</b>					
Currency hedging contracts	(791)	20,155	(19,846)	(309)	(791)
Other investment balances	(6,374)				(2,420)
	<b>(7,165)</b>				<b>(3,211)</b>
	<b>1,751,444</b>				<b>2,401,071</b>

The total change in market value of investment assets and investment liabilities is an increase of £559,183k.

Included within the above purchases and sales figures are transaction costs of £509k. These comprise stamp duty (£73k) and commissions paid to stockbrokers (£436k).

Costs are also incurred by the Fund through the bid-offer spread on investments within pooled investment vehicles. Such costs are not separately identifiable.

## PENSION FUND ACCOUNTS

### NOTES TO THE PENSION FUND

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Currency hedging receipts and payments represent the transactions settled during the year on currency hedging contracts. The Fund's objective is to decrease risk in the portfolio by entering into futures positions to match a proportion of assets that are already held in the portfolio without disturbing the underlying assets. At the year end, there were four currency hedging contracts, all with less than one year to expiry, with a gross contract value of £39,998k (2009 was £46,070k).

	2008-09 £'000	2009-10 £'000
<b>Fixed interest securities</b>		
UK public sector quoted	243,337	211,317
UK corporate quoted	11,560	11,776
Overseas public sector quoted	33,356	87,017
	<b>288,253</b>	<b>310,110</b>
<b>Equities</b>		
UK quoted	568,998	812,752
Overseas quoted	369,106	583,544
	<b>938,104</b>	<b>1,396,296</b>
<b>Index-linked securities</b>		
UK public sector quoted	91,187	107,820
Overseas public sector quoted	37,067	48,818
	<b>128,254</b>	<b>156,638</b>
<b>Pooled Investment Vehicles</b>		
Property – unquoted	36,553	46,407
Other quoted	156,307	249,251
Other unquoted	46,930	69,185
	<b>239,790</b>	<b>364,843</b>

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

	2008-09 £'000	2009-10 £'000
<b>Properties</b>		
UK freehold	46,510	50,485
UK leasehold	21,550	24,210
	<b>68,060</b>	<b>74,695</b>
<b>Cash deposits and short term loans</b>		
Sterling cash deposits	28,955	35,903
Money market funds	20,592	22,114
Other Sterling short term loans	32,000	25,000
Foreign currency	186	5,124
	<b>81,733</b>	<b>88,141</b>

The proportion of the market value of net investment assets managed in-house and by each external manager at the year end is set out below. Collective investment vehicles held as stock selection decisions are included under 'in-house'.

	2008-09		2009-10	
	£'000	%	£'000	%
In-house	1,448,088	82.7	1,952,207	81.3
Wellington Management International Ltd	147,742	8.4	213,872	8.9
UBS Global Asset Management (UK) Ltd	155,614	8.9	234,992	9.8
	<b>1,751,444</b>	<b>100</b>	<b>2,401,071</b>	<b>100</b>

All fund managers operating the pooled investment vehicles are registered in the United Kingdom except for:

<b>Fund</b>	<b>Country of registration of fund manager</b>
Montanaro Focus Fund	Channel Islands
Atlantis Asian Recovery Fund	Ireland
Baring Australia Fund	Ireland
Aberdeen Global Japan Smaller Companies Fund	Luxembourg
J P Morgan Funds Latin American Equity Fund "A"	Luxembourg
Martin Currie Global Funds - Greater China Fund	Luxembourg
Martin Currie Global Funds - Japan Mid-Cap Fund	Luxembourg

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

**12. Fund investments by geographical sector (at market value)**

	2008-09		2009-10	
	£'000	%	£'000	%
UK	1,165,908	66.6	1,466,152	61.1
N America	190,731	10.9	258,881	10.8
Europe	185,589	10.6	329,675	13.7
Asia and other	209,216	11.9	346,363	14.4
	<b>1,751,444</b>	<b>100</b>	<b>2,401,071</b>	<b>100</b>

**13. Investment management expenses**

	2008-09	2009-10
	£'000	£'000
Administration, management and custody	2,376	3,143
Performance measurement services	8	8
Legal and other advisory fees	173	170
	<b>2,557</b>	<b>3,321</b>

**14. Additional Voluntary Contributions**

In accordance with Regulation 5(2)(c) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998, the Accounts do not include employees' Additional Voluntary Contributions ("AVCs"). The amounts involved are not material in relation to the size of the overall Pension Fund.

Members may make AVCs which are invested separately from the Fund's assets. These investments are specifically allocated to the provision of additional benefits for those members. These are money purchase arrangements where the member uses the invested amount to provide an additional lump sum or to purchase an annuity or buy additional benefits in the Local Government Pension Scheme.

The total value of funds provided by these contributions was:

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

	2008-09 £'000	2009-10 £'000
Equitable Life Assurance Society		
with profits fund	445	411
unit-linked funds	574	620
building society fund	10	10
<i>Total Equitable Life Assurance Society</i>	<i>1,029</i>	<i>1,041</i>
Standard Life		
sterling fund	1	0
managed fund	305	419
cautious managed fund	34	29
protection fund	38	54
ethical fund	67	81
with profits fund	340	321
<i>Total Standard Life</i>	<i>785</i>	<i>904</i>
Prudential Assurance Company Ltd		
deposit fund	3,812	3,766
<i>Total Prudential Assurance</i>	<i>3,812</i>	<i>3,766</i>
Clerical Medical		
with profits fund	452	469
unit linked fund	56	42
<i>Total Clerical Medical</i>	<i>508</i>	<i>511</i>
<b>Total AVC Investments</b>	<b>6,134</b>	<b>6,222</b>
Death in Service Cover		
Equitable Life	707	520

Death in Service cover is payable by the AVC provider where an employee has opted to pay an extra life insurance sum. The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) increased the death grant payable for contributors to three times their "final pay" (in the case of a part-time employee it is three times their actual pensionable pay). The maximum amount insurable is, therefore, restricted to an amount equivalent to "final pay" and in the case of a part-time contributor, their actual pensionable pay. "Final pay" is defined in the above Regulations.

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

	Equitable Life £'000	Prudential £'000	Standard Life £'000	Clerical Medical £'000	Total £'000
<b>Value at 1.4.2009</b>	<b>1,029</b>	<b>3,812</b>	<b>785</b>	<b>508</b>	<b>6,134</b>
Income					
Contributions received	21	525	46	52	644
Interest and bonuses and change in market value	130	19	172	7	328
Transfers in	-	14	27	-	41
Expenditure					
Life assurance premiums	(2)	-	-	-	(2)
Retirement benefits	(133)	(556)	(83)	(54)	(826)
Transfers out and withdrawals	-	(48)	(43)	-	(91)
Contribution repayments	(4)	-	-	(2)	(6)
<b>Value at 31.3.2010</b>	<b>1,041</b>	<b>3,766</b>	<b>904</b>	<b>511</b>	<b>6,222</b>

**15. Current assets**

	2008-09 £'000	2009-10 £'000
Employers' contributions due	5,020	4,664
Employees' contributions due	1,638	1,674
Sundry debtors	1,701	2,444
	<b>8,359</b>	<b>8,782</b>

Employers' and employees' contributions due at 31 March 2010 have been received since the year-end.

**16. Current liabilities**

	2008-09 £'000	2009-10 £'000
Unpaid benefits	965	1,342
Sundry creditors	49	1
	<b>1,014</b>	<b>1,343</b>

## PENSION FUND ACCOUNTS

### NOTES TO THE PENSION FUND

#### 17. Related Party Transactions

Derbyshire County Council is the administering authority for the purposes of the Fund under the Local Government Pension Scheme (Administration) Regulations 2008. Included in administrative expenses and investment management expenses in 2009-10 are charges from the Corporate Finance Division and other Council departments of £1,449k (2008-09, £1,363k) for providing services.

The Fund has also made a loan to Derbyshire County Council at various times throughout the year of between £10 million and £30 million. At 31 March 2010 there was no balance (2009, £17 million). This loan was repayable on demand and earned a market rate of interest as prescribed by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.

#### 18. Investment Commitments

Investment commitments are commitments to private equity and infrastructure investments, not yet drawn down by the managers. At the end of the financial year, investment commitments in respect of future payments were:

	2008-09	2009-10
	£'000	£'000
Unquoted investments	4,164	8,916

#### 19. Participating Employers

The participating employers with active members in the Fund are Derbyshire County Council (which is also the Administering Authority), Derby City Council (Unitary Authority) and 8 district Councils (which are Scheduled Bodies) and a further 43 Scheduled and 33 Admission Bodies. The Unitary and District Councils are listed in the foreword of this Annual Report. Other participating employers are listed on the following page.

The contributions receivable and the benefits payable by the Fund during the year in respect of each type of participating employer were as follows:

	2008-09		2009-10	
	Benefits payable £'000	Contributions receivable £'000	Benefits payable £'000	Contributions receivable £'000
Derbyshire County Council	42,883	58,247	47,564	60,430
Scheduled Bodies	45,932	72,491	49,126	74,212
Admission Bodies	1,854	3,023	2,426	4,252
	<b>90,669</b>	<b>133,761</b>	<b>99,116</b>	<b>138,894</b>

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

	Total contribution rate % of pensionable payroll	
	2009-10	2010-11
<b>Scheduled Bodies</b>		
National Probation Service - Derbyshire	15.1	15.1
Peak District National Park Authority	15.7	15.7
Chesterfield Crematorium	27.1	27.1
Derbyshire Valuation Tribunal	43.8	43.8
The University of Derby	13.8	13.8
Chesterfield College	15.3	15.3
South East Derbyshire College (merged with Derby College on 15 Feb 2010)	12.6	0
Derby College	14	14
Derbyshire Police Authority	14.5	14.5
Derbyshire Fire Authority	16	16
Derby Homes Limited	14.7	14.7
High Peak Community Housing Ltd	11.8	11.8
Rykneld Homes Ltd	14.6	14.6
Landau Forte College	11	11
Connexions Derbyshire Limited	16.6	17.9
Town and Parish Councils - Group 1	22.6	22.6
Town and Parish Councils - Group 2	14.1	14.1

**Town and Parish Councils**

Group 1		Group 2
New Mills Town Council	Whaley Bridge Town Council	Alfreton Town Council
Clay Cross Parish Council	Willington Parish Council	Wingerworth Parish Council
Pinxton Parish Council	Shirebrook Town Council	Heanor & Loscoe Town Council
Wirksworth Town Council	Eckington Parish Council	Darley Dale Town Council
Old Bolsover Town Council	Kilburn Parish Council	Morton Parish Council
Belper Town Council		Burnaston Parish Council
Killamarsh Parish Council		Newton Solney Parish Council
Ashbourne Town Council		North Wingfield Parish Council
Dronfield Town Council		Tupton Parish Council
Whitwell Parish Council		Tibshelf Parish Council
Staveley Town Council		Glapwell Parish Council
Matlock Town Council		



## PENSION FUND ACCOUNTS NOTES TO THE PENSION FUND

The following Admission Bodies also participate:

	Total contribution rate % of pensionable payroll	
	2009-10	2010-11
Three Valleys Housing Limited	17.5	18.5
Amber Valley Housing Limited	12.6	12.6
Dales Housing Limited	18.2	20
Tramway Museum Society	8.8 plus £9,200	8.8 plus £9,600
Derbyshire Coalition for Inclusive Living	16.4 plus £21,800	16.4 plus £27,800
Chesterfield Care Group	16.4 plus £5,300	16.4 plus £5,600
Belper Sports Centre	12 plus £25,000	12 plus £26,100
Derbyshire Student Residences Limited	12.9	12.9
Commission for Social Care Inspection	6.2	6.2
Derby and Derbyshire Economic Partnership (see note)	12.9 plus £319,327	-
Derby Cityscape Ltd	17.9	17.9
Cleanaway Ltd (Contract with Chesterfield BC)	5.7	5.7
Cleanaway Ltd (Contract with Amber Valley BC)	16.1	16.1
Rentokil Initial Management Services Ltd	34.4	34.4
CSB Contract Services Ltd	22.8	22.8
Norwest Holst Ltd	17.3	17.3
Initial Facilities Management Ltd	19.3	19.3
Initial Catering Services Ltd	17.5	17.5
DC Leisure Management Ltd (contract with Amber Valley BC)	13.9	13.9
Leisure and Community Partnership Ltd (contract with Amber Valley BC)	13.9	13.9
Vale Contract Services Ltd	14.1	14.1
Balfour Beatty Power Networks Ltd	15.1	15.1
Macintyre Care Ltd	16.6	16.6
SIV Enterprises Ltd	15.5	15.5
Veolia Ltd (contract with High Peak BC)	15.4	15.4
KGB Cleaning & Support Services	15.9	15.9
APCOA	17.9	17.9
DC Leisure Management Ltd (High Peak BC)	13.3	13.3
Leisure & Community Partnership Ltd (High Peak BC)	13.3	13.3
Clean Slate UK Ltd	17.3	17.3
Graysons Restaurants Ltd	17.3	17.8
Dell Corporation Ltd	12.8	12.8
Superclean Services Wothorpe Ltd	17.5	17.5

Note Derby and Derbyshire Economic Partnership ceased trading on 31 October 2009.

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## **GLOSSARY OF TERMS**

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### **Accountable Body**

An accountable body is an organisation which takes financial responsibility for the management of funds which comprise of contributions from multiple organisations; the fund itself is not a legal entity.

### **Accrual**

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

### **Actuarial Basis**

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

### **Appropriation**

The process of transferring balances from revenue to reserves and vice versa.

### **Area Based Grant**

General Government Grant introduced in 2008-09 to replace many specific Government Grants.

### **Assets**

Right or other access to future economic benefits.

### **Best Value Accounting Code of Practice (BVACOP)**

Establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

### **Bonds**

Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.

### **Budget**

The financial plan reflecting the Council's policies and priorities over a period of time.

### **Cabinet**

A group of councillors who provide the executive function of the Council, their decision-making powers are set out in the Council's Constitution.

### **Capital Expenditure**

Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

### **Capital Financing**

The cost of financing capital expenditure.

### **Capital Receipts**

Money received from the sale of fixed assets. Subject to certain limitations, this can be used to finance other capital expenditure, or to repay outstanding debt associated with the asset.

### **Central Support Services**

The provision of services by the central departments of the County Council. For example; finance, personnel, legal, administration, information technology and property.

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## **GLOSSARY OF TERMS**

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### **Community Schools**

Schools which the Council run, employ the staff and normally owns and maintains the land and buildings (with the exception of PFI schools).

### **Constitution**

The document that sets out how the Council operates, how decisions are made and the procedures which are followed.

### **Contingent Liability**

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

### **Council**

The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

### **Council Tax**

Council Tax is a local taxation that is levied on dwellings within the local Council area and funds all Council services.

### **Council Tax Base**

This is a figure that expresses the total band D equivalent properties. The amount to be funded by Council Tax is divided by this, and charges for all other bands of property are based on this charge.

### **Council Tax Precept**

The amount of income due to the County Council from the District Authorities, who are responsible for collecting Council Tax.

### **General Fund Balance**

The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

### **Credit**

A credit represents income to an account.

### **Creditors**

Represents the amount that the Council owes other parties.

### **Debit**

A debit represents expenditure against an account.

### **Debt Charges**

This represents the interest payable on outstanding debt.

### **Debtors**

Represents the amounts owed to the Council.

### **Dedicated Schools Grant (DSG)**

A specific grant paid to Local Authorities to fund the cost of running its schools.

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## GLOSSARY OF TERMS

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### **Revenue Expenditure Funded from Capital under Statute**

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

### **Deficit**

Arises when expenditure exceeds income or when expenditure exceeds available budget.

### **Depreciation**

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed aka wear and tear.

### **Direct Revenue Financing**

The cost of capital projects that is charged against revenue budgets.

### **Equities**

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.

### **Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

### **Financial Instruments**

Financial instruments are formally defined in the SORP as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Fixed Assets**

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

### **Formula Grant**

The general grant paid to Local Authorities by the Government to support the day to day costs of running its services.

### **Foundation Schools**

Schools run by their own governing body, which employs the staff and sets the admissions criteria. Land and buildings are usually owned by the governing body or a charitable foundation.

### **Going Concern**

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

### **Government Grants**

Payment by Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

### **Government Grants Deferred**

Grants and other external contributions towards capital expenditure are written off to the income and expenditure account as the assets to which they relate are depreciated.

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## GLOSSARY OF TERMS

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### **Group Accounts**

Where a Council has a controlling interest in another organisation, group accounts have to be produced. These accounts report the financial position of all of the group entities.

### **Impairment**

Impairment of an asset is caused either by a consumption of economic benefits, a deterioration in the service provided by an asset, or by a general fall in prices of that particular asset.

### **Income and Expenditure Account**

This statement shows the cost of delivering the Council's services and summarises all of the funding that the Council has generated, consumed or set aside in providing services during the year

### **Inflow**

This represents cash coming into the Council.

### **Investments**

An asset which is purchased which is expected to increase in value by providing income, capital appreciation or both.

### **Joint Venture**

An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.

### **Leases**

A method of funding expenditure by payment over a defined period of time.

### **Liabilities**

An obligation to transfer economic benefits. Current liabilities are payable within one year.

### **Liquid Resources**

These are resources that the Council can easily access and use, e.g. cash or investments of less than 1 year.

### **Local Authority Business Growth Incentive (LABGI)**

Incentive for local authorities to promote economic growth. The scheme allows the retention of a proportion of increases in revenue derived from national non-domestic rates.

### **Local Public Service Agreements (LPSA)**

A voluntary agreement, negotiated between a local authority and the government, which aims to improve local public services by focusing on targeted outcomes for local people.

### **Materiality**

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

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

A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).

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## **GLOSSARY OF TERMS**

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### **National Non Domestic Rates (NNDR)**

Taxation that is levied on business properties, billing authorities collect this on behalf of the Government. The Government then redistribute these resources to Councils.

### **Net Book Value**

The amount at which fixed assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

### **Net Expenditure / Net Cost of Service**

The actual cost of a service to an organisation after taking account of all income received for services provided.

### **Operating Lease**

A lease where an asset is used only for a small proportion of its economic life.

### **Outflow**

This represents cash going out of the Council.

### **Prior Period Adjustments**

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

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

A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

### **PFI Credits**

The financial support provided to Local Authorities to part fund PFI capital projects.

### **Provisions**

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made to the costs.

### **Public Works Loans Board (PWLB)**

A Government agency which provides longer term loans to local authorities at favourable interest rates only slightly higher than those at which the Government itself can borrow.

### **Reserves**

Sums are set aside in reserves for future purposes rather than to fund past events.

### **Revaluation Reserve**

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

### **Specific Grant**

A grant awarded to a Council for a specific purpose or service that can not be spent on anything else.

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## **GLOSSARY OF TERMS**

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### **Statement of Recommended Practice (SORP)**

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts.

### **Subsidiary**

An organisation that is under the control of the Council i.e. the Council is the majority share holder.

### **Surplus**

Arises when income exceeds expenditure or when expenditure is less than available budget.

### **Trading Accounts**

A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.

### **UK GAAP**

United Kingdom Generally Accepted Accountancy Practice

### **Usable Capital Receipts Reserve**

Represents the resources held by the Council that have arisen from the sale of fixed assets that are yet to be spent on other capital projects.

### **Voluntary-aided schools**

Schools which are mainly religious or 'faith' schools, the governing body employ the staff and sets the admission criteria. Buildings and land are normally owned by a charitable foundation.

### **Voluntary-controlled schools**

Schools which the Council run, employ staff, set admission criteria and maintain land & buildings. But normally are owned by a charity, who appoints members to the governing body.

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## CONTACT US

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A summary of this document maybe made available in Braille, on audio tape or in large print on request from the Call Derbyshire contact centre:

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