

# DERBYSHIRE DALES DISTRICT COUNCIL

## STATEMENT OF ACCOUNTS 2007/08

### CONTENTS

	Page No.
Explanatory Foreword	1
Statement of Accounting Policies	7
Core Financial Statements	
• Income & Expenditure Account	12
• Statement of the Movement on the General Fund Balance	13
• Statement of Total Recognised Gains and Losses	14
• Balance Sheet	15
• Cash Flow Statement	16
Notes to the Core Financial Statements	17
Supplementary Financial Statements	
• The Collection Fund	35
Statement of Responsibilities & Approval of Accounts	38
Annual Governance Statement	39
Auditor's Report	48
Glossary of Terms	51
Invitation for Feedback	55

This information is available free of charge in electronic, audio, Braille and large print versions, and in other languages on request. For assistance in understanding or reading this document, please call the Head of Finance, Derbyshire Dales District Council on 01629 761203 or email [phil.colledge@derbyshiredales.gov.uk](mailto:phil.colledge@derbyshiredales.gov.uk)

## **EXPLANATORY FOREWORD**

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts. The pages that follow are the Council's final accounts for 2007/08 and comprise:

### **Statement of Accounting Policies – Page 7**

This explains the basis of the figures in the accounts. The accounts can be appreciated properly only if the policies that have been followed in dealing with material items are explained.

### **Income and Expenditure Account – Page 12**

This reports the net expenditure and income for the year for all the major services that the Council provides. This account also shows how the net operating cost is financed by general government grants and council tax income.

### **Statement of the Movement on the General Fund Balance – Page 13**

This reconciles the surplus or deficit on the Income and Expenditure Account with the General Fund Balance (determined in accordance with statute and non-statutory proper practices) that was used in determining the budget requirement and council tax for the year.

### **Statement of Total Recognised Gains and Losses – Page 14**

This reflects those gains and losses that are not shown in the Income and Expenditure Account, mainly revaluations of fixed assets and pensions actuarial gains.

### **Balance Sheet – Page 15**

This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long term indebtedness, the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held. It excludes Trust Funds.

### **Cash Flow Statement – Page 16**

This statement summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

### **Collection Fund – Page 35**

This reflects a statutory requirement to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to business rates and the council tax, and illustrates the way these have been distributed to precepting authorities and the General Fund.

### **Statement of Responsibilities and Certification of Accounts – Page 38**

This statement sets out the respective responsibilities for the accounts of the authority under Local Government legislation and other requirements, and those of the Head of Finance, who is the Council's Chief Financial Officer.

### **Annual Governance Statement – Page 39**

This sets out the District Council's governance arrangements, within which financial control and risks of the authority are managed and reviewed.

## SUMMARY OF THE 2007/2008 FINANCIAL YEAR

The Council incurs revenue and capital expenditure in the year. Revenue spending is generally on items that are consumed within a year and is financed from the council tax, government grants and other income. Capital expenditure has to have a life beyond one year and is financed by loans, grants, capital receipts or directly from revenue.

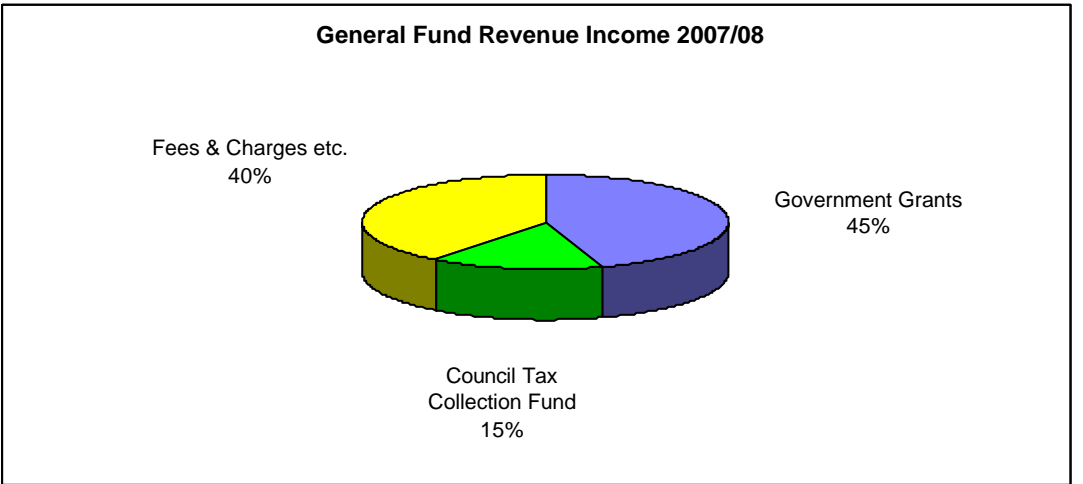
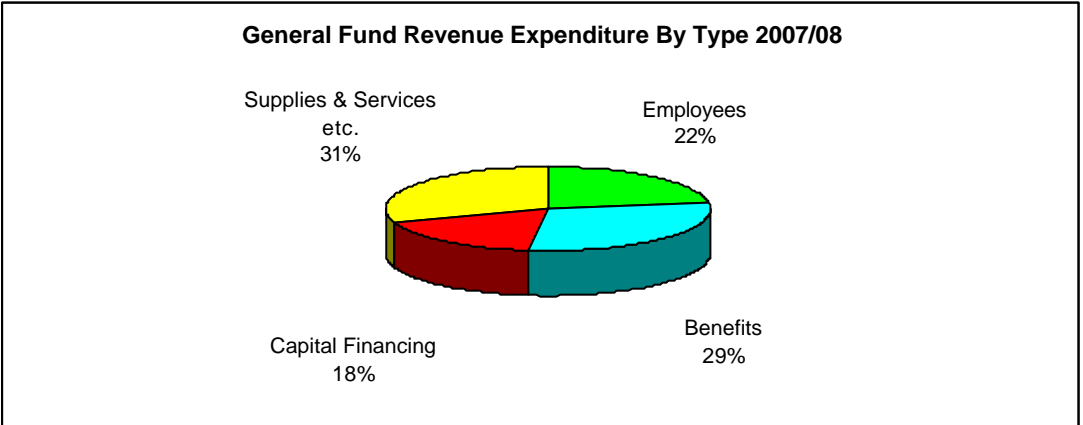
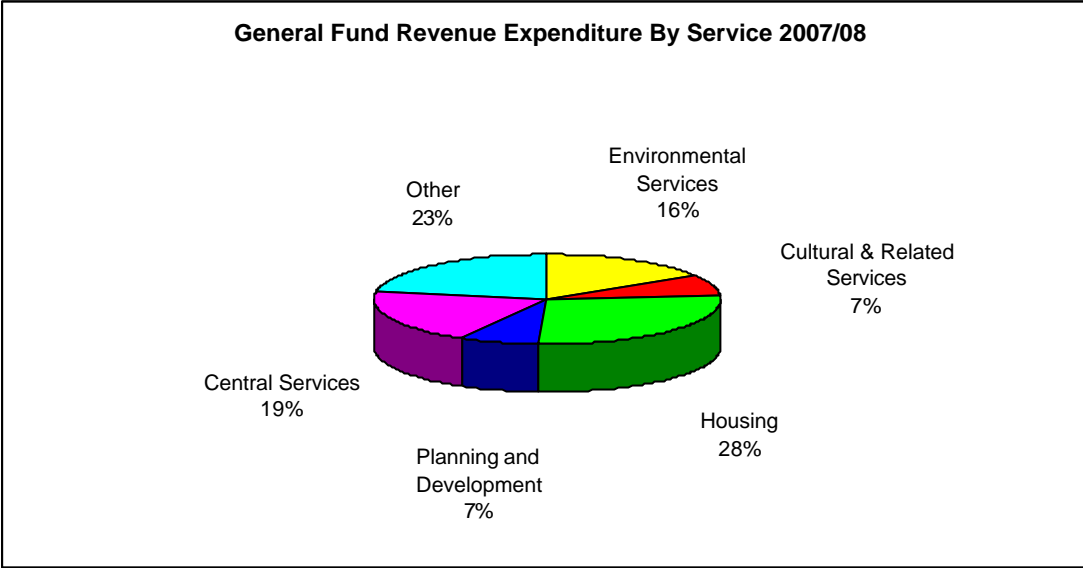
### General Fund revenue spending in 2007/2008

The following table gives a summary of revenue income and expenditure in 2007/08:

	2007/08 Budget £'000s	2007/08 Actual £'000s	2007/08 Variance £'000s	2006/07 Actual £'000s
Cultural and Related Services	3,320	1,240	(2,080)	3,178
Environmental Services	4,058	4,626	568	4,189
General Fund Housing	1,893	1,635	(678)	879
Planning & Development Services	1,119	1,215	516	1,001
Highways, roads and transport	(521)	(502)	19	(526)
Corporate and Democratic Core	1,767	1,722	(45)	1,659
Non-distributed costs	162	648	486	(248)
Central Services to the public	940	1,036	96	727
<b>Net Cost of Services</b>	<b>12,738</b>	<b>11,620</b>	<b>(1,118)</b>	<b>10,859</b>
Capital adjustments	(1,995)	(1,394)	601	(1,813)
Interest payable	278	347	69	211
Interest receivable	(540)	(755)	(215)	(471)
Town & Parish Council Precepts	1,032	1,032	0	947
Pension adjustments	303	(192)	(495)	555
Transfers to/(from) reserves	(1,080)	255	1,335	10
<b>Net Operating Expenditure</b>	<b>10,736</b>	<b>10,913</b>	<b>177</b>	<b>10,298</b>
General Government Grants	(674)	(933)	(259)	(757)
Non-Domestic Rates Distribution	(4,016)	(4,016)	0	(3,900)
Demand on the Collection Fund	(5,958)	(5,958)	0	(5,681)
<b>(Increase)/Decrease in General Fund Balance</b>	<b>88</b>	<b>6</b>	<b>(82)</b>	<b>(40)</b>

The General Fund Balance for 2007/08 shows a deficit of £6,000. The budget assumed a deficit of £88,000. The over-spend has reduced revenue balances. Revenue balances carried forward at 31<sup>st</sup> March 2008 total £2,147,000 (31<sup>st</sup> March 2007 £2,153,000). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow. The variance on Cultural and Related Services is due to the write off, via the service revenue account, of a capital grant in respect of an asset that will not be depreciated.

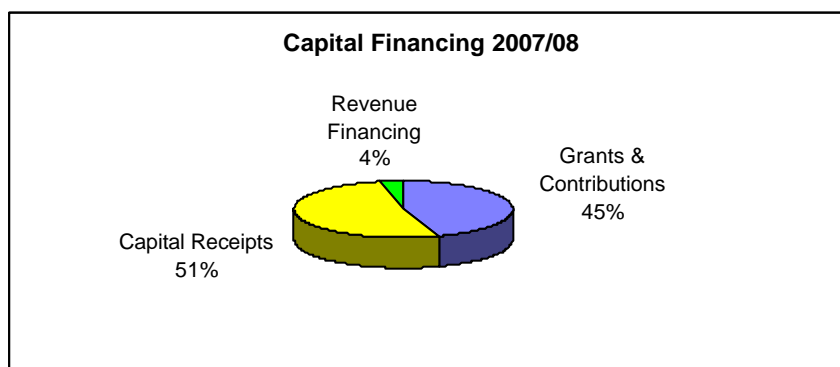
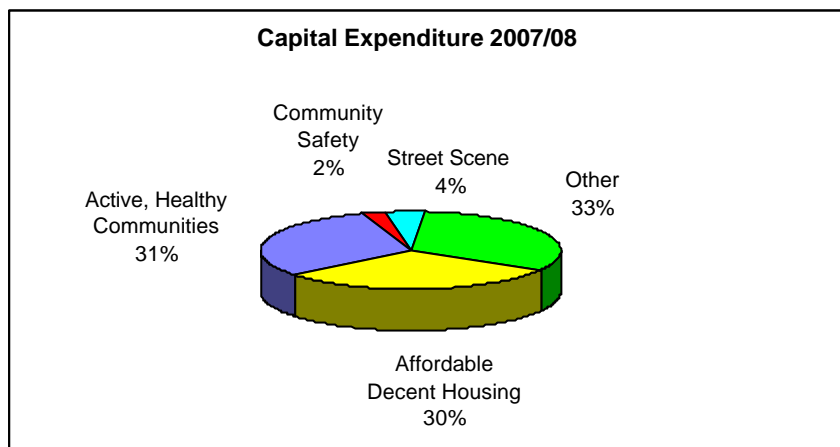
The diagrams below show in broad terms what the Council's money was spent on, the services provided and how spending was funded:



Total £39,121,000

## Capital Spending in 2007/2008

This was the money the Council spent in providing and enhancing facilities throughout the District, and on making grants, particularly improvement grants. The original budget for the year was to spend £7,553,000. This was revised to take account of the position at the end of the 2006/07 financial year and progress on schemes. The revised capital programme for 2007/08 was £5,913,000. The capital spending outturn for the year was £3,874,000, this resulted in an underspend of £2,039,000, which was mainly due to slippage.



Total £3,874,000

The table below shows capital spending on the Council's priorities:

	2007/08 £000s
Affordable Housing	1,181
Active Healthy Communities	1,201
Community Safety	94
Street Scene	166
Other	1,232
<b>Total Capital Spending</b>	<b>3,874</b>

## Capital Resources

The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Usable Capital Receipts. Details of these can be found in the Notes to the Core Financial Statements. Also available is the use of external borrowing when required. Currently the Council has no long-term borrowing that gives rise to a Minimum Revenue Provision.

## Capital Investment Plans

The Council has a five-year rolling capital programme at present totalling £21m. The major elements are as follows:

	£m
Expanding Services	16
Maintaining Existing Levels of Service	5

## Receipts from the Sale of Assets

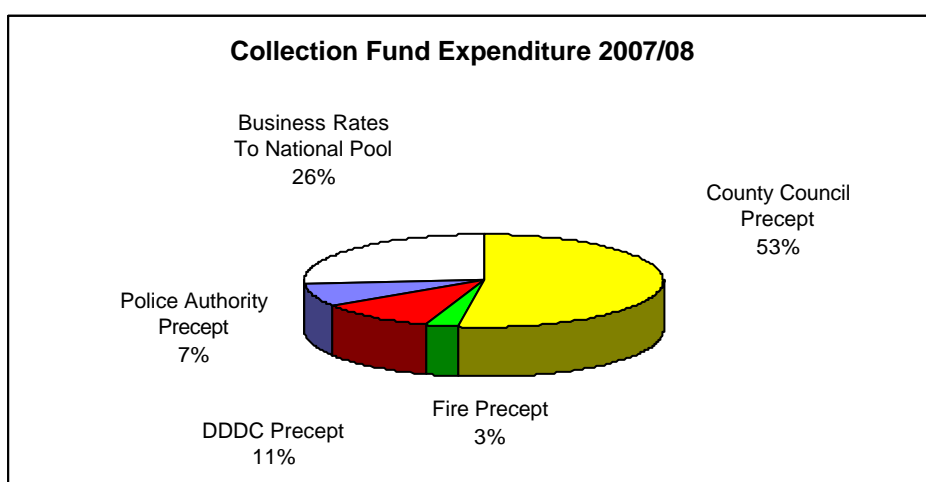
The Council received £2,519,000 from the sale of fixed assets during 2007/08. This was credited to the Usable Capital Receipts Reserve. The largest receipts received by the Council in 2007/08 were from the sales of the Park View Depot at Bakewell (£870,000), Council Offices at Bakewell (£550,000) and land at Clifton Road, Ashbourne (£544,000). As part of its continued benefit from the Housing Stock Transfer (Right to Buy Sharing Agreement) (£335,000). Details of the Usable Capital Receipts Reserve can be found in note 38 to the Core Financial Statements.

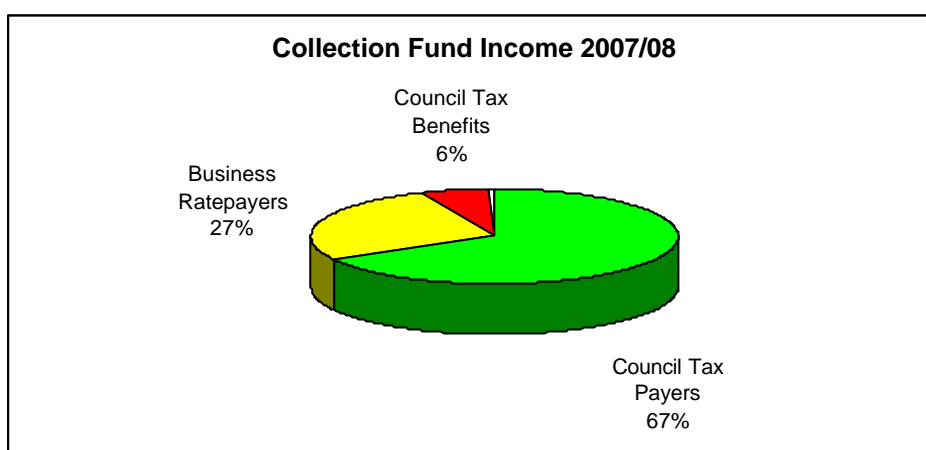
## Redemption of Debt

The Council has only one long-term loan, borrowed in November 2006. This has a maturity date of 23<sup>rd</sup> September 2056.

## Collection Fund

After providing for doubtful debts the Fund balance reduced by £310,000 during the year, resulting in a deficit carried forward of £405,000. When setting the level of Council Tax for 2008/09 it was estimated that there would be a deficit of £267,000. The difference between the actual and estimated deficit will be apportioned between this Council, Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue and taken into account when setting the Council Tax for 2009/2010.





Total £55,802,000

## Pensions

As part of its terms and conditions of employment the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until the employees retire, the Council has a present commitment to make those payments when employees retire. Note 1 to the Core Financial Statements on pages 17 to 19, gives further information and shows that the Council has a net liability of £16m. Statutory arrangements allow the Council to make good this liability over the remaining working lives of employees. This implies an increase in contributions in the long term.

## Reserves and Balances

The Council's reserves and balances are detailed in the notes to the Core Financial Statements. The Balance Sheet demonstrates that net worth has increased by £1.5m during the year to £29.8m.

## Changes in Accounting Policies and Presentation of the Statements

The Council is required to prepare this Statement of Accounts in a manner that complies with statute and proper practices. In practice, this means that it must comply with the Code of Practice on Local Authority Accounting in the UK: A Statement of Proper Practice (the SORP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Those who have considered the Council's Accounts in the past might notice that there are some changes in the 2007/08 statements. These changes are required by the SORP. The key changes are:

- New revaluation reserve (replaces fixed asset restatement reserve)
- New capital adjustment account (replaces capital financing account)
- Treatment of government grants for capital expenditure
- New note to disclose Local Area Agreement (LAA) grant
- Accounting for financial instruments
- Annual Governance Statement (replaces Statement of Internal Control)

Changes in accounting policies are explained in the Statement of Accounting Policies on pages 7 to 11.

# STATEMENT OF ACCOUNTING POLICIES

## 1. GENERAL PRINCIPLES

Derbyshire Dales District Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the U.K., which is recognised by statute as representing proper accounting practices, and meets the requirements of the Accounts and Audit Regulations 2003.

The accounts are prepared on the principle of Total Cost as defined in the Best Value Accounting Code of Practice (BVACOP). The Total Cost (or expenditure) of a service includes all costs which relate to the provision of the service (directly or bought in) including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. Net total cost (or net expenditure) is total cost less income.

## 2. INCOME AND EXPENDITURE

### Revenue

Income and expenditure are accounted for in the year in which they fall due whether or not the cash has actually been received or paid in the year. This is achieved by the creation of debtors and creditors, using estimates where appropriate.

### Charges for Fixed Assets

General fund service revenue accounts, and central support services are charged with a capital charge for all fixed assets used in the provision of services. From 2006/07, the charge covers only the annual provision for depreciation on capital employed for each service. The depreciation charge covers operational and non-operational assets. Infrastructure and community assets are not charged with depreciation and are included on the Balance Sheet at historical cost where ascertainable. A credit equal to the depreciation charge is made to the Statement of Movement on the General Fund Balance from the Capital Financing Account, which neutralises the impact on Council Tax.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to/from other earmarked reserves are disclosed separately on the Statement of Movement in the General Fund Balance.

### Government and Other Grants

Grants and Subsidies have been credited to the appropriate revenue and capital accounts and accruals have been made for balances known to be receivable for the period to 31st March 2008.

### Employees

Employee costs shown for 2007/08 reflect work done during the period Sunday 1st April 2007 to Monday 31st March 2008. All pay awards due for the period had been settled before the financial year-end.

### Overheads

The costs of the Council's Support Services are fully recharged to Services using an appropriate basis such as staff time, floor area occupied, or facility usage.

### Value Added Tax (VAT)

VAT is only included in the income and expenditure accounts when it is irrecoverable.

### Pensions

The Council contributes to a defined benefit scheme for its employees, which is administered by Derbyshire County Council. Pension costs are charged to the Council's accounts in respect of its current employees, retired employees and one off early retirement payments. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. In accordance with Government regulations, these costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Superannuation Fund. The net cost of pensions included in the financial statements complies with the requirements of FRS17 Retirement Benefits. This policy recognises pension

liabilities when they are committed even if the actual giving will be many years hence. This is a better reflection of the economic reality of the relationship between an employer and the Pension Fund. It represents the employer's commitment to increase contributions in the long term to make up any shortfall in pension fund assets.

Further information is provided in notes to the Core Financial Statements.

## **Interest**

Interest payable or receivable is charged or credited to the Income and Expenditure account as part of net operating expenditure. Any interest accrued at the year end is added to the carrying amount of the loan and written down once the interest is paid or received.

## **3. CAPITAL ASSETS**

### **Capital**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

### **Fixed Assets**

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. The closing balances at 31st March 2008 have been determined on the following basis:

- Land, operational properties and other operational assets are shown at the lower of net current replacement cost and net realisable value.
- Non-operational assets, including assets that are surplus to requirements, are shown at the lower of net current replacement cost and net realisable value.
- Community assets are included at historical cost where ascertainable.
- Infrastructure assets are shown at historical cost, where ascertainable.
- Individual items of equipment with values less than £5,000 have not been capitalised.

The Council undertook a revaluation of approximately 25% of its General Fund assets by value as at 1st April 2007 as required in the CIPFA Code of Practice. This operation takes place annually. Any material changes to other assets not in the planned programme are adjusted as necessary. Any revaluations upwards are credited to the Revaluation Reserve while revaluations downwards (impairments) are either charged to the Income and Expenditure Account or debited to the Revaluation Reserve where a credit balance already exists. Under the Code of Practice assets acquired under finance leases should be capitalised in the authority's accounts, together with the liability to pay future rentals. At the present time, however, the Council holds no finance leases.

The Council's valuer produces a certificate for all valuations and impairments.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income has been included in the Balance Sheet as usable capital receipts.

Where the acquisition of a fixed asset is financed wholly or partly by a government grant or other contribution, the amount of the grant or contribution is credited initially to the Deferred Grants and Contributions Account. Amounts are released to the appropriate service to match the depreciation charged on the asset to which it relates. Where the asset is not to be depreciated the grant has also been released to the appropriate service accounts. In order that there is no effect on Council Tax a compensating entry is made from the Capital Adjustment Account.

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

At the start of 2007/08 the Council split land values from its asset values in respect of operational and non-operational buildings. The effect of this was an amendment to accumulated depreciation in the Fixed Asset Depreciation Account and a compensating entry in the Capital Adjustment Account.

The Council has subsequently examined further component accounting of assets for depreciation but has decided that it is not material and beneficial at this time.

There are two significant accounts shown on the Balance Sheet, the Capital Adjustment Account and the Revaluation Reserve.

### Revaluation Reserve

The Revaluation Reserve was introduced on 1<sup>st</sup> April 2007 and replaces the Fixed Asset Restatement Account (FARA). The balance on the FARA at 31<sup>st</sup> March 2007 has been written off to the Capital Financing Account to form the new Capital Adjustment Account. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve as at 31<sup>st</sup> March 2008, therefore, only shows revaluation gains accumulated since 1<sup>st</sup> April 2007. The Balance Sheet figures for 31<sup>st</sup> March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07. Details can be found in Note 36 to the Core Financial Statement on page 29.

### Capital Adjustment Account

The Capital Adjustment Account (formerly the Capital Financing Account) contains the amounts that were required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and those that are required to be charged to revenue to repay the principal element of external loans and other capital adjustments. This Account is not available to support spending. The balance on the Fixed Asset Restatement Account has been written off to this account and the opening balance adjusted accordingly, together with the necessary adjustment to be made for depreciation when land values were split from asset values.

Details of this account can be found in Note 37 to the Core Financial Statement on Page 29.

### Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Newly acquired assets are depreciated from the month of acquisition, although assets in the course of construction are not depreciated until they are brought into use.
- Depreciation is calculated using the straight-line method.
- Fixed assets sold are depreciated to the month in which the asset is sold.

The lives of the assets currently held by the Council are as follows:

<b>Operational Buildings</b>			
Depots	10/49 years	Leisure Centres	2/59 years
Homeless Properties	24/40 years	Stall Market	31 years
Parks Pavilions	1/40 years	Tourist Information Centre	10 years
Public Offices	25 years	Agricultural Business Centre	54 years
Public Conveniences	10/39 years	Miscellaneous Properties	21/40 years
<b>Non Operational Buildings</b>			
Other Residential Properties	0/44 years	Miscellaneous Commercial Properties	0/43 years
<b>Vehicles, Plant and Equipment</b>			
Vehicles	1/10 years	Plant and Equipment	1/7 years

## **Leasing**

Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. However, the Council does not hold any finance leases at the present time. Rentals payable under operating leases are charged to revenue on an accruals basis.

## **Deferred Charges**

These represent expenditure which has been properly capitalised but which does not result in, or remain matched with, tangible fixed assets. Deferred Charges that have some value to the authority are amortised to revenue over a period of 5 years. Those having no value to the authority are written out in the year of expenditure. Currently all deferred charges have been written off to revenue.

## **Deferred Grants and Contributions**

Where the acquisition of an asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited to the Deferred Grants and Contributions Account at the time the relevant expenditure is made and subsequently released over the useful life of the asset to match the depreciation of the asset to which it relates. Where the asset is not to be depreciated, the grant is released by the same mechanism but in total in the first year. Grants that have been used to finance capital expenditure where the asset is not yet operational, are held in the Deferred Grants and Contributions Unapplied Account (see Note 29). Where a grant or contribution is received in advance of expenditure it is held and treated as a creditor on the Council's Balance Sheet.

## **Intangible Fixed Assets**

Intangible fixed assets relate to capital expenditure, which does not result in a 'physical' asset in the traditional sense, but the local authority does have control over the economic benefits arising from the expenditure, such as the purchase of software licenses. Such expenditure has been included in the Council's Balance Sheet at historical cost and is written down against revenue over its anticipated economic life. In the case of the software licences acquired this has been assumed to be in three years. An analysis of Intangible Fixed Assets is shown as a note on Page 23.

## **4. CURRENT ASSETS**

### **Stocks**

The Council maintains stocks of tourism publications and computer consumables. Stocks are included on the Balance Sheet at the lower of cost or net realisable value of the separate types of stock.

### **Investments**

Both long and short term investments are shown in the Balance Sheet at cost with interest being credited to the Income and Expenditure Account on an accruals basis as a reduction in Net Operating Expenditure.

## **5. CURRENT LIABILITIES**

Where revenue is recognised only to the extent that performance of a contractual obligation has taken place; and that where payments have been received in advance of such obligations being performed, they have been recognised as a liability on the balance sheet.

## **6. RESERVES AND PROVISIONS**

### **Reserves**

These are the amounts set aside for earmarked purposes out of the Council's funds. Details of the strategic reserves held at 31st March 2008 are shown in note 40 to the Core Financial Statements on page 30.

## **Provisions**

These are included in the accounts for potential liabilities that may arise or will be incurred, but where there is uncertainty as to the dates on which these liabilities may arise. Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement costs. When settlements are finally paid, these are charged to the provision. Any difference between the settlement amount and the amount in the provision is debited or credited to the appropriate service revenue account in the year of settlement. Balances on provisions are reviewed at the end of each financial year. Where part of a settlement figure is recoverable from another party (e.g. in the case of insurance claims) the amount in the provision reflects the Council's net liability. Details of provisions are given in note 31 to the Core Financial Statements. The provisions for doubtful debts have been deducted from debtors, see note 24 to the Core Financial Statements on Page 26.

## **7. GROUP ACCOUNTS**

Councils often choose to conduct their activities not through a single legal entity but through several undertakings under the ultimate control of the Council. In these circumstances the financial reports of that Council would not present a full picture of its economic activities or financial position; group accounts are therefore required to reflect the full service delivery and economic effects to the parent Council. Derbyshire Dales District Council does not have any interests in other entities (such as subsidiaries, associated companies and joint ventures) and, therefore, group accounts have not been produced.

## CORE FINANCIAL STATEMENTS

### INCOME AND EXPENDITURE ACCOUNT

This statement shows the gross expenditure, income and net expenditure of the Council's major services and demonstrates how that cost was financed from general government grants and income from local taxpayers. The summary includes recharges made between committees including the reallocation of support service costs. However, an adjustment is made in the "Central Services" line to remove the grossing up of expenditure and income, which would otherwise occur.

Statement of Net Expenditure	2007/08 Expenditure £'000s	2007/08 Income £'000s	2007/08 Net Expenditure £'000s	2006/07 Net Expenditure £'000s
Cultural and Related Services	2,922	1,682	1,240	3,178
Environmental Services	6,289	1,663	4,626	4,189
Planning and Development Service	2,832	1,617	1,215	1,001
General Fund Housing	10,690	9,055	1,635	879
Highways, Roads & Transport	1,319	1,821	(502)	(526)
Corporate and Democratic Core	1,743	21	1,722	1,659
Non Distributed Costs	648	0	648	(248)
Central Services to the Public	5,219	4,183	1,036	727
<b>Net Cost of Services</b>	<b>31,662</b>	<b>20,042</b>	<b>11,620</b>	<b>10,859</b>
(Gain)/Loss on the Disposal of Fixed Assets			(705)	(359)
Town & Parish Council Precepts			1,032	947
Interest Payable			348	211
Interest and Investment Income			(755)	(471)
Contribution to Housing Capital Receipts Pool			6	10
Loan Premium			5,435	0
Pensions Interest Cost & Expected Return on Pensions Assets			249	304
<b>Net Operating Expenditure</b>			<b>17,230</b>	<b>11,501</b>
Demand on the Collection Fund			(5,958)	(5,681)
General Governments Grants			(933)	(757)
Non-Domestic Rates Distribution			(4,016)	(3,900)
<b>(Surplus)/Deficit for the Year</b>			<b>6,323</b>	<b>1,163</b>

Further information is set out in 1 to 13 of the Notes to the Core Financial Statements, commencing on page 17.

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

This Statement reconciles the movements necessary to adjust the surplus or deficit on the Income and Expenditure Account to the General Fund Balance taking into consideration statutory and non-statutory proper practices.

	2007/08 £'000s	2006/07 £'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account	6,323	1,163
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year (see below)	(6,317)	(1,203)
<b>(Increase)/Decrease in the General Fund Balance for the Year</b>	<b>6</b>	<b>(40)</b>
General Fund Balance B/Fwd	(2,153)	(2,113)
<b>General Fund Balance C/Fwd</b>	<b>(2,147)</b>	<b>(2,153)</b>
	<b>See Note 13</b>	

	2007/08		2006/07
	£'000s	£'000s	£'000s
<b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the Year</b>			
Amortisation of Intangible Fixed Assets	(8)		(8)
Depreciation and Impairment of Fixed Assets	(2,088)		(1,199)
Government Grants Deferred Amortisation	85		318
Government Grant Charged in One year	1,839		0
Write-Down of Deferred Charges to be Financed from Capital Resources	(1,357)		(1,008)
Net Gain/(Loss) on Sale of Fixed Assets	705		359
Net Charges Made for Retirement Benefits in Accordance with FRS17	(1,586)		(890)
Loan Premium – Transfer to Financial Instruments Adjustment Account	(5,435)	(7,845)	0
<b>Amounts not included in the Income &amp; Expenditure Account but required to be included by statute when determining the movement on the General Fund Balance for the year</b>			
Capital Expenditure Charged to the General Fund Balance	135		84
Transfer from Capital Receipts Reserve equal to the amount in the Housing Capital Receipts Pool	(6)		(10)
Employers' Contributions Payable to the Derbyshire County Council Pension Fund & Retirement Benefits Payable Direct to Pensioners	1,145	1,274	1,141
<b>Transfers to/(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>			
Net transfer to/(from) earmarked reserves		254	10
<b>Net Additional Amount Required to be Credited to the General Fund Balance for the year</b>		<b>(6,317)</b>	<b>(1,203)</b>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement demonstrates how the movement in the Council's net worth, as shown on the balance sheet, links to the surplus/deficit on the Income and Expenditure Account and to other unrealised gains and losses.

	2007/08 £'000s	2006/07 £'000s
Surplus/(Deficit) on the Income and Expenditure Account for the Year	(6,323)	(1,163)
Surplus/(Deficit) arising on revaluation of Fixed Assets	5,986	2,946
Actuarial Gains/(Losses) on Pension Fund Assets & Liabilities	(3,667)	2,100
Any other gains & losses required to be included in the Statement of Total Recognised Gains and Losses	78	29
<b>Total Recognised Gains and Losses for the Year</b>	<b>(3,926)</b>	<b>3,912</b>

The Net Worth has been adjusted for purposes of this statement to take account of the transfer of the Deferred Premium Account to the Financial Instruments Investment Account, as required by the 2007 SORP.

## BALANCE SHEET

This shows the financial position of the Council as a whole (excluding amounts attributable to the Ernest Bailey Trust Fund) and summarises its assets and liabilities.

	Notes (Pages 22 –32) Notes 14 – 42	31 March 2008 £'000s	31 March 2007 £'000s
<b>Fixed Assets</b>			
Intangible Fixed Assets		11	19
Tangible Fixed Assets			
Operational Assets			
Land and buildings		31,231	30,245
Vehicles, plant, furniture & equipment		1,246	1,231
Infrastructure assets		1,835	1,822
Community assets		4,559	3,457
Non Operational Assets			
Investment Properties		2,766	1,605
Surplus Assets held for disposal		1,083	750
Assets under construction		479	516
Other		560	373
<b>Total Fixed Assets</b>	Notes 14,15,16	<b>43,770</b>	<b>40,018</b>
Long Term Debtors	Note 22	25	43
<b>Total Long Term Assets</b>		<b>43,795</b>	<b>40,061</b>
Current Assets:			
Stocks and Stores	Note 23	16	21
Debtors (Net of Bad Debts Provision)	Note 24	4,658	4,164
Cash and Bank		505	340
Short Term Investments	Note 25	10,360	8,942
<b>Total Current Assets</b>		<b>15,539</b>	<b>13,467</b>
Current Liabilities:			
Short Term Borrowing		196	205
Creditors	Note 26	5,183	3,774
Bank Overdraft		0	0
<b>Total Current Liabilities</b>		<b>5,379</b>	<b>3,979</b>
<b>Total Assets less Current Liabilities</b>		<b>53,955</b>	<b>49,549</b>
<b>Long Term Liabilities:</b>			
Long Term Borrowing	Note 27	5,450	5,450
Deferred Grants and Contributions	Note 28	1,759	2,946
Deferred Grants and Contributions Unapplied	Note 29	159	0
Section 106 Agreements	Note 30	436	335
Liability related to defined benefit pension scheme	Note 1	16,185	12,077
Deferred Capital Receipts	Note 39	87	365
Provisions	Note 31	45	51
		<b>24,121</b>	<b>21,224</b>
<b>Total Assets less Liabilities</b>		<b>29,834</b>	<b>28,325</b>
<b>Financed by:</b>			
Revaluation Reserve	Note 36	4,736	0
Capital Adjustment Account	Note 37	36,917	36,880
Usable Capital Receipts Reserve	Note 38	4,012	3,482
Pensions Reserve	Note 41	(16,185)	(12,077)
Financial Instruments Adjustment Account	Note 21	(5,324)	(5,435)
Strategic Reserves	Note 40	3,590	3,336
Balances:			
General Fund Balance	Page 13	2,147	2,153
Collection Fund Balance	Page 37	(59)	(14)
<b>Total Net Worth</b>		<b>29,834</b>	<b>28,325</b>

## CASH FLOW STATEMENT

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

	Notes (pages 32 – 33)	2007/08 £'000s	2006/07 £'000s
<b>Revenue Activities</b>			
<b>Cash outflows</b>			
Cash paid to and on behalf of employees		(8,791)	(8,612)
Other Operating Cash Payments		(9,295)	(8,591)
Housing Benefit Paid Out		(8,368)	(7,978)
Non-Domestic Rates Paid to National Pool		(14,393)	(14,892)
Precepts Paid		(37,014)	(35,283)
Payment to capital receipts pool		(5)	(10)
<b>Total</b>		<b>(77,866)</b>	<b>(75,366)</b>
<b>Cash inflows</b>			
Rents		602	770
Council Tax Receipts		37,647	36,293
Non - Domestic Rates Receipts		14,012	14,024
Non - Domestic Rates Receipts from National Pool		4,016	3,900
Revenue Support Grant		674	756
Grants for Housing Benefits		11,970	11,195
Other Government Grants	Note 48	1,047	939
Grants from other bodies		464	406
Cash received for goods and services		5,794	5,709
Other operating cash receipts		1,059	755
<b>Total</b>		<b>77,285</b>	<b>74,747</b>
<b>Net cash flow – revenue activities</b>	Note 44	<b>(581)</b>	<b>(619)</b>
<b>Returns on Investments and Servicing of Finance</b>			
<b>Cash Outflows</b>			
Interest paid		(348)	(11)
<b>Cash Inflows</b>			
Interest Received		687	350
<b>Net cash flow – servicing of finance</b>		<b>339</b>	<b>339</b>
<b>Capital Activities</b>			
<b>Cash Outflows</b>			
Purchase of Fixed Assets		(1,328)	0
Other Capital Cash Payments		(1,357)	(4,069)
<b>Cash Inflows</b>			
Sale of Fixed Assets		2,211	1,440
Capital Grants Received		1,774	2,552
Other Capital Cash Receipts		466	98
<b>Net cash flow – capital activities</b>		<b>1,766</b>	<b>21</b>
<b>Net cash inflow/(outflow) before financing</b>	Note 45	<b>1,524</b>	<b>(259)</b>
<b>Management of Liquid Resources</b>			
Net (increase)/decrease in short term deposits	Notes 46&47	(1,350)	(4,700)
<b>Financing</b>			
<b>Cash Outflows</b>			
Repayments of Amounts Borrowed	Note 45	(9)	(13)
<b>Cash Inflows</b>			
New Loans Raised		0	5,450
<b>Net Increase/(Decrease) in Cash</b>		<b>165</b>	<b>478</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Note 1: Pensions

The Council pays contributions to a defined benefit pension scheme, which is administered by Derbyshire County Council. This is a funded scheme; the Council and participating employees pay contributions into the fund, calculated at a level that is intended to balance pension liabilities with assets. The contributions are based on rates determined by the Fund's Actuary, Mercer Human Resource Consulting Limited, based on triennial valuations of the Fund, the most recent of which was at 31st March 2007. The figures that follow are based on an interim valuation as at 31<sup>st</sup> December 2007.

In 2007/08 pensions costs have been accounted for to obtain the following

- That the financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and related funding;
- That the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by the employees and the related finance costs and any other changes in the value of the assets and liabilities are recognised in the accounting periods in which they arise;
- That the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The net cost of pensions included in the Income and Expenditure Account complies with the requirements of FRS17 Retirement Benefits. This means that pension costs are recognised as employees earn them, rather than when they are paid out as pensions. However, the amount to be charged to the General Fund (determined by statute) is based on contributions made in the year. This means that in the Statement of Movement on the General Fund Balance the charges made in accordance with FRS17 are reversed out and replaced with the cash amount for contributions payable for the year. The following table sets out the transactions:

	2007/08 £'000s	2006/07 £'000s
<b>Income and Expenditure Account</b>		
Current service cost	891	1,159
Past service cost	446	39
Past service gain (related to 2005/06)	0	(612)
Interest costs	2,301	2,101
Expected return on pension fund assets	(2,052)	(1,797)
<b>Total</b>	<b>1,586</b>	<b>890</b>
<b>Statement on Movement on the General Fund Balance</b>		
Employers contributions payable to the pension scheme for the year	1,145	1,141
Reversal of net charges made for retirement benefits in accordance with FRS17	(1,586)	(890)

The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. If the age profile of the active membership were to rise significantly, under the projected unit method the current service cost would increase as members of the scheme approached retirement.

Past Service Costs arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years. The Past Service Costs in 2007/08 were £446,000 (2006/07 £39,000).

The interest cost is the amount needed to unwind the discount applied in calculating the current service cost. As members move one year closer to retirement and receipt of their pensions the provisions made at present value in previous years for their retirement need to be uplifted by a year's discount to keep pace with current values. The expected return on assets is a measure of the return on the investment assets held by the scheme for the year.

At 31st March 2008 the Council had the following overall assets and liabilities for pensions that have been included in the balance sheet:

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Estimated Liabilities in Scheme	(45,881)	(42,963)
Estimated Assets in Scheme	29,696	30,886
<b>Net asset/(liability)</b>	<b>(16,185)</b>	<b>(12,077)</b>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels etc. The liabilities show that the Council has a long-term commitment to pay retirement benefits. The net liability of £16.2m has a significant impact on the Council's net worth as reflected on the balance sheet. However, statutory arrangements allow the Council to make good the liability over the remaining working lives of employees (as assessed by the actuary).

The main assumptions used in the calculations have been: -

	2007/08	2006/07
Retail price inflation	3.6%	3.1%
Rate of increase salaries	5.1%	4.6%
Rate of increase in pensions and deferred pensions*	3.6%	3.1%
Rate used to discount scheme liabilities	6.1%	5.4%

\*Parts of pensions in payment representing guaranteed minimum pensions are either not increased (pre-1988 accrual) or increased at 2.0% per annum (post-1988 accrual).

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments. The fair values of each main class of assets held by the Fund in respect of Derbyshire Dales proportion of the scheme as at 31 March 2008 and the expected rates of return for the ensuing year are set out in the following table:

	Fair Value £'000s 31 <sup>st</sup> March 2008	Expected Return %	Fair value £'000s 31 <sup>st</sup> March 2007	Expected Return %
	Equities	20,609	7.5	22,176
Gilts	4,959	4.6	4,633	4.7
Other Bonds	475	6.1	525	5.4
Property	1,455	6.5	1,637	6.5
Cash	1,871	5.25	1,915	5.25
Other	327	7.5	0	N/A
<b>Total</b>	<b>29,696</b>	<b>6.8</b>	<b>30,886</b>	<b>6.8</b>

The movement in the net pension liability for the year is as follows: -

	2007/08 £'000s	2006/07 £'000s
(Surplus)/deficit in the Fund at the beginning of the period	12,077	14,428
Contribution Paid	(1,145)	(1,141)
Current Service Costs	891	1,159
Past Service (Gain)/Cost	446	(573)
Interest and Expected Return on Assets	249	304
Actuarial (Gain)/Loss	3,667	(2,100)
<b>(Surplus)/deficit in the Fund at end of period</b>	<b>16,185</b>	<b>12,077</b>

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31<sup>st</sup> March 2008.

	2007/08		2006/07	
	£'000s	%	£'000s	%
Difference between the Expected and Actual Return on Assets	(3,025)	(10.2)	(91)	(0.3)
Differences between Actuarial Assumptions about liabilities and Actual Experience	845	1.8	0	0
Changes in the Demographic and Financial Assumptions used to Estimate Liabilities	(1,487)	(3.2)	2,191	5.1

Further information can be found in Derbyshire County Council's Annual Report, which is available from The County Treasurer, P O Box 2, County Hall, Matlock, DE4 3AH.

### **Note 2: Section 137 Expenditure**

The power for principal authorities to incur expenditure under Section 137 of the Local Government Act 1972 has been largely repealed by Section 8 of the 2000 Act, as it is superseded by the new power to promote well-being, although some aspects are still in force. This expenditure was £24,000 in 2007/08 (2006/07 £21,000).

### **Note 3: Expenditure on Publicity**

Section 5 of the Local Government Act 1986 requires a local authority to keep a separate account of its expenditure on publicity. Net expenditure on publicity in 2007/08 amounted to £132,000 (2006/07 £157,000). This expenditure relates to recruitment advertising (£12,000), promotion of leisure services and tourism and public notices, such as planning applications, car parking, tenders, performance indicators, public consultation and council tax (£120,000).

### **Note 4: Agency Services**

The Council operates as an agent for Derbyshire County Council in respect of highways cleansing and verge mowing. In 2007/08 the expenditure was £355,000 (2006/07 £336,000).

### **Note 5: Note to the Accounts – Local Area Agreement**

The Council is a participant in a Local Area Agreement (LAA); this is a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services in Derbyshire outside of Derby City. 2007/08 was the last year of the current LAA. A new LAA (with new targets and funding regime) has been put in place for 2008/09.

The LAA Partners are:

Derbyshire County Council, Amber Valley Borough Council, Bolsover District Council, Chesterfield Borough Council, Derbyshire Dales District Council, Erewash Borough Council, High Peak Borough Council, North East Derbyshire District Council, South Derbyshire District Council, Connexions, Derbyshire County Primary Care Trust, HM Prison Service, Derbyshire Police, Derbyshire Probation Board, Staveley Neighbourhood Management, Cotmanhay Neighbourhood Management, Derbyshire Rural Community Council.

Derbyshire County Council acts as the Accountable Body for the LAA. This means that they are responsible for management the distribution of grant paid by the Government Office to the partners involved, but the Partnership determines which bodies are due grant payments. Derbyshire Dales District Council acts as an agent of the Partnership and therefore recognises only the grant it receives for spending on the objectives outlined above in its Accounts.

The total amount of the LAA grant received by the Local Strategic Partnership in 2007/08 is £29.1m. The Council received £127,000 of this total to fund the achievement of targets for which it was responsible (£65,000 for Safer Communities and £62,000 for recycling).

### Note 6 Building Regulations Charging Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function.

	2007/08			2006/07		
	Chargeable £'000s	Non- Chargeable £'000s	Total £'000s	Chargeable £'000s	Non- Chargeable £'000s	Total £'000s
<b>Expenditure</b>						
Employees	215	9	224	162	37	199
Transport	11	1	12	15	3	18
Supplies and Services	22	0	22	24	1	25
Support Services	60	10	70	74	10	84
Capital Charges	4	0	4	3	1	4
<b>Total Expenditure</b>	<b>312</b>	<b>20</b>	<b>332</b>	<b>278</b>	<b>52</b>	<b>330</b>
<b>Income</b>						
Building Regulation Charges	220	0	220	283	0	283
<b>Total Income</b>	<b>220</b>	<b>0</b>	<b>220</b>	<b>283</b>	<b>0</b>	<b>283</b>
<b>Surplus/(Deficit) for year</b>	<b>(92)</b>	<b>(20)</b>	<b>(112)</b>	<b>5</b>	<b>(52)</b>	<b>(47)</b>
Surplus brought forward	34			29		
<b>Surplus/(Deficit) carried forward</b>	<b>(58)</b>			<b>34</b>		

### Note 7: Leases

The Council holds no assets purchased by finance leases. The Council has acquired items of gym equipment through operating leases. Operating lease payments for 2007/08 amounted to £15,000 (2006/07 £16,000). From 1<sup>st</sup> April 2008 the Council will operate the street cleansing contract in-house. Vehicles required for this contract will be acquired through operating leases. As at 31<sup>st</sup> March 2008 the Council is committed to making payments of £216,000 in respect of operating leases held in the 2008/09 financial year. These payments comprise the following elements:

	Gym Equipment £000	Vehicles £000
Leases expiring between 2009/10 and 2012/13	15	44
Leases expiring after 2012/13	-	157

### Note 8: Members Allowances

Members allowances paid during 2007/08 amounted to £205,000 (2006/07 £204,000). In addition, travel expenses amounting to £13,000 were paid (2006/07 £12,000).

### Note 9: Employees' Remuneration

The number of employees whose remuneration exceeded £50,000 during the year is set out below: -

Remuneration	2007/08	2006/07
£50,000 to £59,999	3	3
£60,000 to £69,999	2	0
£70,000 to £79,999	2	3
£110,000 to £119,999	1	1
	<b>8</b>	<b>7</b>

### Note 10: Audit Costs

The following fees relating to external audit and inspection were payable to the Audit Commission:

	2007/08 £'000s	2006/07 £'000s
Statutory External Audit Services	59	58
Use of Resources Assessment	17	20
Statutory Inspection	6	4
Certification of Grant Claims and Returns	17	21
Other	0	1
<b>Total Fees</b>	<b>99</b>	<b>104</b>

### Note 11: Minimum Revenue Provision

The Council is required by statute to set aside a minimum revenue provision for the redemption of external debt. The Council's current calculation for its minimum revenue provision is zero, as it has a negative Capital Financing Requirement.

	2007/08 £'000s	2006/07 £'000s
Minimum Revenue Provision	0	0
Amount Charged as Depreciation etc	(790)	(1,199)
<b>Additional Credit to Statement of Movement on General Fund Balance</b>	<b>(790)</b>	<b>(1,199)</b>

### Note 12: 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. This note does not include transactions with related parties that are disclosed elsewhere in the accounts (such as payment of precepts).

**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 much of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. The following table shows grants in excess of £250,000:

	2007/08 £'000s	2006/07 £'000s
<b>Revenue Grants</b>		
DCLG - Revenue Support Grant	674	756
DCLG – Business Rates Redistribution	4,016	3,900
DCLG – Local Authority Business Growth Incentive	259	1
DWP - Housing & Council Tax Benefits	12,123	11,490

**Members of the Council** have direct control over the council's financial and operating policies. There are a number of Councillors who serve on outside bodies that receive some form of financial support from Derbyshire Dales District Council. During 2007/08 grants were paid to Derbyshire Rural Community Council, Mid-Derbyshire Citizen's Advice Bureau, Ashbourne Community Transport and Bakewell & Eyam Community Transport, organisations in which members have an interest. Relevant Councillors were not present when the decisions were made and therefore were not bound to declare interests as defined in paragraphs 9 and 10 of the District Council's Code of Conduct.

**Other public bodies** – the Council invests surplus cash with a range of other organisations, including other local authorities. During 2007/08 deposits placed with other local authorities amounted to £1.485m (2006/07 £1.3m) and repayments totalled £1.635m (2006/07 £1.45m).

### Note 13: Balance on the Statement of Movement on the General Fund Balance

This statement shows the movements necessary to adjust the Income and Expenditure Account in accordance with statutory requirements and proper accounting practices, to arrive at the General Fund balance. This balance is significant as it shows the revenue balances that are generally available for new expenditure. The Council has agreed that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to provide cash flow. The Statement of Movement on the General Fund Balance shows a General Fund balance carried forward at 31<sup>st</sup> March 2008 of £2,147,000 (31<sup>st</sup> March 2007 £2,153,000).

### Note 14: Fixed Assets

Movements in tangible fixed assets during the year were as follows:

	Land and Buildings	Community Assets	Infrastructure Assets	Vehicles, Plant and Equipment	Non Operational Assets	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Gross Book Value @ 01/04/07</b>	<b>31,790</b>	<b>3,457</b>	<b>1,822</b>	<b>2,380</b>	<b>2,758</b>	<b>42,207</b>
Capital Expenditure	347	1,102	13	138	20	1,620
Revaluations	3,176	0	0	53	2,555	5,784
Restatements	0	0	0	94	0	94
Disposals	(550)	0	0	(23)	(1,264)	(1,837)
Transfers	(580)	0	0	0	580	0
Impairment	(1,723)	0	0	0	(84)	(1,807)
<b>Gross Book Value as @ 31/03/08</b>	<b>32,460</b>	<b>4,559</b>	<b>1,835</b>	<b>2,642</b>	<b>4,565</b>	<b>46,061</b>
<b>Cumulative Depreciation as @ 31/03/07</b>	<b>(2,150)</b>	<b>0</b>	<b>0</b>	<b>(1,150)</b>	<b>(194)</b>	<b>(3,494)</b>
Depreciation in Year	(488)	0	0	(269)	(33)	(790)
Depreciation Adjust Land Values	599	0	0	0	171	770
Depreciation on Sold Assets	25	0	0	23	0	48
Depreciation Category Transfer	124	0	0	0	(124)	0
Depreciation Adjust Revaluations	661	0	0	0	24	685
<b>Cumulative depreciation as @ 31/03/08</b>	<b>(1,229)</b>	<b>0</b>	<b>0</b>	<b>(1,396)</b>	<b>(156)</b>	<b>(2,781)</b>
<b>Net Book Value as @ 31/03/08</b>	<b>31,231</b>	<b>4,559</b>	<b>1,835</b>	<b>1,246</b>	<b>4,409</b>	<b>43,280</b>
Assets under Construction						479
<b>Total Fixed Assets as @ 31/03/08</b>						<b>43,759</b>
<b>Net Book Value as @ 31/03/07</b>	<b>30,245</b>	<b>3,457</b>	<b>1,822</b>	<b>1,231</b>	<b>2,728</b>	<b>39,483</b>
Assets under Construction						516
<b>Total Fixed Assets as @ 31/03/07</b>	<b>30,245</b>	<b>3,457</b>	<b>1,822</b>	<b>1,231</b>	<b>2,728</b>	<b>39,999</b>

## Note 15: Movement in Intangible Assets

	Software Licences £000	Licences £000	Total £000
Original Cost	20	9	29
Amortisation to the 1 <sup>st</sup> April 2007	6	4	10
<b>Balance as at 1<sup>st</sup> April 2007</b>	<b>14</b>	<b>5</b>	<b>19</b>
Expenditure in Year	0	0	0
Written Off to Revenue in Year	6	2	8
<b>Balance at 31<sup>st</sup> March 2008</b>	<b>8</b>	<b>3</b>	<b>11</b>

## Note 16: Information on assets held

The District Council owned the following fixed assets at the financial year-end:

	31 March 08		31 March 07	
	Number	£'000s	Number	£'000s
<b>Operational Land and Buildings</b>				
Leisure and Tourism				
- Leisure Centres	5	6,405	6	6,700
- Tourist Information Offices	2	72	2	37
- Pavilions (in Parks)	9	335	9	161
Other:				
- Bakewell Agricultural Business Centre	1	7,394	1	7,510
- Public Conveniences	33	1,996	33	2,244
- Off Street Car Parks	43	9,944	43	9,944
- Stall Markets	4	108	4	139
- Council Offices	1	3,374	2	1,465
- Depots and Stores	3	786	3	629
- Public Properties	2	517	2	350
- Homeless Units	8	300	10	1,066
<b>Vehicles</b>	36	302	33	260
<b>Equipment</b>				
- E Government Equipment		184		269
- CCTV Equipment		56		0
- Printing Equipment		6		11
- Telephone System		14		19
- Wheeled Bins		674		657
- Gym Equipment		18		29
<b>Intangible Assets</b>		3		5
<b>Infrastructure Assets</b>				
- Bus Stations	2	73	2	73
- Bakewell Agricultural Business Centre	2	1050		1,050
- Housing Retained Sewers	8	64	8	52
- Parks	2	33	2	33
- Industrial Development	1	586	1	585
- Public Property	8	28	8	29
<b>Community Assets</b>				
- Cemeteries	14	265	14	231
- Housing – Retained Land	18	53	18	53
- Parks & Pleasure Grounds (hectares)	85	4,241	96	3,173
<b>Non Operational Land and Buildings</b>				
Other:				
- Miscellaneous	41	410	39	73
- Industrial Property	2	150	2	300
- Commercial Properties Rented Out	60	2,767	62	1,605
Assets Surplus to Requirements				
- Properties Awaiting Development Depot	0	0	1	250
- Leisure Centre	1	165	0	0
- Housing Units	5	918	3	500
Land				
- Undeveloped Land (hectares)	40	0	40	0
Assets under construction		479		516
<b>Total</b>		<b>43,770</b>		<b>40,018</b>

## Note 17: Deferred Charges

Movements in deferred charges during the year were as follows:

	Balance at 31 <sup>st</sup> March 2007 £'000s	Expenditure in Year £'000s	Grants received in Year £'000s	Written off to Revenue £'000s	Balance at 31 <sup>st</sup> March 2008 £'000s
Improvement Grants	0	405	(193)	(212)	0
Other	0	1,792	(647)	(1,145)	0
<b>2007/08</b>	<b>0</b>	<b>2,197</b>	<b>(840)</b>	<b>(1,357)</b>	<b>0</b>
2006/07	0	1,967	(959)	(1,008)	0

## Note 18: Capital Financing

Since 1<sup>st</sup> April 2004 and the introduction of the Prudential Code for Capital Finance in Local Authorities the need to set aside sums for the repayment of debt has been calculated by charging 4% of the Opening Capital Financing Requirement (CFR). If the CFR is negative no charge is required. The table below shows the opening CFR, Capital Expenditure for the year and how it was financed, together with the resulting closing CFR.

	2007/08 £'000s	2006/07 £'000s
<b>Opening Capital Financing Requirement</b>	<b>(137)</b>	<b>(137)</b>
Capital Investment		
Operational Assets	1,656	2,070
Non Operational Assets	20	3
Deferred Charges	2,198	1,967
Sources of Finance		
Capital Receipts	(2,001)	(1,572)
Government Grants and Contributions	(1,738)	(2,384)
Direct Financing from Revenue	(135)	(84)
<b>Closing Capital Financing Requirement</b>	<b>(137)</b>	<b>(137)</b>

## Note 19: Commitments Under Capital Contracts:

The Council has the following major capital schemes in excess of £250,000 committed in its capital programme as at 31<sup>st</sup> March 2008:

Scheme	31 <sup>st</sup> March 2008 £'000s	Estimated date of completion
Homeless stock transfer to Notts. Community Housing Association	414	31.3.09
Matlock Parks Project	265	28.2.09
Derelict Land Grant Repayment in respect of Clifton Road, Ashbourne	270	31.3.09
Central Area Leisure Centre *	12,200	31.7.11
Major Playground Improvements *	370	31.12.08

\* At 31/03/2008 contracts had not been signed on these two schemes.

## Note 20: Valuation of Fixed assets

The Council revalued approximately 25% of the General Fund assets (by value) as at 1<sup>st</sup> April 2007. This comprised of a wide variety of assets including depots, pavilions in parks, public conveniences, public offices, Matlock Bath Pavilion, Matlock Market, Ashbourne Tourist Information Centre, homeless dwellings and other miscellaneous assets. In addition, a review was undertaken of all other assets owned by the Council to determine any further action required. A review of the assets was undertaken to determine if any impairment had taken place and where appropriate the valued were amended. Up until 31<sup>st</sup> March 2007 the land element of an asset had not been valued separately as an individual component. This was rectified on 1<sup>st</sup> April 2007 when all assets were split accordingly and accumulated depreciation adjusted. The valuations were carried out internally by M Galsworthy MRICS. Plant and machinery is included in the valuation of buildings. However, certain types of equipment with a value of over £5,000 are identified separately and, together with vehicles, are re-valued annually. The remaining lives of the assets included in the balance sheet comprise the Valuer's professional opinion of the remaining useful life of each asset assuming regular repairs and maintenance but disregarding major refurbishment. Each assets life has been determined individually and details can be obtained from the Council's Valuer. The basis for the valuations, depreciation methods and expected lives for each category of asset is explained in the Accounting Policies on Pages 8 and 9. The assumptions made in producing the various valuations are set out in a valuation certificate and report. The depreciation charge for 2007/08 was £790,000 (2006/07 £1,199,000).

## Note 21: Financial Instruments Adjustment Account

The deferred premium has now been transferred to a new account created by the 2007 Statement of Recommended Practice (SORP), the Financial Instruments Adjustment Account. This new account represents the amount outstanding in respect of the losses incurred when the Council redeemed its long-term debt in 2003/04. This is being written off to revenue over the life of the replacement loans (i.e. 50 years) from financial year 2006/07. The balance on the account at 31<sup>st</sup> March 2008 is £5,324,000 (31<sup>st</sup> March 2007 £5,435,000).

## Note 22: Long Term Debtors

These are debtors that fall due after a period of at least one year, analysed as follows:

	1 <sup>st</sup> April 2007 £'000s	Amounts Written £'000s	31 <sup>st</sup> March 2008 £'000s
Council House Mortgages	30	(12)	18
Housing Act Advances	2	(2)	0
DCC Transferred Services	11	(4)	7
<b>2007/08</b>	<b>43</b>	<b>(18)</b>	<b>25</b>
2006/07	70	(27)	43

## Note 23: Stocks and Stores

This is represented by:

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
<b>Stocks</b>		
Fuel and Oils	1	0
Tourism Publications	11	18
Computer Consumables	4	3
	<b>16</b>	<b>21</b>

## Note 24: Debtors

An analysis of debtors is shown below:

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Sundry Debtors	1,346	1,456
Payments in Advance	270	314
Council Tax Payers	1,387	888
Housing Rents	37	32
Business Ratepayers	829	242
Government Departments	374	757
Other Local Authorities	769	651
	<b>5,012</b>	<b>4,340</b>
Less: Provision for Doubtful Debts	(354)	(176)
	<b>4,658</b>	<b>4,164</b>

## Note 25: Short Term Investments

The Council lends its surplus funds in the money markets on a short-term basis ranging from short fixed investments to a 364-day investment. The balance at 31<sup>st</sup> March 2008 was £10,360,000 (31<sup>st</sup> March 2007 £8,942,000). The average interest rate earned for 2007/08 was 5.89% (2006/07 5.02%).

## Note 26: Creditors

An analysis of creditors is shown below:

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Sundry Creditors	1,916	1,271
Government Departments	1,779	1,036
Council Taxpayers	722	750
Other Local Authorities	539	420
Business Ratepayers	195	294
Receipts in Advance	31	7
Housing Rents	7	2
	<b>5,189</b>	<b>3,780</b>

## Note 27: Long Term Borrowings

Long term borrowing is defined as being repayable within a period exceeding twelve months. The Council undertook a review of its long-term borrowings in 2003/04 and subsequently repaid all of the outstanding amounts in that year. This review was part of a rescheduling exercise that was completed in 2006/07 when new borrowings were undertaken. The total outstanding at the financial year end is shown below:

Source of Loan	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Public Works Loan Board	5,450	5,450
<b>Analysis of Loans by Maturity</b>		
Between 1 years and 2 years	0	0
Between 2 years and 5 years	0	0
Between 5 years and 10 years	0	0
More than 10 years	5,450	5,450
<b>Total</b>	<b>5,450</b>	<b>5,450</b>

The Council is required to disclose the fair value of its debt portfolio which is as follows:

	£'000s
31 <sup>st</sup> March 2008	5,595
31 <sup>st</sup> March 2007	5,075

The 2008 figure has been calculated by reference to the 'premature repayment' set of interest rates in force on 31<sup>st</sup> March 2008; the 2007 figure by reference to the set of interest rates in force on 30<sup>th</sup> March 2007.

#### Note 28: Deferred Grants and Contributions

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Ashbourne Sports Centre	1,596	1,625
Bakewell First Stop Show	14	0
Central Area Leisure Centre	0	152
CCTV Equipment	54	80
E Government	42	84
Waste Recycling	53	27
Matlock Parks	0	961
Other	0	17
	<b>1,759</b>	<b>2,946</b>

#### Note 29: Deferred Grant and Contributions Unapplied

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Central Area Leisure Centre	152	0
E. Government Planning	7	0
	<b>159</b>	<b>0</b>

#### Note 30: Section 106 Agreements

In some private housing development schemes, the developer has incorporated an area of amenity space into the scheme, and the Council has adopted this land and undertaken maintenance responsibilities. In return, the developer makes a one-off contribution to compensate the Council for the future maintenance expenses. Section 106 Agreements also produce cash payments which can be used to finance certain capital schemes, eg affordable housing.

#### Note 31: Provisions

With the exception of provisions for doubtful debts (that are netted off debtors in the balance sheet) the Council has only one provision, which is for insurances. The Insurances Provision was established to provide for claims that are pending in respect of uninsured losses, arising where there is no externally provided cover, such as where quotations from external insurers are not cost effective when compared with the value of claims likely to be made. Also covered are losses falling within the levels of excess on all other policies.

#### Note 32: Assets held under Finance Leases

The Council no longer holds assets acquired by finance leases.

### Note 33: The Euro

The Council has not yet entered into any significant commitments with regard to preparations for the Euro, although the financial management system can be adjusted to account for transactions in Euros if necessary. Any costs that have been incurred have been charged to the Revenue Account in the year. The total cost that is likely to be incurred has not yet been identified. Currently one grant has been paid to the Council in Euros.

### Note 34: Details of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet.

Reserve	Balance 1 <sup>st</sup> April 2007 £'000s	Net Movement in Year £'000s	Balance 31 <sup>st</sup> March 2008 £'000s	Purpose of Reserve	Further detail of movements
Revaluation Reserve	0	4,736	4,736	Store of gains on revaluation of fixed assets not yet realised through sales	Note 36, page 29
Capital Adjustment Account	36,880	37	36,917	Store of capital resources set aside to meet past expenditure	Note 37, page 29
Financial Instruments Adjustment Account	(5,435)	111	(5,324)	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments	Note 21, page 25
Usable Capital Receipts	3,482	530	4,012	Proceeds of fixed asset sales available to meet future capital investment	Note 38, page 30
Pensions Reserve	(12,077)	(4,108)	(16,185)	Balancing account to allow inclusion of Pensions Liability in the Balance sheet	Note 41, page 31
Strategic Reserves	3,336	254	3,590	Resources set aside to meet future expenditure	Note 40, page 30
General Fund	2,153	(6)	2,147	Resources available to meet future running costs	Page 13
Collection Fund	(14)	(45)	(59)	This Council's share of the Collection Fund, which will be taken into account when setting the Council Tax for 2009/2010	Note 5, page 37
<b>Total</b>	<b>28,325</b>	<b>1,509</b>	<b>29,834</b>		

### Note 35: Fixed Asset Restatement Account

The new accounting guidelines introduced on 1<sup>st</sup> April 2007 abolished the Fixed Asset Restatement Account. The balance at 31<sup>st</sup> March 2007 was written off to the Capital Adjustment Account and the balance sheet figures adjusted accordingly.

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Balance Brought Forward	0	(8,777)
Surplus on Revaluation and Restatement of Fixed Assets	0	2,946
Disposals	0	(1,023)
Transfer to Capital Adjustment Account	0	6,854
<b>Balance Carried Forward</b>	<b>0</b>	<b>0</b>

### Note 36: Revaluation Reserve

The new reserve was introduced on 1<sup>st</sup> April 2007 and replaced the Fixed Asset Replacement Reserve. See page 10, Statement of Accounting Policies, for further details.

	31 <sup>st</sup> March 2008 £'000s
Balance Brought Forward	0
Revaluations Upwards	5,784
Revaluations Downwards	(109)
Depreciation Adjustment (current/historic)	(136)
Depreciation Revaluations	311
Transfer re Disposed Assets	(1,114)
<b>Balance Carried Forward</b>	<b>4,736</b>

### Note 37: Capital Adjustment Account

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Balance Brought Forward (adjusted 01.04.07 – see accounting policies)	36,880	43,210
Capital Financing in Year - Capital Receipts	2,001	1,572
- Revenue	135	84
Minimum Revenue Provision Adjustment	(790)	(1,199)
Depreciation Losses	136	0
Gains/losses on disposal	(700)	0
Amortisation of Intangible Assets	(8)	(8)
Deferred Charges Written Down	(1,357)	(1,008)
Deferred Grants and Contributions Account	1,924	318
Long Term Debt Repayment	(6)	(5)
Impairment	(1,298)	0
Adjustment (Non Depreciation of Land)	0	770
Transfer from Fixed Asset Depreciation Account	0	(6,854)
<b>Balance Carried Forward</b>	<b>36,917</b>	<b>36,880</b>

### Note 38: Usable Capital Receipts Reserve

This reserve represents the capital receipts available to finance capital expenditure in future years. The receipts are used to meet designated capital expenditure.

	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Balance Brought Forward	3,482	3,539
Receipts from Sales of Assets etc.	2,537	1,525
Receipts Applied for New Capital Expenditure	(2,001)	(1,572)
Pooling Requirement	(6)	(10)
<b>Balance Carried Forward</b>	<b>4,012</b>	<b>3,482</b>

### Note 39: Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from sales of assets, which will be received in instalments over agreed periods of time. They arise from mortgages on Council Houses sold. The figure for 2007/08 includes the amount due to be paid in April 2008 to Derbyshire Dales District Council by Dales Housing in respect of the Right to Buy Sharing Agreement. This Agreement made with Dales Housing when the Council's stock was transferred entitled the Council to an element of all future sales over a period of 30 years. The Agreement pre-determines the sum due to the Council.

### Note 40: Strategic Reserves

The Council has created certain reserves to meet future expenditure, as follows:

	Balance at 1 <sup>st</sup> April 2007 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31 <sup>st</sup> March 2008 £'000s	Movement 2006/07 £'000s
Bakewell ABC Repairs	48	0	0	48	0
Carsington Improvements	82	0	1	81	(1)
Committed Expenditure	316	383	75	624	88
Direct Revenue Financing	1,161	0	0	1,161	(80)
Economic Development	66	0	0	66	4
Elections	98	10	46	62	31
Housing Benefit Claims	0	0	0	0	(63)
Information Technology etc.	473	248	284	437	(48)
Insurances	579	50	37	592	(3)
Local Plan	84	0	8	76	(9)
Member/ Officer Indemnity	25	0	0	25	25
Sports Centres	130	0	0	130	0
Vehicle Renewals	244	124	104	264	51
Wheeled Bins	30	15	21	24	15
	<b>3,336</b>	<b>830</b>	<b>576</b>	<b>3,590</b>	<b>10</b>

Reserves are held for the following purposes:

<b>Reserve</b>	<b>Purpose</b>
Bakewell ABC Repairs	To meet future repair requirements at the Agricultural Business Centre.
Carsington Improvements	To finance new or improved facilities for visitors to Carsington Reservoir or to mitigate any adverse effect on the locality caused by the development of the reservoir or the attraction of visitors to it, after consultations with Severn Trent Water.
Committed Expenditure	To finance expenditure committed in the Council's accounts as at 31st March but not yet due.
Direct Revenue Financing	For future application to capital schemes, representing the Direct Revenue Financing provided for capital schemes where slippage has occurred.
Economic Development	To finance economic development schemes within the District.
Elections	To finance future District Council elections, by spreading the estimated costs annually.
Information Technology etc.	To acquire items of information and communications technology, such as personal computers and telephone systems and in connection with the Council's IT systems development strategy.
Insurances	To finance any unknown future liabilities incurred where the Council has not externalised the insurance cover, mainly where quotations from external insurers are not cost effective when compared to the value of claims likely to be made such as for terrorism. Also covered are losses falling within the levels of excess on all other policies.
Local Plan	To finance the costs of the Council's Local Plan.
Member / Officer Indemnity	This reserve provides for risks not covered by insurance. The main risks comprise acts or omissions found to be ultra vires and defence costs of criminal proceedings.
Sports Centres	To finance new sports centres within the District.
Vehicle Renewals	To fund the replacement of the Council's vehicle fleet. The balance on this reserve has been re-examined based on the current fleet of vehicles.
Wheeled Bins	To finance the future purchase of any replacement wheeled bins required by the Council.

#### **Note 41: Pensions Reserve**

This reserve is to fund the change in the Authority's recognised asset or liability where the cost of pensions in any one year will not match the amount required to be raised in taxation. This is done by an appropriation that equals the net change in the pension liability recognised in the Revenue Account.

<b>Pensions Reserve</b>	31 <sup>st</sup> March 2008 £'000s	31 <sup>st</sup> March 2007 £'000s
Balance Brought Forward	(12,077)	(14,428)
Receipts in Year	1,145	3,241
Payments in Year	(5,253)	(890)
<b>Balance Carried Forward</b>	<b>(16,185)</b>	<b>(12,077)</b>

#### Note 42: Post Balance Sheet Events

The Statement of Accounts was authorised for issue on 19<sup>th</sup> June 2008 by the Head of Finance P.J.Collidge CPFA. It is up to this date that events after the balance sheet date have been considered. For 2007/08, there are no material post balance sheet events.

#### Note 43: Ernest Bailey Trust Fund

The Council is the Trustee of the Ernest Bailey Charity. It discharges its functions as Trustee through a Committee, comprised of the ward members for the area of benefit from the Charity. The fund has not been consolidated in the accounts of the Council. It has invested £160,000 with the Council and receives interest. The table below sets out the working balance of the Charity.

The proceeds from this trust fund may only be used for charitable purposes for the benefit of the inhabitants of the Matlock area (which includes Darley Dale, Tansley, Matlock Bath and Cromford).

<b>Ernest Bailey Trust Fund</b>	<b>31<sup>st</sup> March 2008 £'000s</b>	<b>31<sup>st</sup> March 2007 £'000s</b>
Balance at 1 April	4	4
Interest on Investment	8	8
<b>Total</b>	<b>12</b>	<b>12</b>
Less: Grants	(8)	(8)
<b>Balance at 31<sup>st</sup> March</b>	<b>4</b>	<b>4</b>

#### Note 44: Reconciliation of Surplus for Year on the Income and Expenditure Account to Net Cash Flow Shown on the Cash Flow Statement

	<b>£'000s</b>	<b>£'000s</b>
Deficit on the Income and Expenditure Account		(6,323)
Deficit for the year on the Collection Fund		(310)
		<b>(6,633)</b>
<b><u>Non-cash transactions</u></b>		
Depreciation and Impairment	663	
Revaluation decreases written off to I&E during the year	1,298	
Deferred Grants amortised in year	(1,924)	
Section 106 receipts funding capital expenditure	(93)	
Pension Fund Adjustments	441	
Losses or Gains on derecognition of loans and advances in year charged or credited to Service Revenue Account/(s)	5,324	
Other non cash transactions	28	
Contributions to Provisions	(6)	
		<b>5,731</b>
<b><u>Adjustment for items reported separately on cashflow</u></b>		
Interest and Investment income		(755)
Interest payable and similar charges		348
Deferred charges		1,357
Gain or loss on the disposal of Fixed Assets		(705)
<b><u>Items on an Accrual Basis</u></b>		
(Increase)/Decrease in Stock		5
(Increase)/Decrease in Debtors		(490)
Increase/(Decrease) in Creditors		561
<b>Net Cash Inflow/(outflow) from operating activities</b>		<b>(581)</b>

**Note 45: Reconciliation of Movement in Cash to Movement in Net Debt**

	Cash	Temporary Investments & short term deposits	Total	Loans due within one year	Loans due after more than one year	Net Debt
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2007	340	8,800	9,140	(199)	(5,450)	3,491
Cash flow/changes in year	165	1,350	1,515	9	0	1,524
<b>Balance at 31 March 2008</b>	<b>505</b>	<b>10,150</b>	<b>10,655</b>	<b>(190)</b>	<b>(5,450)</b>	<b>5,015</b>

**Note 46: Reconciliation of Financing/Management of Liquid Resources on Cash Flow Statement to Balance Sheet**

	£'000s
<b>Financing and Management of Liquid Resources as Cash Flow Statement</b>	
<b>Increase/(Decrease) in cash in year</b>	165
Cash inflow from management of liquid resources	1,350
Cash outflow from loans repaid	9
<b>Change in net debt resulting from cash flows</b>	<b>1,524</b>
<b>Net debt brought forward</b>	<b>3,491</b>
<b>Net debt carried forward</b>	<b>5,015</b>

**Note 47: Analysis of Changes in Cash and Liquid Resources During the Year**

	2008 £'000	2007 £'000	Change in Year £'000
Temporary Investments	10,150	8,800	1,350
Cash	505	340	165
<b>Increase/(Decrease) in year</b>	<b>10,655</b>	<b>9,140</b>	<b>1,515</b>

**Note 48: Analysis of Other Government Grants Received**

	2007/08 £'000s	2006/07 £'000s
<b>Revenue Grants</b>		
Business Growth Incentive	73	1
Flooding	42	0
Electoral Registration	0	6
Concessionary Travel	64	0
Gateway Grant	0	42
Homelessness	131	38
Housing Benefit Administration	511	431
Housing Strategy	11	10
Local Area Agreement	0	76
Planning Delivery Grant	215	234
Rural Pathfinder	0	66
Smoke Free Places	0	5
Waste Management	0	30
<b>Total</b>	<b>1,047</b>	<b>939</b>
<b>Capital Grants</b>		
Community Safety/Flooding	30	58
Housing	736	733
Regeneration	223	0
Planning Delivery Grant	20	27
Waste Management	0	30
<b>Total</b>	<b>1,009</b>	<b>848</b>

#### **Note 49: Contingent Liabilities**

As part of the Housing Stock Transfer in March 2002, the Council gave warranties for sewers and environmental pollution to Dales Housing.

The environmental warranty means that the Council is responsible for the remediation costs of environmental pollution at any of the transferred properties until March 2033. At 31<sup>st</sup> March 2008 the cost of remediation work is estimated at £2.3m. No claims have been received to date. The risk of the warranty being called is considered to be low. No specific financial provision has been made in the accounts at this time, but the situation will be monitored annually.

The Council retained responsibilities for two unadopted sewer systems until March 2022. The sum of £800,000 has been included in the capital programme to carry out assessed works on both systems. However, progress on this work has been postponed while the Council awaits the results of the current national consultation exercise about the future of unadopted sewers.

## SUPPLEMENTARY FINANCIAL STATEMENTS

### THE COLLECTION FUND

The collection fund is managed by Derbyshire Dales District Council as the billing authority for the area. This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. Administration costs are borne by the General Fund. The accounts have been prepared on an accruals basis.

	Notes	2007/08 £'000s	2006/07 £'000s
<b>Income and Expenditure for the Year</b>			
<b>Income</b>			
Income from Council Tax Payers	Note 1	37,393	35,824
Council Tax Benefits from General Fund		3,256	3,184
Income from Business Ratepayers	Note 2	14,843	14,160
<b>Total Income</b>		<b>55,492</b>	<b>53,168</b>
<b>Expenditure</b>			
Precepts and Demands	Note 3	40,907	39,070
Payment of Business Rates to National Pool	Note 2	14,697	14,016
Business Rates Cost of Collection Allowance	Note 2	146	144
Provision for Uncollectable Amounts	Note 4	52	24
<b>Total Expenditure</b>		<b>55,802</b>	<b>53,254</b>
<b>Increase/(decrease) in Fund Balance for the Year</b>		<b>(310)</b>	<b>(86)</b>
<b>Balance Brought Forward</b>		<b>(95)</b>	<b>(9)</b>
<b>Surplus/(Deficit) Carried Forward</b>	Note 5	<b>(405)</b>	<b>(95)</b>

#### Note 1: Council Tax

The table below shows the base used in setting the Council Tax for 2007/08. A 99.3 % collection rate was assumed.

Band	Number of Properties	Number of Dwellings (Adjusted for Discounts, Exceptions and Reliefs)	Ratio to Band D	Band D Equivalent Properties	Council Tax Base
X (Disabled)	5	4.50	5/9	2.51	2.50
A	3,375	2,700.45	6/9	1,800.34	1,787.77
B	6,670	5,806.23	7/9	4,515.95	4,484.34
C	6,967	6,249.63	8/9	5,555.30	5,516.47
D	5,336	4,915.27	1	4,915.27	4,880.85
E	4,578	4,242.88	11/9	5,185.78	5,149.50
F	2,880	2,713.74	13/9	3,919.88	3,892.39
G	2,079	1,962.10	15/9	3,270.17	3,247.31
H	109	99.90	18/9	199.80	198.48
<b>Total</b>	<b>31,999</b>	<b>28,694.70</b>		<b>29,365.00</b>	<b>29,159.61</b>

The total precepts (£40,907,000 see Note 3) were divided by the tax base to derive the Council Tax for the year for a Band D property. Thus in 2007/08 the Council set a Band D Council Tax of £1,402.88, including the average parish council charge of £35.40 (2006/07 £1,346.98 including £32.65 for average parish). The council tax for a band D property can be analysed as follows:

	<b>2007/08</b>	<b>2006/07</b>
	<b>£</b>	<b>£</b>
Derbyshire County Council	996.12	958.32
Derbyshire Police Authority	141.91	135.15
Derbyshire Fire & Rescue	60.52	57.64
Derbyshire Dales District Council	168.93	163.22
<b>Sub-total</b>	<b>1,367.48</b>	<b>1,314.33</b>
Average parish council	35.40	32.65
<b>Average Band D Council Tax</b>	<b>1,402.88</b>	<b>1,346.98</b>

The council tax income collected from taxpayers can be analysed as follows:

	<b>2007/08</b>	<b>2006/07</b>
	<b>£000's</b>	<b>£000's</b>
Debit for year	45,612	43,465
Increased/(reduced) charges	(248)	68
Disregarded persons discount	(116)	(111)
Disabled persons reductions	(46)	(47)
Exemptions	(1,355)	(1,294)
Sole resident discounts	(3,056)	(2,927)
No resident discounts	(18)	(23)
Second home discounts	(124)	(123)
Council tax benefits	(3,256)	(3,184)
<b>Net Income to Collection Fund</b>	<b>37,393</b>	<b>35,824</b>

## Note 2: Business Rates

Business rates are organised on a national basis. The Government specifies an amount (in 2007/08 this was 44.4p) and, subject to the effects of reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at 31st March 2008 was £40,080,750 for 3,661 properties. The Council is responsible for collecting business rates due from the ratepayers in its area but pays the proceeds into a national pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population. This income is credited to the Income and Expenditure Account on Page 12. The business rate income collected on behalf of the Government and paid into the Pool can be analysed as follows:

	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000s</b>	<b>£'000s</b>
Gross Rates Payable	17,638	17,123
Net Amounts in Respect of Previous Years	(422)	(198)
Transitional Loss/ Relief	(179)	(537)
Small Business Rate Relief	(586)	(569)
Other Mandatory Reliefs	(1,336)	(1,423)
Discretionary Reliefs and Remissions	(285)	(260)
Debts Written Off or Provided For	(92)	(72)
Interest Payable in Respect of Reduced Assessments	(13)	(5)
General Fund Contribution to Discretionary Reliefs	118	101
<b>Net Business Rate Income</b>	<b>14,843</b>	<b>14,160</b>
Cost of Collection Allowance Payable to General Fund	(146)	(144)
<b>Amount Payable to National Pool</b>	<b>14,697</b>	<b>14,016</b>

### Note 3: Precepts and Demands

	<b>2007/08 £'000s</b>	<b>2006/07 £'000s</b>
Derbyshire County Council	29,046	27,797
Derbyshire Police Authority	4,138	3,920
Derbyshire Dales District Council (including Town / Parish Councils)	5,958	5,681
Derbyshire Fire and Rescue	1,765	1,672
	<b>40,907</b>	<b>39,070</b>

### Note 4: Council Tax Provision for Uncollectable Amounts

The balance on the provision stands at £120,000 at 31st March 2008 (£72,000 at 31<sup>st</sup> March 2007). The amount in the provision is based on the level of arrears outstanding at 31st March and the anticipated collection rates. In 2007/08 there were no write-offs against the provision (2006/07 £16,000). The amount shown as expenditure in the Collection Fund on Page 35 represents the contribution required for the year.

### Note 5: Deficit Carried Forward

The deficit on the collection fund is shared between the General Fund, Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue pro-rata to precepts issued. The contribution due from each authority is set out in the table below.

	<b>2007/08 £000s</b>	<b>2006/07 £000s</b>
Derbyshire County Council	288	68
Derbyshire Police Authority	41	9
Derbyshire Dales District Council	59	14
Derbyshire Fire and Rescue	17	4
	<b>405</b>	<b>95</b>

When setting the level of the Council Tax for 2008/09 it was assumed that there would be a Collection Fund deficit of £267,000 at 31<sup>st</sup> March 2008. The difference between the estimated and actual deficit will be reflected when setting the tax for 2009/10.

## **STATEMENT OF RESPONSIBILITIES**

### **The Authority's responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

### **The Head of Finance's responsibilities**

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK ("the SORP").

In preparing this Statement of Accounts, the Head 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 Head 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.

### **CHIEF FINANCE OFFICER'S CERTIFICATE**

I certify that the accounts set out on pages 7 to 37 present fairly the financial position of the Council at 31<sup>st</sup> March 2008 and its income and expenditure for 2007/2008.

P.J. Colledge, C.P.F.A.  
Finance Manager

19<sup>th</sup> June 2008

### **APPROVAL BY COUNCIL**

Councillor G.E.M. Stevens  
Chairman of the Council

Date of Meeting: 26<sup>th</sup> June 2008

# ANNUAL GOVERNANCE STATEMENT 2007-08

## 1. SCOPE OF RESPONSIBILITY

Derbyshire Dales District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in a way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Derbyshire Dales District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*". A copy of the code is on our website [www.derbyshiredales.gov.uk](http://www.derbyshiredales.gov.uk), or can be obtained from the Head of Democratic Services, Town Hall, Matlock, DE4 3NN. This statement explains how Derbyshire Dales District Council has complied with the code, and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the District Council is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and therefore provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Derbyshire Dales District Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Derbyshire Dales District Council for the year ended 31<sup>st</sup> March 2008 and up to the date of approval of the Statement of Accounts.

## 3. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the District Council's governance arrangements are as follows:

### **Identifying and communicating the District Council's vision of its purpose and intended outcomes for citizens and service users:**

The Derbyshire Dales Community Strategy outlines the vision, aims and six priority themes for the area. It was produced in conjunction with the Derbyshire Dales and High Peak Local Strategic Partnership (LSP) which brings together all the relevant stakeholders, including those that deliver services in the area. Priorities have been identified through consultation with local people and a wide range of stakeholders.

**Reviewing the District Council’s vision and its implications for the authority’s governance arrangements:**

The Council’s aims and objectives are set out in the annually-updated Corporate Plan. The Corporate Plan contains a statement of priorities which describes the areas where we are focusing our activities over a five-year period. These priorities reflect the Community Strategy, which was developed following consultation with residents, businesses and voluntary organisations. The Corporate Plan also reports on progress against last year’s targets.

**Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring they represent the best use of resources:**

The Council’s annual Performance Plan contains information about the Council’s services and finances, sets out what we do, targets for the year and planned improvements. It includes performance indicators to show how well we performed in previous years.

Through reviews by external auditors, external agencies, Internal Audit, and the Corporate Improvement Team, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.

Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Training needs are identified through the Personal Development Scheme and addressed by a Corporate Training Group.

The Council has achieved accreditation under the Investors in People Standard, which is a quality framework to ensure that the Council’s employees have the right knowledge, skills and motivation to work effectively.

The Audit Commission has given the Council a score of “3” for its use of resources, i.e. performing well and consistently above minimum requirements.

The Council has an effective performance management framework as set down in its document “Managing Performance at Derbyshire Dales District Council: a Practical Handbook”. The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee personal development objectives and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle. The Council’s policy committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, quarterly.

The quality of performance data is assured through a corporate verification and quality assurance process, and further guaranteed through the involvement of Internal Audit. Data quality guidance is circulated to appropriate employees and reviewed each year using a risk-based approach. Control checks are incorporated at all stages of the process.

**Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:**

The District Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

Most day-to-day decisions are made by policy committees. The Council has two policy committees – ‘Partnership & Regeneration’ and ‘Community & Environment’. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority. The Council publishes a Forward Plan

which contains details of key decisions to be made by the Council, its committees and Chief Officers under their delegated powers.

To allow the policy committees to concentrate their time and effort on policy and strategic matters, the Council has a Scheme of Officer Delegation, whereby routine decision-making is delegated to officers. The scheme sets out the relevant subject areas and the responsible officers.

**Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff:**

The Council's Standards Committee promotes, monitors and enforces probity and high ethical standards in the District Council and the local parish councils. It approves a local Code of Conduct for Members and for employees. The Committee ensures that Members act with integrity and recommends adoption corporately of any measures including those of confidentiality that are necessary to secure and demonstrate propriety within the general principles of public life.

The Committee also ensures that all elected and co-opted members have access to training in all aspects of the Member Code of Conduct.

The Council adopted a revised Code of Conduct for Members in September 2007, and Members were required to attend training on its application. Training was also provided to senior officers of the Council so that they could appreciate the issues surrounding the ethical framework and the Member/officer relationship.

The Employee Code of Conduct, based on the underlying principles of the Member code, was adopted in January 2008. Copies of the Code have been distributed to all employees.

The Council has a protocol governing Member/Officer relations.

**Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:**

The District Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council approved a Risk Management Policy Statement and Strategy in January 2003. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Continuity Group has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the authority. A Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks.

All reports which require decisions to be taken by the Council or its Committees contain a section which outlines legal, financial and corporate risks in order to inform the decision making process.

The Council's Constitution, including the Scheme of Delegation, Standing Orders and Financial Regulations, is reviewed annually by the Council. Any major changes are referred to the Standards Committee for prior consideration.

**Undertaking the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities":**

An Audit Committee was established by the District Council in October 2005. It is a key source of assurance to the Council's arrangements for managing risk, maintaining an effective control environment. The Audit Committee provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the authority's exposure and weakens the control environment. Its Terms of Reference are in accordance with the above CIPFA guidance.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:**

The Council has designated the Head of Democratic Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Chief Executive (head of paid service) and the Head of Finance (chief finance officer), the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.

The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit and Inspection Letter.

The Council has Committees which carry out a number of regularity functions, including:

- two Planning Committees to determine planning applications and related matters;
- a Local Plan Advisory Committee to assist in the formulation of local plan policy;
- a Standards Committee which promotes, monitors and enforces probity and high ethical standards in the Council;
- two Overview and Scrutiny Committees, which review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
- a Licensing Committee, which monitors and reviews the effectiveness of the council's licensing policy and procedures.

**Whistle-blowing and for receiving and investigating complaints from the public:**

The Whistle-blowing policy was revised in April 2008 by the Scrutiny Committee. It demonstrates the Council's commitment to providing support for whistleblowers and is available to all staff on the Council's Intranet, and is included in advice to suppliers on procurement.

The Council has an adopted complaints procedure that enables members of the public to raise concerns in respect of the Council's services. Any member of the public who is dissatisfied with the initial response to their complaint has the opportunity to request an independent review of that decision by the Council's Chief Executive. The Standards Committee has a role in monitoring the complaints framework and any complaints dealt with by the Local Government Ombudsman. Any critical findings from the Local Government Ombudsman are reported to one of the Council's Policy Committees or Council as appropriate.

Details of how to make a complaint are on the Council's website [www.derbyshiredales.gov.uk](http://www.derbyshiredales.gov.uk).

**Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training:**

The aim of the Council's employee Personal Development Scheme is to jointly agree objectives, identify training and development needs, and formulate specific and realistic action plans which contribute towards achieving the Council's aims and objectives. The scheme also reviews past performance.

A Member Development Working Group, consisting of Members and officers, has day-to-day responsibility for shaping and developing the Council's Member Development Scheme. The scheme enables individual Members to discuss their training and development needs within a set framework that included mandatory training on key topics.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:**

The Council has three Area Community Forums covering the North, Central & Southern Areas of the District, which are intended to act as a focal point for mutual communication and consultation between the local community, stakeholders and Councillors. Community Forums contribute towards development of the Community Plan, and can examine the effectiveness of strategic implementation of Council Policy at a local level and report findings to the relevant Committee.

The Council has a Citizens Panel of 1000 residents who are consulted regularly on a variety of issues, including the establishment of aims and objectives.

**Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commissions report "*Governing Partnerships: Bridging the Accountability Gap*", and reflecting these in the authority's overall governance arrangements.**

The Council has delegated to its two policy committees a requirement to work jointly and in partnership with others to help deliver the Council's aims and objectives. Financial Regulations require the Head of Democratic Services to ensure that significant partnerships are defined by a written agreement which covers:

- The aims and objectives of the partnership.
- The accountability arrangements, including pooled budgets, scheme of delegation, reporting structures.
- The funding arrangements.
- The success criteria for the partnership, including financial performance.
- Governance arrangements including audit review.
- Arrangements for dissolving the partnership.

The Council maintains a register of all significant partnerships covering the above criteria. Risks arising from significant partnerships are identified in the Council's Risk Register.

#### **4. REVIEW OF EFFECTIVENESS**

Derbyshire Dales District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.. The review of the effectiveness is informed by the work of the senior managers and internal auditors within the authority who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system the Governance Framework includes:

The Head of Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.

The Council reviews the local Code of Corporate Governance on an annual basis, including Dimension 4 relating to risk management and internal control, and adopts an Action Plan to deal with any issues.

The Council has two Overview and Scrutiny Committees. They can "call-in" a decision which has been made by a policy committee but not yet implemented, to enable them to consider whether the

decision is appropriate. They allow people to have a greater say in Council matters by holding public enquiries into matters of local concern.

The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and with Financial Regulations. The Council has designated the Finance Manager as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a five-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

The Council's Audit Committee has Terms of Reference which include:

- Approving Internal Audit strategy, operational plan and performance;
- Reviewing summaries of Internal Audit reports and the main issues arising;
- Considering the reports of external audit and inspection agencies;
- Considering the effectiveness of the Council's risk management arrangements;
- Satisfying itself that the Statement on Internal Control properly reflects the risk environment and any actions required to improve it;
- Ensuring that there are effective relationships between external and internal audit and other relevant bodies;
- Reviewing financial statements and the auditor's opinion on the council's Accounts;
- Monitoring management action in respect of issues raised.

The Audit Committee meets on four occasions throughout the year, in March, June, September and December.

The Standards Committee is composed of six Members of the District Council, two Members of Parish Councils, and four independent members. It promotes, monitors and enforces probity and high ethical standards in the District Council. It meets four times a year on routine business and, when required, to hear and determine matters regarding individual Members' behaviour.

Internal Audit are responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by Audit Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reviews of recommendations to ensure that they are acted upon. All Internal Audit reports include a report on the quality and effectiveness of internal control within the Council's systems, and an assessment in accordance with quantification and classification of internal control level definitions. These definitions are:

Good	A few minor recommendations (if any)
Satisfactory	Minimal risk; a few areas identified where changes would be beneficial
Marginal	A number of areas have been identified for improvement
Unsatisfactory	Unacceptable risks identified; changes should be made
Unsound	Major risk identified; fundamental improvements are required

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.

During the year, a review of the effectiveness of the system of Internal Audit was undertaken. This includes the effectiveness of the Audit Committee. The findings of the review were considered by the Audit Committee on 31<sup>st</sup> March 2008. No significant issues were identified which needed to be brought to the attention of the Audit Committee or required action to be taken.

The Council's Corporate Management Team of Chief Officers and senior managers meets on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and

priorities. The Corporate Management Team also considers other internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.

Each year, the Corporate Management Team reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy.

The Risk Continuity Group provides six-monthly progress reports to the Corporate Management Team, bringing their attention to significant risks. The Risk Continuity Group also:

- Reviews the Council's strategic risk register and associated action plans;
- Ensures that the appropriate management action is taken to minimise/eliminate risk;
- Reviews the results of investigations into untoward incidents.

Minutes of the Risk Continuity Group are received by the Audit Committee.

The Corporate Improvement Team of Chief Officers and senior managers meets on a monthly basis and reviews progress on performance indicators, risk management and Best Value reviews.

For performance management, a traffic light monitoring and reporting system is in place. This risk assessment determines the frequency of reporting to chief officers and councillors, with corrective action plans put in place for any under-performing services.

The Council is rated "excellent" and "performing well" by the Audit Commission. In the Annual Audit and Inspection Letter, the Audit Commission commented that:

*"The Council continues to make progress in its priority areas. Recent performance indicators (PIs) show that the Council performs well overall, with an above average number of PIs in the top 25% of Councils. Overall satisfaction with the Council has improved substantially. The Council is working effectively to contribute to wider community outcomes including priority areas such as delivering affordable housing promoting sustainable regeneration, and improving access to services. Overall, the Council delivers good value for money, and significant efficiency savings have been achieved.*

*The Council has robust and clear plans for improvement. An effective performance management system ensures that performance and progress is reviewed on a regular basis."*

In the Use of Resources Assessment, the Audit Commission scored the Council as "3", i.e. "consistently above minimum standards – performing well". The Council performs well over all five elements of the assessment, i.e. financial reporting, financial management, financial standing, internal control and value for money.

In the Data Quality Audit 2007, the Audit Commission scored the Council as "3", i.e. performing well.

The Council was compliant with the Department of Work and Pensions Benefits Verification Framework until it was abolished in 2006. The Council now follows the advice and guidance issued by the DWP in the HB/CTB Security Guidance Manual and is improving the administration and security of the Benefits Service through the continued implementation of the DWP HB/CTB Performance Standards.

During the year, the Partnership and Regeneration Overview Committee reviewed the Council's partnership working arrangements. As a result of this review, the Council is adopting a Partnership Protocol.

The Council's Corporate Management Team and Audit Committee has reviewed this Annual Governance Statement and the evidence supporting it.

We have been advised on the implications of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 5. SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues have been identified.

	Issue	Action
1.	The Council continues to face significant financial pressures. Although savings and efficiency gains of around £1million have been achieved in order to set a balanced budget for 2008/09, further savings of around £1.25 million are required over the next two years	Report to Council in June 2008 on the development of a sustainable financial plan. Update Financial Strategy and medium-term commitment plan during October 2008. Budget scrutiny by Overview Committee prior to preparation of detailed budget estimates.
2.	The Annual Audit & Inspection Letter has highlighted continuing weaknesses in IT arrangements for data security and recovery. Although data back-up procedures have been strengthened and tested, the Council still needs to develop a disaster recovery plan for the IT function.	The Council is investigating joint service delivery arrangements with a neighbouring authority, particularly in respect of the provision of a business continuity arrangement. A business continuity plan is to be developed during the 2008/09 financial year.
3.	The Council is implementing the Single Status agreement which was made nationally between the National Joint Council for Local Government and signatory trade unions on 1 <sup>st</sup> April 1997. An integral part is the application of a job evaluation exercise covering all affected posts to ensure consistency, fairness and a justification for differences of grade and salary between job holders. The Council has completed the job evaluation and pay & grading review exercises, and these have been submitted to the trade union.	The pay and grading review is to be back-dated to April 2007 when agreed. Financial provision has been made in respect of increased staffing costs, and the cost of pay protection. Agreement has been reached with trade unions in respect of 2008 incremental progression. All queries raised by the trade union have been dealt with promptly.
4.	The establishment of the Internal Audit Section was reduced by one member of staff during the financial year 2007/08. This did not impact on the achievement of the 2007/08 Internal Audit Plan, but the position will need to be monitored on an ongoing basis.	Closely monitor progress against the approved Internal Audit plan during 2008/09.
5.	The Council plans to build a new Central Area Leisure Centre (CALC) over the next three years, and is appointing a design and project management team during the first quarter of the financial year 2008/09. However, the financial package, which is dependent on land sales of existing facilities, has not yet been finalised and there is a high risk that there will be insufficient finance to build a centre which meets all identified requirements.	Continue to monitor availability of funding, and maximise funding through grant applications where possible. Continue to market the site of the Sherwood Hall Leisure Centre. Work with design engineers and project management team in updating the estimated cost of the new facility. Employ a "value engineering" approach throughout the design process. Reassess requirements within available funding.

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

Signed

Councillor Lewis Rose O.B.E.  
Leader of the Council

Date: 26<sup>th</sup> June 2008

David Wheatcroft  
Chief Executive

Date: 26<sup>th</sup> June 2008

# AUDITOR'S REPORT

## Independent auditor's report to the Members of Derbyshire Dales District Council

### Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Derbyshire Dales District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Authority Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority Balance Sheet, the Authority Statement of Total Recognised Gains and Losses, the Authority Cash Flow Statement, the Collection Fund and the related notes. These 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 Dales District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

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

The Finance Manager's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements 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 accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority 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 financial statements. I am not required to consider, nor have I considered, whether the 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 accounting statements, and consider whether it is consistent with the audited Authority 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 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 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 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 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 accounting statements and related notes.

### ***Opinion***

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended

### **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 relevant criteria specified by the Audit Commission for principal local authorities. 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 December 2006, I am satisfied that, in all significant respects, Derbyshire Dales District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

#### ***Best Value Performance Plan***

I have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 19 December 2007. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

## **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.

David Brumhead  
District Auditor

Littlemoor House, Littlemoor, Eckington, Sheffield, S21 4EF  
30 September 2008

## GLOSSARY OF TERMS

### **Accrual**

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received / made by the end of the accounting period.

### **Agency**

The provision of services by one local authority (the agent) on behalf of the responsible body. The Authority carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs.

### **Appropriation**

The transfer of ownership of land or a building between one service and another.

### **Auditor**

An independent expert who examines the Council's processes and accounts to ensure that statutory requirements and non-statutory Codes of Practice have been followed.

### **Balance Sheet**

This shows the financial position of the Council as a whole (excluding amounts attributable to the Ernest Bailey Trust Fund) and summarises its assets and liabilities.

### **Budget**

A statement of the Council's policies and spending plans for net revenue and capital expenditure over a specified period of time.

### **Capital Charge**

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

### **Capital Expenditure**

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

### **Capital Receipts**

The proceeds from the disposal of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

### **Collection Fund**

A separate account, required by statute, to show the transactions of a billing authority in relation to Council Tax and non-domestic rates.

### **Community Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### **Contingency**

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Creditors**

Amounts owed by the Council to others for work done, goods received or services rendered for which payment has not been made at the balance sheet date.

**Current Assets**

Assets whose value tends to vary on a day-to-day basis, e.g. physical stockholdings, cash and bank balances. It is reasonable to expect that assets under this head on a balance sheet will be consumed or realised during the next accounting period.

**Current Liabilities**

Amounts which will become payable or could be called in within the next accounting period, e.g. creditors.

**Debtors**

Amounts due to the Council from others for goods and services that they have received but not paid for at the balance sheet date.

**Deferred Charges**

These are items shown in the Consolidated Balance Sheet for which there are no tangible assets. They include grants to other persons and bodies for capital expenditure purposes (e.g. Village Hall Grants).

**Deferred Liabilities**

These are items shown on the balance sheet that reflect amounts owed to others, where the sums are payable over future financial years.

**Deferred Premium**

This is an amount due to be paid by an authority on the early redemption of debt where losses have been made. It can arise as part of a restructuring package and can be written off to revenue over the life of the replacement loans.

**Depreciation**

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets used to deliver services.

**Direct Revenue Financing**

Resources provided from an authority's revenue budget to finance the cost of capital projects.

**Financial Year**

The Council's financial year commences on 1st, April and finishes on 31st March the following year.

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The Government's capital control system treats this as a credit arrangement, as if it were similar to borrowing.

**Fixed Assets**

A fixed asset is an item that the Council owns that has a monetary value and is expected to yield benefits to the Council and the services it provides for a period of more than one year. Example of fixed assets would be as land and buildings or vehicles. The amounts shown in the Balance Sheet are the current valuations less depreciation.

## **Financial Instruments Adjustment Account**

This provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from General Fund.

## **FRS**

This refers to Financial Reporting Standards, which set out the proper accounting practices with which the Council must comply when preparing its accounts.

## **General Fund**

The statutory revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

## **Government Grants**

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Revenue Support Grant.

## **Impairment**

The reduction in the value of a fixed asset caused by a change in circumstances such as a decline in market value, physical damage, obsolescence etc. The impairment must be written off to the Income and Expenditure Account.

## **Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily converted to known amounts of cash at or close to the carrying amount, or traded in an active market.

## **Minimum Revenue Provision**

The minimum amount which must be charged to an authority's revenue account each year, as required by the Prudential Code for Capital Accounting.

## **Net Book Value**

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

## **Net Debt**

The Council's borrowings less cash and liquid resources.

## **Net Worth**

This represents the Council's reserves and balances, both capital and revenue.

## **Non Distributed Costs**

These are central costs that are unapportionable over service heads. For example certain retirement benefits and unused shares of IT facilities and other assets

## **Non Operational Assets**

Fixed assets held by the Council which are not directly occupied or used in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

### **Operating Lease**

A lease other than a finance lease. This type of lease, usually of office equipment, is similar to renting and does not come into the Government's capital control system. Ownership of the asset must remain with the lessor.

### **Operational Assets**

These are assets held by the Council that are directly occupied and used by the Council to deliver its services. Examples include leisure centres and car parks.

### **Precept**

The levying of an amount by one authority that requires another authority to collect income on its behalf. The Council's Collection Fund meets the precepts from the County Council, Police Authority and Fire and Rescue Service as well as making a payment to the Council's own General Fund. Precepts raised by Town and Parish Councils are paid from the Council's General Fund.

### **Provisions and Reserves**

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

### **Prudential Code**

Prudential Code for Capital Accounting in Local Authorities. To ensure within a clear framework that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that the Treasury Management decisions are taken in accordance with good practice.

### **Residual Value**

The net realisable value of an asset at the end of its useful life.

### **Revenue Expenditure**

Expenditure to meet the day-to-day running costs incurred in providing services e.g. wages and salaries, purchase of materials and capital charges.

### **Revenue Support Grant**

A general government grant paid to the Council as a contribution towards the cost of its services.

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

Within the context of this document, this refers to the Code of Practice on Local Authority Accounting in the UK: A Statement of Proper Practice (the SORP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The SORP specifies the principles and practices of accounting that must be followed to prepare a set of accounts that "presents fairly" the financial position of a Council.

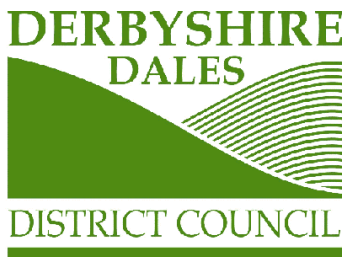
## INVITATION FOR FEEDBACK

In preparing the Statement of Accounts the District Council has attempted to present details of its finances in a way, which is accurate, in accordance with appropriate Codes of Practice, meets statutory obligations, and is reasonably easy to understand. However efforts are continuing to improve the presentation of financial information, so if you have any views, comments, questions or suggestions for improvement, please write to:

**HEAD OF FINANCE  
DERBYSHIRE DALES DISTRICT COUNCIL  
TOWN HALL  
MATLOCK  
DERBYSHIRE  
DE4 3NN**

or e-mail

**[phil.colledge@derbyshiredales.gov.uk](mailto:phil.colledge@derbyshiredales.gov.uk)**



Written and Published by Derbyshire Dales District Council