

DERBYSHIRE DALES DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2008/09

CONTENTS

	Page No.
Explanatory Foreword	1
Statement of Accounting Policies	6
Statement of Responsibilities for the Statement of Accounts	15
The Core Financial Statements	
• Income & Expenditure Account	16
• Statement of the Movement on the General Fund Balance	17
• Statement of Total Recognised Gains and Losses (STRGL)	18
• Balance Sheet	19
• Cash Flow Statement	20
Notes to the Core Financial Statements	21
Supplementary Financial Statements	
• The Collection Fund	42
Annual Governance Statement	45
Auditor's Report	55
Glossary of Terms	57
Invitation for Feedback	61

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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 2008/09 and comprise:

Statement of Accounting Policies – Page 6

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.

Statement of Responsibilities – Page 15

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.

Income and Expenditure Account – Page 16

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 17

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 18

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 19

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 20

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

Collection Fund – Page 42

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.

Annual Governance Statement – Page 45

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 2008/2009 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 2008/2009

The following table gives a summary of revenue income and expenditure in 2008/09:

	2008/09 Budget £'000s	2008/09 Actual £'000s	2008/09 Variance £'000s	2007/08 Actual £'000s
Cultural and Related Services	3,020	2,980	(40)	1,240
Environmental Services	4,186	4,413	227	4,626
General Fund Housing	1,030	523	(507)	1,635
Planning & Development Services	1,528	1,487	(41)	1,215
Highways, Roads and Transport	(393)	(765)	(372)	(502)
Corporate and Democratic Core	1,680	1,756	76	1,722
Non-distributed Costs	284	233	(51)	648
Central Services to the Public	1,066	893	(173)	1,036
Net Cost of Services	12,401	11,520	(881)	11,620
Loan Premium	0	0	0	5,435
Capital Adjustments	0	199	199	(699)
Interest Payable	349	377	28	348
Interest Receivable	(627)	(724)	(97)	(755)
Town & Parish Council Precepts	1,095	1,095	0	1,032
Pension Interest & Expected Return on Assets	252	826	574	249
Net Operating Expenditure	13,470	13,293	(177)	17,230
General Government Grants	(584)	(668)	(84)	(933)
Non-Domestic Rates Distribution	(4,192)	(4,192)	0	(4,016)
Demand on the Collection Fund	(6,250)	(6,250)	0	(5,958)
Deficit for year on Income and Expenditure A/C	2,444	2,183	(261)	6,323
Net additional amount required by statute & non-statutory proper practices to be credited to the General Fund Balance for the year	(2,444)	(2,226)	218	(6,317)
(Increase)/Decrease in General Fund Balance	0	(43)	(43)	6

The General Fund Balance for 2008/09 shows a surplus of £43,000. The budget assumed a break-even position. The under-spend has increased revenue balances. Revenue balances carried forward at 31st March 2009 total £2,190,000 (31st March 2008 £2,147,000). 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.

Capital Spending in 2008/2009

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 £5,559,000. This was revised to take account of the position at the end of the 2007/08 financial year and progress on schemes. The revised capital programme for 2008/09 was £5,802,000. The capital spending outturn for the year was £3,599,000; this resulted in an underspend of £2,203,000, from the revised programme.

The table below shows capital spending, analysed by the Council's priorities:

	2008/09 £000s
Affordable Housing	999
Active, Healthy Communities	1,695
Community Safety	102
Street Scene	92
Other	711
Total Capital Spending	3,599

Capital Resources

The table below shows how the capital spending in the year was financed:

	2008/09 £000s
Capital Receipts	1,018
Government Grants and Contributions	290
Other Grants and Contributions	2,046
Direct Financing from Revenue	245
Total Capital Financing	3,599

The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Usable Capital Receipts Reserve. 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 £18m. The major elements are as follows:

	£m
Expanding Services	14
Maintaining Existing Levels of Service	4

Receipts from the Sale of Assets

The Council received £69,000 from the sale of fixed assets during 2008/09. This was credited to the Usable Capital Receipts Reserve. Land at Birches Terrace Ashbourne, Hurst Farm Estate Matlock and Chesterfield Road Matlock were transferred to Housing Associations at nil value. The Council received nomination rights in respect of the properties built in perpetuity. The £69,000 receipt was the continued benefit from the Housing Stock Transfer (Right to Buy Sharing Agreement) with Dales Housing. Details of the Usable Capital Receipts Reserve can be found in Note 35 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 23rd September 2056.

Collection Fund

Gross expenditure on the Collection Fund totalled £58.9m in 2008/09 (£55.8m in 2007/08). After providing for doubtful debts the Fund balance increased by £88,000 during the year, resulting in a deficit carried forward of £317,000. When setting the level of Council Tax for 2009/10, it was estimated that there would be a deficit of £164,000. 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 2010/11.

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 21 to 25, gives further information and shows that the Council has a net liability of £14m. 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 £2.6m during the year to £32.5m.

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 2008/09 statements. These changes are required by the SORP. The key changes that affect this Council are:

- § The circumstances in which it is appropriate to use the depreciated replacement cost method of valuing property have been clarified;
- § Deferred charges should no longer be shown on the Balance Sheet. They have been replaced by "Revenue Expenditure Funded from Capital Under Statute";
- § A revision of the definition of intangible assets;
- § The revaluation of fixed assets on disposal is now prohibited;
- § Clarification of the treatment of income that is defined by statute as a capital receipt but which does not arise from the disposal of a fixed asset;
- § Further guidance on accounting for financial instruments;

§ Changes to the Cash Flow Statement;

§ An update on the measurement of securities held for Retirement Benefits.

Changes in accounting policies are explained in the Statement of Accounting Policies on pages 6 to 14.

STATEMENT OF ACCOUNTING POLICIES

GENERAL PRINCIPLES

Derbyshire Dales District Council's accounts are prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the U.K. – A Statement of Recommended Practice (the SORP), which constitutes 'proper accounting practice' as required by statute.

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.

ACCRUALS OF INCOME AND EXPENDITURE

Customer and client receipts

Customer and client receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate, whether or not the cash has actually been received or paid in the year. Revenue has been recognised only to the extent that performance of contractual obligations has taken place. Payments received in advance have been recognised as a liability in the Balance Sheet; this is achieved by the creation of creditors, using estimates where appropriate.

Employee costs

The full cost of employees has been charged to the accounts. Employee costs shown for 2008/09 reflect work done during the period Sunday 1st April 2008 to Monday 31st March 2009. An accrual has been made for salaries and wages earned but unpaid at the year-end. All pay awards due for the period had been settled before the financial year-end.

Income that is defined in statute as a capital receipt but does not arise from the disposal of an interest in a fixed asset

Amounts to be treated as capital receipts are defined by statute and usually arise from the disposal of an interest in a fixed asset. However, some statutorily defined capital receipts do not arise from the disposal of an interest in a fixed asset and under the general provisions of the SORP may be income (e.g. the repayment of a grant awarded by the Council to acquire a fixed asset by the recipient) or a transaction within the Balance Sheet (e.g. the repayment of a loan advanced to a third party to acquire a fixed asset). Where the statutory capital receipt is income under the general provisions of the SORP it has been credited to the Income and Expenditure Account and the statutory requirement effected by crediting the Usable Capital Receipts Reserve and debiting the General Fund Balance and shown as a reconciling item in the Statement of Movement on the General Fund Balance. Where, under the general provisions of the SORP, the statutory capital receipt is accounted for within the Balance Sheet, the statutory requirement is effected by crediting the Usable Capital Receipts Reserve and debiting the Capital Adjustment Account.

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.

Supplies and services

The cost of supplies and services is accrued and accounted for in the period during which they were consumed or received. Accruals have been made for all material sums unpaid at the year-end for goods or services received or works completed. Payments in advance in respect of 2009/10 have been recognised as

a current asset in the balance sheet; this is achieved by the creation of debtors, using estimates where appropriate.

CONTINGENT ASSETS

Contingent assets have not been accrued in the accounting statements. Where there is a claim that may generate a receipt or transfer of economic benefits to the Council, a contingent asset has been disclosed by way of a note to the accounts.

CONTINGENT LIABILITIES

Contingent liabilities have not been accrued in the accounting statements. Where there is a possible obligation that may require a payment or transfer of economic benefits, contingent liabilities have been disclosed by way of a note to the accounts.

EVENTS AFTER THE BALANCE SHEET DATE

Where an event has occurred after the Balance Sheet date, which provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts have been adjusted. Where an event that occurred after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts have not been adjusted.

Events after the Balance Sheet date have been reflected up to the date when the Statement of Accounts was authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave that authorisation is disclosed in Note 39 to the Statement of Accounts.

PRIOR PERIOD ADJUSTMENTS

The majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions for the year in which they are identified, and have been accounted for accordingly. Material adjustments applicable to prior years arising from changes in accounting policies have been accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and adjusting the opening balance of reserves for the cumulative effect. The effect of prior period adjustments on the outturn for the preceding period has been disclosed where practicable.

GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

Revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority or to compensate for a loss of income are credited to the revenue account in the period in respect of which they are payable.

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 General Fund Balance a compensating entry is made from the Capital Adjustment Account.

Grants that have been used to finance capital expenditure where the asset is not yet operational are held in the Deferred Grants and Contributions Account (see Note 27). 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.

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.

INTANGIBLE FIXED ASSETS

Intangible Assets are defined as “non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights”. Examples held by this Council are licences and purchased software licences and these have been capitalised as assets. They are included in the balance sheet at a value based on cost less amortisation. Amortisation of intangible fixed assets takes place annually over their anticipated economic lives. 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 in Note 15 on Page 29.

Service revenue accounts, central support services and trading accounts have been charged with a provision for amortisation for all intangible assets used in the provision of services.

LEASES

Rental payments under finance leases are apportioned between the finance charge (allocated to revenue) and the principal element, i.e. the reduction in the outstanding obligation. However, the Council does not hold any finance leases at the present time.

Under operating leases, rentals payable, net of benefits received or receivable, have been charged to revenue on a straight-line basis over the term of the lease.

OVERHEADS

The costs of the Council’s support services and service management have been fully recharged to their users, using an appropriate basis such as staff time, floor area occupied or facility usage. The bases of apportionment adopted are used consistently for all the heads to which apportionments are made. The cost of service strategy and regulation of any service to the public has been charged in the accounts of that service. The costs of the corporate and democratic core and of non-distributed costs are each allocated to a separate objective expenditure head and are not apportioned to other expenditure heads.

ACCOUNTING FOR 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 subject to the interpretations set out in the SORP. 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.

The assumptions underlying the pensions figures have been set upon advice given by an independent actuary to reflect market conditions at the balance sheet date and expected future events that will affect the cost of benefits to which the Council is committed at the balance sheet date.

The amount chargeable to the General Fund for providing pensions for employees is the amount payable for the year in accordance with the statutory requirements governing the particular pension scheme. The debit or credit to the General Fund has been shown as a reconciling item in the Statement of Movement on the General Fund Balance.

The attributable assets of the pension scheme have been measured at their fair value at the Balance Sheet date. The attributable scheme liabilities have been measured on an actuarial basis using the projected unit method. The surplus/deficit in a scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.

There has been a change in accounting policy regarding pensions. This is explained in Note 1 to the Core Financial Statements, which also provides more information on pensions transactions.

PROVISIONS

Provisions have been recognised when:

- (i) the Council has a present obligation (legal or constructive) as a result of a past event
- (ii) it is probable that a transfer of economic benefits will be required to settle the obligation, and
- (iii) a reliable estimate can be made of the amount of the obligation.

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 direct 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. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the events. 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 32.

RESERVES

Amounts set aside for purposes falling outside the definition of provisions are shown in the accounting statements as reserves. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and some of them can only be used for specific statutory purposes. The Usable Capital Receipts Reserve is an example of a reserve established for specific statutory purposes.

Transfers to and from reserves have been disclosed in the Income and Expenditure Account. The SORP does not allow expenditure to be charged direct to any reserve. For each reserve established, the purpose, usage and the basis of transactions has been disclosed in the Notes to the Core Financial Statements.

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

Revaluation Reserve

The Revaluation Reserve was introduced on 1st April 2007 and replaced the Fixed Asset Restatement Account (FARA). The balance on the FARA at 31st March 2008 was 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 Revaluation Reserve as at 31st March 2009, therefore, shows revaluation gains accumulated since 1st April 2007. Details can be found in Note 33 to the Core Financial Statements on page 36.

Capital Adjustment Account

The Capital Adjustment Account contains amounts from Usable Capital Receipts that are used to finance capital expenditure, the difference between amounts provided for depreciation and those that are required to be charged to revenue to repay the principal of external loans, gains and losses of the disposal of fixed assets, impairment charges and other capital adjustments.

Details of this account can be found in Note 34 to the Core Financial Statement on Page 36.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003. Where the SORP requires a charge to be made, it has been charged to the Income and Expenditure Account even though the expenditure is capital under statute. Where the expenditure has been charged to the Income and Expenditure Account, it is posted via the Statement of Movement on the General Fund Balance to the Capital Adjustment Account to the extent that the Council has determined to meet the expenditure from capital resources.

STOCKS AND LONG TERM CONTRACTS

The Council maintains stocks of tourism publications, vehicle fuel and computer consumables. Stocks are included on the Balance Sheet at the lower of cost or net realisable value, calculated separately for each category of stock. Details can be found in Note 23 to the Core Financial Statements on Page 32.

The Council does not have any trading activities that generate income from long term contracts.

TANGIBLE FIXED ASSETS

Recognition

All expenditure on the acquisition, creation or enhancement of tangible fixed assets has been capitalised on an accruals basis, where it yields benefits to the Council and the services it provides for a period of more than one year. Under the SORP, 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.

Measurement

Fixed assets have been measured initially at cost. Such costs are only those that are directly attributable to bringing the asset into working condition for its intended use.

Fixed assets are classified into the categories required by the SORP. The closing balances at 31st March 2009 have been determined on the following basis:

- Operational land and properties and other operational assets are shown at the lower of net current replacement cost or net realisable value in existing use.
- Non-operational assets, including assets that are surplus to requirements and held for disposal, are shown at the lower of net current replacement cost or net realisable value.
- Community assets and infrastructure assets are included at historical cost where ascertainable, net of depreciation, if appropriate.
- Assets under construction are shown at historical cost until they are brought into commission.
- Individual items of plant, equipment and vehicles with values of less than £4,000 have been treated as *de minimis* expenditure for capital accounting and capital financing purposes.

When a fixed asset becomes operational, it is re-categorised and 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).

The Council undertook a revaluation of approximately 25% of its assets by value as at 1st April 2008, to comply with the SORP's requirement to revalue assets at intervals of not more than 5 years. Any material changes to other assets not in the planned programme have been 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.

The valuation of property is conducted by a qualified internal valuer, who holds a recognised and relevant professional qualification, recent post-qualification experience, and sufficient knowledge of the state of the market, in the location and category of the tangible fixed asset being valued. The Council's valuer produces a certificate for all valuations and impairments.

Where a fixed asset is included in the Balance Sheet at current value, the increase over the previous carrying amount is credited to the Statement of Total Recognised Gains and Losses and taken to the Revaluation Reserve, except to the extent that it reverses revaluation losses (after adjusting for depreciation) on the same asset that were previously recognised in the Income and Expenditure Account.

Where on revaluation there has been a decrease over the previous carrying amount an impairment loss has occurred. Where the loss has been caused by clear consumption of economic benefits it is charged to the Income and Expenditure Account. Where the loss has not been caused by a clear consumption of economic benefit it is recognised in the Statement of Total Recognised Gains and Losses until the asset's carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve; and thereafter in the Income and Expenditure Account.

Impairment

The valuer has reviewed fixed assets for impairment where events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- (a) a significant decline in a fixed asset's market value during the period
- (b) evidence of obsolescence or physical damage to the fixed asset
- (c) a significant adverse change in the statutory or other regulatory environment in which the authority operates.

Tangible fixed assets other than non-depreciable land have been reviewed, at the end of each reporting period for impairment when either:

- (a) no depreciation charge is made on the grounds that it would be immaterial (either because of the length of the estimated remaining useful life or because the estimated residual value of the fixed asset is not materially different from the carrying amount of the asset), or
- (b) the estimated remaining useful life of the fixed asset exceeds 50 years.

Where an impairment loss on a tangible fixed asset has occurred, caused by a clear consumption of economic benefits, the impairment loss has been recognised in the Income and Expenditure Account. Where an impairment loss has been charged to the Income and Expenditure Account but there were accumulated revaluation gains for the relevant asset, the amount has been transferred from the Revaluation Reserve to the Capital Adjustment Account.

Accounting for disposals of tangible fixed assets

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income has been credited to the Income and Expenditure Account, and the carrying amount of the assets has been debited to the Income and Expenditure Account.

Gains or losses on the disposal of fixed assets have been reversed out in the Statement of Movement on the General Fund Balance by crediting the Usable Capital Receipts Reserve with an amount equal to the disposal proceeds, and debiting the Capital Adjustment Account with an amount equal to the carrying amount of the disposal. In addition to the entries above, where the asset was carried at current value, the balance on the Revaluation Reserve has been written off to the Capital Adjustment Account. Revaluation of a fixed asset at the point of disposal is not permitted by the SORP.

If the asset disposed of was carried at historical cost, in order to comply with statutory/proper practices restrictions on the use of capital receipts and to reverse out the gain or loss credited or debited to the Income and Expenditure Account, the General Fund is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal of the tangible fixed asset, with the double entries being a credit to the Usable Capital Receipts Reserve of an amount equal to the disposal proceeds and a debit to the Capital Adjustment Account of an amount equal to the carrying amount of the fixed asset disposal.

The gain or loss on disposal of the tangible fixed asset is shown as a reconciling item in the Statement of Movement on the General Fund Balance. If the asset disposed of was carried at current value, in addition to the entries needed to comply with statutory/proper practices and restrictions on the use of capital receipts, the balance on the Revaluation Reserve in respect of asset disposals is written off to the Capital Adjustment Account.

The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged in the Net Operating Cost section of the Income and Expenditure Account and the same amount appropriated from the Usable Capital Receipts Reserve and credited to the Statement of Movement on the General Fund Balance.

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.

For fixed assets other than non-depreciable land and non-operational investment properties, the only grounds for not charging depreciation is that the depreciation charge is immaterial. Assets under construction are not depreciated until completed but may suffer impairment. Surplus assets held for sale are not exempted from depreciation under FRS 15.

Provision for depreciation is made by allocating the cost (or revalued amount) less the estimated residual value of the assets as fairly as possible to their estimated useful lives.

The useful lives of assets have been reviewed by the valuer as part of the revaluation process. Where the useful life of a fixed asset has been revised, the carrying amount of the fixed asset has been depreciated over the revised remaining useful life.

Where the fixed asset comprises two or more major components with substantially different useful economic lives (for example a land component and a building component), each component has been accounted for separately for depreciation purposes and depreciated over its individual useful life. Depreciation is not normally provided for freehold land or for non-operational investment properties. The Council has considered further component accounting of assets for depreciation but has decided that it is not material and beneficial at this time.

Depreciation is based on the amount at which the asset is included in the Balance Sheet, whether net current replacement cost or historical cost.

Depreciation is charged to General Fund service revenue accounts, central support services and trading accounts, together with any related impairment loss (due to a clear consumption of economic benefits), for all fixed assets used in the provision of the service. This includes surplus assets held for disposal, which are charged to Non Distributed Costs. 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 Adjustment Account, which neutralises the impact on Council Tax.

VALUE ADDED TAX (VAT)

VAT is only included in the revenue and capital accounts when it is irrecoverable. HMRC announced a moratorium for the partial exemption calculation for 2007/08 and 2008/09, so there is no irrecoverable VAT for those years.

FINANCIAL INSTRUMENTS

The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

At the present time this Council does not use an external fund manager.

Initial recognition

A financial asset or a financial liability has been recognised on the Balance Sheet when, and only when, the Council becomes a party to the contractual provisions of the instrument. In the case of a financial asset or a derivative, this is when the Council becomes committed to the purchase (i.e. the contract date) and is usually referred to as the *trade date*. The sale of a financial asset is also recognised on the trade date. Trade receivables are an exception. The receivable is not recognised when the Council becomes committed to supply the good or service but when the ordered goods or services have been delivered or rendered. Similarly a trade payable is recognised when the ordered goods or services have been received.

In the case of a financial liability the Council does not become a party to the contractual provisions of the instrument unless one of the parties has performed or the contract is a derivative contract. For example a loan debt contract is recognised when the cash lent is received rather than when the authority became committed to the loan agreement.

Initial measurement

Financial assets and financial liabilities have been measured initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Classification of financial instruments

The accounting treatment of a financial instrument (i.e. how its subsequent carrying value is measured and gains and losses recognised) depends on its classification on initial recognition. The SORP recognises two classes of financial liabilities and three classes of financial assets:

Financial liabilities:

- amortised cost
- fair value through profit or loss

Financial assets

- loans and receivables
- available for sale
- fair value through profit or loss

Between the trade and settlement date forward purchases of investment assets are 'derivatives', and therefore should be accounted for as at fair value through profit or loss. This Council does not hold any derivatives.

Most financial instruments held by the Council can be classified into just one class of financial liability and two classes of financial assets:

Financial liabilities

- amortised cost

Financial assets

- loans and receivables
- available for sale.

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.

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 6 to 44 present fairly the financial position of the Council at 31st March 2009 and its income and expenditure for 2008/2009.

P.J. Colledge, C.P.F.A.
Head of Finance

28th September 2009

APPROVAL BY COUNCIL

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

Date of Meeting: 25th June 2009

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	2008/09 Expenditure £'000s	2008/09 Income £'000s	2008/09 Net Expenditure £'000s	2007/08 Net Expenditure £'000s
Cultural and Related Services	4,681	1,701	2,980	1,240
Environmental Services	6,115	1,702	4,413	4,626
General Fund Housing	11,850	11,327	523	1,635
Planning and Development Services	3,243	1,756	1,487	1,215
Highways, Roads & Transport	1,239	2,004	(765)	(502)
Corporate and Democratic Core	1,766	10	1,756	1,722
Non Distributed Costs	233	0	233	648
Central Services to the Public	5,147	4,254	893	1,036
Net Cost of Services	34,274	22,754	11,520	11,620
(Gain)/Loss on the Disposal of Fixed Assets			191	(705)
Town & Parish Council Precepts			1,095	1,032
Interest Payable			377	348
Interest and Investment Income			(724)	(755)
Contributions to Housing Capital Receipts Pool			8	6
Loan Premium			0	5,435
Pensions Interest Cost & Expected Return on Pensions Assets			826	249
Net Operating Expenditure			13,293	17,230
Income from the Collection Fund			(6,250)	(5,958)
Non-Domestic Rates Distribution			(4,192)	(4,016)
General Governments Grants (See Note 13)			(668)	(933)
(Surplus)/Deficit for the Year			2,183	6,323

Further information is set out in 1 to 13 of the Notes to the Core Financial Statements, commencing on page 21.

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.

	Notes	2008/09 £'000s	2007/08 £'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account		2,183	6,323
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)		(2,226)	(6,317)
(Increase)/Decrease in the General Fund Balance for the Year		(43)	6
General Fund Balance B/Fwd		(2,147)	(2,153)
General Fund Balance C/Fwd	14	(2,190)	(2,147)

Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the Year	2008/09		2007/08 £'000s
	£'000s	£'000s	
Amortisation of Intangible Fixed Assets	(9)		(8)
Depreciation and Impairment of Fixed Assets	(1,986)		(2,088)
Government Grants Deferred Amortisation	92		85
Government Grant Charged in One year	141		1,839
Revenue Expenditure Funded from Capital Under Statute	(234)		(1,357)
Net Gain/(Loss) on Sale of Fixed Assets	(191)		705
Net Charges Made for Retirement Benefits in Accordance with FRS17	(2,036)		(1,586)
Loan Premium – Transfer to Financial Instruments Adjustment Account	0		(5,435)
		(4,223)	
Amounts not included in the Income & Expenditure Account but required to be included by statute when determining the movement on the General Fund Balance for the year			
Capital Expenditure Charged to the General Fund Balance	245		135
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(8)		(6)
Employers' Contributions Payable to the Derbyshire County Council Pension Fund & Retirement Benefits Payable Direct to Pensioners	1,307		1,145
		1,544	
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			
Net transfer to/(from) earmarked reserves		453	254
Net Additional Amount Required to be Credited to the General Fund Balance for the year		(2,226)	(6,317)

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.

	2008/09 £'000s	2007/08 £'000s
Surplus/(Deficit) on the Income and Expenditure Account for the Year	(2,183)	(6,323)
Surplus/(Deficit) arising on revaluation of Fixed Assets	2,142	5,986
Actuarial Gains/(Losses) on Pension Fund Assets & Liabilities	2,537	(3,667)
Any other gains & losses required to be included in the Statement of Total Recognised Gains and Losses	136	78
Total Recognised Gains and Losses for the Year	2,632	(3,926)

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 28 –39) Notes 14 – 39	31 March 2009 £'000s	31 March 2008 £'000s
Fixed Assets			
Intangible Fixed Assets		8	11
Tangible Fixed Assets			
Operational Assets			
Land and buildings		31,785	31,231
Vehicles, plant, furniture & equipment		1,301	1,246
Infrastructure assets		1,852	1,835
Community assets		4,958	4,559
Non Operational Assets			
Investment Properties		2,694	2,766
Surplus Assets held for disposal		1,458	1,083
Assets under construction		1,565	479
Other		297	560
Total Fixed Assets	Notes 15,16,17	45,918	43,770
Long Term Debtors	Note 21	6	25
Total Long Term Assets		45,924	43,795
Current Assets:			
Stocks and Stores	Note 23	14	16
Debtors (Net of Bad Debts Provision)	Note 24	6,200	4,658
Cash and Bank		40	505
Short Term Investments	Note 26	9,062	10,360
Total Current Assets		15,316	15,539
Current Liabilities:			
Short Term Borrowing		185	196
Creditors	Note 25	5,300	5,183
Total Current Liabilities		5,485	5,379
Total Assets less Current Liabilities		55,755	53,955
Long Term Liabilities:			
Long Term Borrowing	Note 26	5,450	5,450
Deferred Grants and Contributions	Note 27	2,943	1,918
Section 106 Agreements	Note 28	282	436
Asset related to pension scheme	Note 1	(24,365)	(29,696)
Liability related to pension scheme	Note 1	38,742	45,881
Deferred Capital Receipts	Note 36	189	87
Provisions	Note 31	48	45
		23,289	24,121
Total Assets less Liabilities		32,466	29,834
Financed by:			
Revaluation Reserve	Note 33	6,530	4,736
Capital Adjustment Account	Note 34	36,266	36,917
Usable Capital Receipts Reserve	Note 35	3,074	4,012
Pensions Reserve	Note 37	(14,377)	(16,185)
Financial Instruments Adjustment Account	Note 22	(5,213)	(5,324)
Strategic Reserves	Note 38	4,043	3,590
Balances:			
General Fund Balance	Note 14	2,190	2,147
Collection Fund Balance	Page 44	(47)	(59)
Total Net Worth		32,466	29,834

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 40 – 41)	2008/09 £'000s	2007/08 £'000s
Operating Activities			
Cash outflows			
Cash paid to and on behalf of employees		(9,263)	(8,791)
Other Operating Cash Payments		(10,514)	(9,295)
Housing Benefit Paid Out		(9,614)	(8,368)
Non-Domestic Rates Paid to National Pool		(15,992)	(14,393)
Precepts Paid		(38,591)	(37,014)
Payment to capital receipts pool		(8)	(5)
Total		(83,982)	(77,866)
Cash inflows			
Rents		516	602
Council Tax Receipts		39,682	37,647
Non - Domestic Rates Receipts		16,430	14,012
Non - Domestic Rates Receipts from National Pool		4,196	4,016
Revenue Support Grant		584	674
Grants for Housing Benefits		12,713	11,970
Other Government Grants	Note 45	1,929	1,047
Grants from other bodies		736	464
Cash received for goods and services		5,489	5,794
Other operating cash receipts		920	1,059
Total		83,195	77,285
Net cash inflow/(outflow) from operating activities	Note 41	(787)	(581)
Returns on Investments and Servicing of Finance			
Cash Outflows			
Interest paid		(377)	(348)
Cash Inflows			
Interest Received		724	687
Net cash flow – servicing of finance		347	339
Capital Activities			
Cash Outflows			
Purchase of Fixed Assets		(1,970)	(1,328)
Other Capital Cash Payments		0	(1,357)
Cash Inflows			
Sale of Fixed Assets		94	2,211
Capital Grants Received from Government	Note 45	261	1,009
Capital Grants Received from Other Bodies		113	765
Other Capital Cash Receipts		190	466
Net cash inflow/(outflow) from capital activities		(1,312)	1,766
Net cash inflow/(outflow) before financing		(1,752)	1,524
Management of Liquid Resources			
Net (increase)/decrease in short term deposits		1,298	(1,350)
Financing			
Cash Outflows			
Repayments of Amounts Borrowed		(11)	(9)
Cash Inflows			
New Loans Raised		0	0
Net Increase/(Decrease) in Cash		(465)	165

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 1: Pensions

Participation in pensions scheme

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

The Council participates in the Local Government Pension Scheme (LGPS), which is administered by Derbyshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and participating employees pay contributions into the fund, calculated at a level that is intended to balance the pension liabilities with investment assets.

Change of accounting policy

Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at "realisable values" (i.e. bid prices) rather than "fair values" (i.e. mid-market values). The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £29,696,000 to £29,636,000, a reduction of £60,000, resulting in an increase of the pension deficit of £60,000. As this change is less than 1% it is not considered to be material and the adjustments have been carried out in 2008/09, rather than restating 2007/08 figures.

Transactions relating to retirement benefits

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 in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the council tax (determined by statute) is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance and replaced with the cash amount for contributions payable for the year. The transactions are shown in the following table:

	2008/09 £'000s	2007/08 £'000s
Income and Expenditure Account		
<i>Net Cost of Services</i>		
Current service cost	1,034	891
Past service cost	0	355
Settlements or curtailments	176	91
<i>Net Operating Expenditure</i>		
Interest cost	2,789	2,301
Expected return on pension fund assets	(1,963)	(2,052)
<i>Net charge to the Income and Expenditure Account</i>	2,036	1,586
 <i>Statement on Movement on the General Fund Balance</i>		
Reversal of net charges made for retirement benefits in accordance with FRS17	(2,036)	(1,586)
 <i>Actual amount charged against the General Fund Balance for pensions in the year</i>		
Employer's contributions payable to scheme	1,307	1,145

In addition to the recognised gains and losses included in the income and Expenditure Account, net actuarial gains of £2,537,000 (2007/08 losses of £3,667,000) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is a gain of £889,000.

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. Current service cost in 2008/09 equates to 17.8% of pensionable payroll (2007/08 15.1%). Current Service costs are higher in 2008/09. This is the combined effect of introducing the new-look LGPS with effect from 1 April 2008, changes in financial assumptions from 1 April 2007 to 1 April 2008, and the introduction of post-retirement mortality assumptions into the FRS17 calculations with effect from 1 April 2008.

Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised where such a benefit did not previously exist, such as a grant of early retirement with added years of service.

Settlements and curtailments arise from specific decisions made by the Council that are not covered by actuarial assumptions, for example a reduction in employees because of a redundancy exercise.

At the end of the financial year the Council had the following overall assets and liabilities for pensions that have been included in the balance sheet:

	31 st March 2009 £'000s	31 st March 2008 £'000s
Present value of funded benefit obligations	(37,502)	(44,423)
Present value of unfunded benefit obligations	(1,240)	(1,458)
Total present value of benefit obligations (liabilities)	(38,742)	(45,881)
Fair value of plan assets	24,365	29,696
Surplus/(Deficit)	(14,377)	(16,185)

Some of the scheme liabilities are "unfunded". This means that they are not a liability of the Local Government Pension Scheme, and are instead met by the employer out of its own financial resources. At this Council, unfunded liabilities are mostly Compensatory Added Years benefits awarded to current pensioners when they first retired.

The change in benefit obligation (liabilities) during the year is as follows: -

	2008/09 £'000s	2007/08 £'000s
Benefit obligation at the beginning of the period	45,881	42,963
Current Service Cost	1,034	891
Interest on Pension Liabilities	2,789	2,301
Member Contributions	370	351
Past Service Cost	0	355
Actuarial (gains)/losses on liabilities	(9,781)	860
Curtailments	176	91
Benefits/transfers paid	(1,727)	(1,931)
Benefit obligation (liabilities) at end of period	38,742	45,881

There has been a significant change in Actuarial (gains/losses) on liabilities. The main reason for this is that the financial assumptions used for the calculations at 31 March 2009 are less conservative than those used as at 31 March 2008, driven by the yields on corporate bonds rising and inflation estimates falling during the year.

The change in plan assets during the year is as follows: -

	2008/09 £'000s	2007/08 £'000s
Fair value of plan assets at the beginning of the period	29,696	30,886
Expected return on plan assets	1,963	2,052
Actuarial gains/(losses) on assets	(7,244)	(2,807)
Employer contributions	1,307	1,145
Member contributions	370	351
Benefits/transfers paid	(1,727)	(1,931)
Fair value of plan assets at end of period	24,365	29,696

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets during the year was £5,281,000 (2007/08 £755,000).

The increase in actuarial losses on assets reflects the fact that during 2008/09 investments have performed significantly worse than the FRS17 assumptions.

The values of each main class of assets held by the Fund in respect of Derbyshire Dales District Council's proportion of the scheme as at 31 March, and the percentage for each category, are set out in the following table:

	Fair Value £'000s 31 st March 2009	Percentage %	Fair value £'000s 31 st March 2008	Percentage %
Equities	15,472	63.5	20,609	69.4
Government Bonds	5,092	20.9	4,959	16.7
Other Bonds	853	3.5	475	1.6
Property	1,730	7.1	1,455	4.9
Cash/Liquidity	1,145	4.7	1,871	6.3
Other	73	0.3	327	1.1
Total	24,365	100.0	29,696	100.0

Basis for estimating assets and liabilities

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 pension scheme liabilities have been assessed by Mercer Limited, an independent firm of actuaries, with estimates for the Council being based on the latest full valuation of the scheme as at 31st March 2007 and an interim valuation as at 31st December 2008.

The principal assumptions used by the actuary have been:

	2008/09	2007/08
<i>Long-term expected rate of return on assets in the scheme:</i>		
Equities	7.5%	7.5%
Government Bonds	4.0%	4.6%
Other Bonds	6.0%	6.1%
Property	6.5%	6.5%
Cash/Liquidity	0.5%	5.25%
Other	7.5%	7.5%
<i>Mortality assumptions:</i>		
Longevity at 65 for current pensioners:		
Men	21.2	21.1
Women	24.0	24.0
Longevity at 65 for future pensioners:		
Men	22.2	22.2
Women	25.0	25.0
Retail price inflation	3.3%	3.6%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	3.3%	3.6%
Rate used to discount scheme liabilities	7.1%	6.1%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

Scheme History

	2004/05	2005/06	2006/07	2007/08	2008/09
	£'000s	£'000s	£'000s	£'000s	£'000s
Present value of scheme liabilities	(36,992)	(43,336)	(42,963)	(45,881)	(38,742)
Fair value of scheme assets	22,964	28,908	30,886	29,696	24,365
Surplus/(deficit) in the scheme	(14,028)	(14,428)	(12,077)	(16,185)	(14,377)

The Council has elected not to restate fair values of scheme assets for 2004/05 to 2007/08 as permitted by the SORP.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £14.4m has a substantial impact on the net worth of the authority as recorded in the balance sheet, resulting in a positive overall balance of £32.5m. Statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The Council expects to pay £1,230,000 in respect of pension contributions to the pension scheme during 2009/10.

History of experience gains and losses

The actuarial gains and losses identified as movements on the pensions reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at the year-end:

	2004/05	2005/06	2006/07	2007/08	2008/09
	%	%	%	%	%
Scheme liabilities expressed as a percentage of the liabilities at the balance sheet date	(14.6)	(9.7)	5.1	(1.9)	25.2
Scheme assets expressed as a percentage of the scheme assets at the balance sheet date	4.0	14.3	(0.3)	(9.5)	(29.7)

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 £26,000 in 2008/09 (2007/08 £24,000).

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 2008/09 amounted to £168,000 (2007/08 £132,000). This expenditure relates to recruitment advertising (£19,000) promotion of leisure services and tourism and public notices, such as planning applications, car parking, tenders, performance indicators, public consultation and council tax (£149,000).

Note 4: Agency Services

The Council operates as an agent for Derbyshire County Council in respect of highways cleansing and verge mowing. In 2008/09 the expenditure was £349,000 (2007/08 £355,000).

Note 5: Trading Operations

Following a voluntary competitive tendering exercise, from 1st April 2008 the Council has run its street cleansing, verge mowing and vehicle maintenance operations under a single manager, who is required to meet the costs of activities by charging customers (internal and external) for services provided. As at 31st March 2009 the trading unit has the following financial results:

	Expenditure £000's	Charges £000's	(Surplus) /Deficit £000's
Street Cleansing and Verge Mowing	1,274	(1,358)	(84)
Vehicle Maintenance	214	(183)	31
Total	1,488	(1,541)	(53)

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.

	2008/09		
	Chargeable £'000s	Non- Chargeable £'000s	Total £'000s
Expenditure			
Employees	191	37	228
Transport	9	3	12
Supplies and Services	24	1	25
Support Services	53	14	67
Capital Charges	3	1	4
Total Expenditure	280	56	336
Income			
Building Regulation Charges	(202)	0	(202)
Total Income	(202)	0	(202)
(Surplus)/Deficit for year	78	56	134
Comparatives for 2007/08			
Expenditure	312	20	332
Income	(220)	0	(220)
(Surplus)/Deficit for year	92	20	112

For the building control chargeable account, legislation states that the income derived over any three-year period shall not be less than the costs incurred. Over the three-year period 2006/07 to 2008/09 a cumulative deficit of £165,000 has arisen.

Note 7: Leases

The Council holds no assets purchased by finance leases. The Council has acquired items of gym equipment and cleansing contract vehicles through operating leases. Operating lease payments for 2008/09 amounted to £179,000 (2007/08 £15,000). As at 31st March 2009 the Council is committed to making payments of £218,000 in respect of operating leases held in the 2009/10 financial year. These payments comprise the following elements:

	Gym Equipment £000	Vehicles £000
Leases expiring between 2009/10 and 2012/13	15	46
Leases expiring after 2012/13	0	157

Note 8: Members Allowances

Members allowances paid during 2008/09 amounted to £216,000 (2007/08 £205,000). In addition, travel expenses amounting to £12,000 were paid (2007/08 £13,000).

Note 9: Employees' Remuneration

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

Remuneration	2008/09	2007/08
£50,000 to £59,999	3	3
£60,000 to £69,999	2	2
£70,000 to £79,999	1	2
£80,000 to £89,999	1	0
£110,000 to £119,999	1	1
	8	8

Note 10: Audit Costs

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

	2008/09 £'000s	2007/08 £'000s
Statutory External Audit Services	58	59
Use of Resources Assessment	17	17
Statutory Inspection	6	6
Certification of Grant Claims and Returns	19	17
IT Risk Work	6	0
Total Fees	106	99

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.

	2008/09 £'000s	2007/08 £'000s
Minimum Revenue Provision	0	0
Amount Charged as Depreciation etc	(827)	(790)
Additional Credit to Statement of Movement on General Fund Balance	(827)	(790)

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:

	2008/09 £'000s	2007/08 £'000s
Revenue Grants		
DCLG - Revenue Support Grant	584	674
DCLG – Business Rates Redistribution	4,192	4,016
DCLG – Local Authority Business Growth Incentive	62	259
DWP - Housing & Council Tax Benefits	13,628	12,123

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 2008/09 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. One Councillor has a personal interest in an organisation with which the Council places its investments. 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 2008/09 there were no transactions with other local authorities (2007/08 £1.485m deposited and £1.635m repaid).

Note 13: General government Grants (Revenue)

The following table shows general government grants for revenue expenditure:

	2008/09 £'000s	2007/08 £'000s
Revenue Support Grant	584	674
Local Authority Business Growth Incentive Grant	62	259
Area Based Grant	22	0
Total	668	933

Note 14: Balance on the Statement of Movement on the General Fund Balance

The statement on page 17 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 31st March 2009 of £2,190,000 (31st March 2008 £2,147,000).

Note 15: Movement in Intangible Assets

	Software Licences	Licences	Total
	£000	£000	£000
Original Cost	20	9	29
Amortisation to the 1 st April 2008	12	6	18
Balance as at 1st April 2008	8	3	11
Expenditure in Year	6	0	6
Written Off to Revenue in Year	8	1	9
Historical Cost at 31 st March 2009	26	9	35
Amortisation to 31 st March 2009	20	7	27
Balance at 31st March 2009	6	2	8

Note 16: Information on assets held

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

	31 March 09		31 March 08	
	Number	£'000s	Number	£'000s
Operational Land and Buildings				
Leisure and Tourism				
- Leisure Centres	5	6,883	5	6,405
- Tourist Information Offices	1	66	2	72
- Pavilions (in Parks)	9	319	9	335
Other:				
- Bakewell Agricultural Business Centre	1	7,717	1	7,394
- Public Conveniences	34	1,855	33	1,996
- Off Street Car Parks	44	10,029	43	9,944
- Stall Markets	4	105	4	108
- Council Offices	1	3,270	1	3,374
- Depots and Stores	3	873	3	786
- Public Properties	2	376	2	517
- Homeless Units	8	292	8	300
Vehicles	33	357	36	302
Equipment				
- E Government Equipment		126		184
- CCTV Equipment		153		56
- Printing Equipment		2		6
- Telephone System		0		14
- Wheeled Bins		659		674
- Community Safety Equipment		4		0
- Gym Equipment		7		18
Intangible Assets		2		3
Infrastructure Assets				
- Bus Stations	3	73	2	73
- Bakewell Agricultural Business Centre	2	1,050	2	1,050
- Housing Retained Sewers	8	81	8	64
- Parks	2	33	2	33
- Industrial Development	1	586	1	586
- Public Property	8	28	8	28
Community Assets				
- Cemeteries	14	298	14	265
- Housing – Retained Land	18	53	18	53
- Parks & Pleasure Grounds (hectares)	85	4,606	85	4,241
Non Operational Land and Buildings				
Other:				
- Miscellaneous	39	147	41	410
- Industrial Property	2	150	2	150
- Commercial Properties Rented Out	60	2,695	60	2,767
Assets Surplus to Requirements				
- Leisure Centre	1	710	1	165
- Housing Units	5	748	5	918
Land				
- Undeveloped Land (hectares)	40	0	40	0
Assets under construction		1,565		479
Total		45,918		43,770

Note 17: 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	Assets Under Constr'n	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Gross Book Value at 01/04/08	32,460	4,559	1,835	2,642	4,565	479	46,540
Additions	471	399	17	283	0	1,092	2,262
Disposals	0	0	0	(97)	(260)	0	(357)
Transfers	0	0	0	0	0	(6)	(6)
Revaluations	830	0	0	88	666	0	1,584
Impairment	(882)	0	0	(17)	(344)	0	(1,243)
Gross Book Value as at 31/03/09	32,879	4,958	1,852	2,899	4,627	1,565	48,780
Cumulative Depreciation as at 31/03/08	(1,229)	0	0	(1,396)	(156)	0	(2,781)
Charge for 2008/09	(496)	0	0	(299)	(32)	0	(827)
Depreciation on Disposals	0	0	0	97	0	0	97
Depreciation on Revaluations	631	0	0	0	10	0	641
Cumulative Depreciation as at 31/03/09	(1,094)	0	0	(1,598)	(178)	0	(2,870)
Net Book Value as at 31/03/09	31,785	4,958	1,852	1,301	4,449	1,565	45,910
Net Book Value as at 31/03/08	31,231	4,559	1,835	1,246	4,409	479	43,759

Note 18: Capital Financing

Since 1st 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.

	2008/09 £'000s	2007/08 £'000s
Opening Capital Financing Requirement	(137)	(137)
Capital Investment		
Operational Assets	2,262	1,656
Non Operational Assets	0	20
Revenue Expenditure Funded From Capital	1,337	2,198
Sources of Finance		
Capital Receipts	(1,018)	(2,001)
Government Grants and Contributions	(2,336)	(1,738)
Direct Financing from Revenue	(245)	(135)
Closing Capital Financing Requirement	(137)	(137)

Note 19: Commitments Under Capital Contracts:

The Council has the following major capital schemes in excess of £250,000 under contract as at 31st March 2009:

Scheme	31 st March 2009	Estimated date of completion
Central Area Leisure Centre – Project Management and Design	£'000s 1,214	August 2011
Refurbishment Matlock Swimming Pool	298	March 2009

Note 20: Valuation of Fixed assets

The Council revalued approximately 25% of the General Fund assets (by value) as at 1st April 2008. This comprised of Bakewell Agricultural Centre. In addition, a review was undertaken of all other assets owned by the Council to determine any further action required. This resulted in Sherwood Hall and Matlock Lido in particular being revalued. A review of the assets was undertaken to determine if any impairment had taken place and where appropriate the values were amended. Up until 31st March 2008 the land element of an asset had not been valued separately as an individual component. This was rectified on 1st April 2008 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 £4,000 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 asset's 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 are explained in the Accounting Policies on Pages 10 to 13. The assumptions made in producing the various valuations are set out in a valuation certificate and report.

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

Operational Buildings			
Depots	10/47 years	Leisure Centres	5/59 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	50 years
Public Conveniences	3/39 years	Miscellaneous Properties	19/40 years
Non Operational Buildings			
Other Residential Properties	0/44 years	Miscellaneous / Commercial Properties	0/43 years
Vehicles, Plant and Equipment			
Vehicles	1/10 years	Plant and Equipment	1/7 years

The depreciation charge for 2008/09 was £827,000 (2007/08 £790,000).

Note 21: Long Term Debtors

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

	1 st April 2008 £'000s	Amounts Written £'000s	31 st March 2009 £'000s
Council House Mortgages	18	(12)	6
DCC Transferred Services	7	(7)	0
2008/09	25	(19)	6
2007/08	43	(18)	25

Note 22: Financial Instruments Adjustment Account

The Financial Instruments Adjustment 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 31st March 2009 is £5,213,000 (31st March 2008 £5,324,000).

Note 23: Stocks and Stores

This is represented by:

	31 st March 2009 £'000s	31 st March 2008 £'000s
Stocks		
Fuel and Oils	0	1
Tourism Publications	11	11
Computer Consumables	3	4
	14	16

Note 24: Debtors

An analysis of debtors is shown below:

	31 st March 2009 £'000s	31 st March 2008 £'000s
Sundry Debtors	1,876	1,616
Council Tax Payers	1,597	1,387
Housing Rents	44	37
Business Ratepayers	1,334	829
Government Departments	613	374
Other Local Authorities	1,098	769
	6,562	5,012
Less: Provision for Doubtful Debts	(362)	(354)
	6,200	4,658
Payments in Advance included in individual categories above	263	270

Note 25: Creditors

An analysis of creditors is shown below:

	31 st March 2009 £'000s	31 st March 2008 £'000s
Sundry Creditors	2,535	1,896
Government Departments	825	1,820
Council Taxpayers	851	722
Other Local Authorities	722	543
Business Ratepayers	358	195
Housing Rents	9	7
	5,300	5,183
Receipts in Advance included in individual categories above	36	36

Note 26: Treasury Management

a) Short Term Investments

In 2008/09 the Council only lent to its bankers and to various building societies, on a short term basis. The investments ranged from short fixed investments to fixed periods of 364 days. The balance at 31st March 2009 was £9.06m (31st March 2008 £10.36m). The average interest rate earned for 2008/09 was 5.54% (2007/08 5.89%)

b) Long Term Borrowing

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 st March 2009 £'000s	31 st March 2008 £'000s
Public Works Loan Board	5,450	5,450
Analysis of Loans by Maturity		
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
Total	5,450	5,450

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

	£'000s
31 st March 2009	5,421
31 st March 2008	5,595

The 2009 figure has been calculated by reference to the 'premature repayment' set of interest rates in force on 31st March 2009; the 2008 figure by reference to the premature repayment set of interest rates in force on 31st March 2008.

c) Risk Exposure

The Council operates in the financial markets and to alleviate the risks involved in its operations has put in place procedures to minimise these risks. The Local Government Act 2003 sets out a legal framework for Councils to operate within. This requires the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

In order to comply the Council has:

- Formally adopted the Treasury Management Code
- Approved annually in advance Prudential Indicators for the following three years
- Approved an investment strategy for the forthcoming year as set out in Government guidance.

The Treasury Management Strategy is approved annually in November each year by full Council. Further updates are approved as and when required. The annual update in November 2008 took account of the

economic circumstances and market instability prevailing at that time and introduced a more cautious approach. The results of the Council's Treasury Management performance is reported to full Council after the year end.

Credit Risk Exposure

This is a risk that a counterparty to a financial instrument will fail to meet its obligations thus causing a loss. In order to mitigate any such circumstance the Treasury Management Policy sets out criteria for all investments. The current policy limits the Council's investments to the following:

	Limit per Organisation
Major Banks and their wholly owned subsidiaries	£3m
Building Societies with assets in excess £0.75 billion	£3m
Local Authorities and other major precepting Authorities	£3m
Debt Management Account Deposit Facility	Not Applicable

There have not been any breaches in the Treasury Management Policy during the year. As can be seen the Council has a very limited counterparty list with modest loan limits per organisation.

Liquidity Risk Exposure

This is a risk that funds will be unavailable to meet to the Council's commitments. In order to mitigate this eventuality a comprehensive cash flow forecast is maintained to ensure the availability of cash and risk management procedures have been set in place. The Council currently has a borrowing facility from the Public Work Loan Board, which is lender of last resort for local authorities.

The Council can meet all its current obligations under financial instruments.

Note 27: Deferred Grants and Contributions

The table below provides an analysis of deferred grants and contributions:

	31 st March 2009 £'000s	31 st March 2008 £'000s
Ashbourne Sports Centre	1,568	1,596
Bakewell First Stop Shop	14	14
Central Area Leisure Centre	1,115	152
CCTV Equipment	120	54
E Government	41	49
Waste Recycling	47	53
Matlock Swimming Pool	13	0
Parks	25	0
	2,943	1,918

Note 28: 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 has made 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, such as affordable housing.

Note 29: Assets held under Finance Leases

The Council no longer holds assets acquired by finance leases.

Note 30: Details of Movements on Reserves

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

Reserve	Balance 1st April 2008 £'000s	Net Movement 2008/2009 £'000s	Balance 31st March 2009 £'000s	Purpose of Reserve	Further detail of movements
Revaluation Reserve	4,736	1,794	6,530	Store of gains on revaluation of fixed assets not yet realised through sales	Note 33, page 36
Capital Adjustment Account	36,917	(651)	36,266	Store of capital resources set aside to meet past expenditure	Note 34, page 36
Financial Instruments Adjustment Account	(5,324)	111	(5,213)	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments	Note 22, page 32
Usable Capital Receipts	4,012	(938)	3,074	Proceeds of fixed asset sales available to meet future capital investment	Note 35, page 37
Pensions Reserve	(16,185)	1,808	(14,377)	Balancing account to allow inclusion of Pensions Liability in the Balance sheet	Note 37, page 37
Strategic Reserves	3,590	453	4,043	Resources set aside to meet future expenditure	Note 38, pages 38/39
General Fund Balance	2,147	43	2,190	Resources available to meet future running costs	Note 14, page 28
Collection Fund	(59)	12	(47)	This Council's share of the Collection Fund, which will be taken into account when setting the Council Tax for 2010/11.	Note 6, page 44
Total	29,834	2,632	32,466		

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: 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 33: Revaluation Reserve

The revaluation reserve reflects gains from the revaluation of fixed assets, not yet realised through sales. See page 10, Statement of Accounting Policies, for further explanation.

	31 st March 2009 £'000s	31 st March 2008 £'000s
Balance Brought Forward	4,736	0
Revaluations Upwards	1,584	5,784
Revaluations Downwards	(61)	(109)
Depreciation Adjustment (current/historic)	(138)	(136)
Depreciation Revaluations	614	311
Transfer in respect of Disposed Assets	(205)	(1,114)
Balance Carried Forward	6,530	4,736

Note 34: Capital Adjustment Account

	31 st March 2009 £'000s	31 st March 2008 £'000s
Balance Brought Forward	36,917	36,880
Capital Financing in Year - Capital Receipts	1,018	2,001
- Revenue	245	135
Revenue Expenditure Funded From Capital	(233)	0
Minimum Revenue Provision Adjustment	(827)	(790)
Depreciation Losses	138	136
Gains/losses on disposal	(49)	(700)
Amortisation of Intangible Assets	(8)	(8)
Deferred Charges Written Down	0	(1,357)
Deferred Grants and Contributions Account	233	1,924
Long Term Debt Repayment	(8)	(6)
Impairment	(1,160)	(1,298)
Balance Carried Forward	36,266	36,917

Note 35: 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 st March 2009 £'000s	31 st March 2008 £'000s
Balance Brought Forward	4,012	3,482
Receipts from Sales of Assets etc.	88	2,537
Receipts Applied for New Capital Expenditure	(1,018)	(2,001)
Pooling Requirement	(8)	(6)
Balance Carried Forward	3,074	4,012

Note 36: 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 2008/09 includes the amount due to be paid in April 2009 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 37: 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.

	31 st March 2009 £'000s	31 st March 2008 £'000s
Pensions Reserve		
Balance Brought Forward	(16,185)	(12,077)
Receipts in Year	11,088	1,145
Payments in Year	(9,280)	(5,253)
Balance Carried Forward	(14,377)	(16,185)

Note 38: Strategic Reserves

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

	Balance at 1 st April 2008 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31 st March 2009 £'000s	Movement 2008/09 £'000s	Movement 2007/08 £'000s
Bakewell ABC Repairs	48	0	0	48	0	0
Carsington Improvements	81	0	2	79	(2)	(1)
Committed Expenditure	624	345	243	726	102	308
Concessionary Fares	0	355	0	355	355	0
Direct Revenue Financing	1,161	0	100	1,061	(100)	0
Economic Development	66	0	0	66	0	0
Elections	62	10	0	72	10	(36)
Information Technology etc.	437	61	16	482	45	(36)
Insurances	592	0	59	533	(59)	13
Local Plan	76	0	7	69	(7)	(8)
Member/ Officer Indemnity	25	0	0	25	0	0
Sports Centres	130	80	0	210	80	0
Vehicle Renewals	264	103	80	287	23	20
Wheeled Bins	24	23	17	30	6	(6)
	3,590	977	524	4,043	453	254

Reserves are held for the following purposes:

Reserve	Purpose
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.
Concessionary Fares	To meet any increased costs arising from the judicial review; to meet any increased costs arising from appeals by bus operators; to meet increased costs due to inflation over and above grant increases.
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 39: Post Balance Sheet Events

The Statement of Accounts was authorised for issue on 18th June 2009 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 2008/09, there are no material post balance sheet events.

Note 40: 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).

Ernest Bailey Trust Fund	31 st March 2009 £'000s	31 st March 2008 £'000s
Balance at 1 April	4	4
Interest on Investment	9	8
Total	13	12
Less: Grants	(10)	(8)
Balance at 31st March	3	4

Note 41: Reconciliation of Surplus for Year on the Income and Expenditure Account to Revenue Activities Net Cash Flow Shown on the Cash Flow Statement

	£'000s	£'000s
Deficit on the Income and Expenditure Account	(2,183)	
Surplus/(Deficit) for the year on the Collection Fund	88	
		(2,095)
<u>Non-cash transactions</u>		
Depreciation and Impairment	697	
Revaluation decreases written off to I&E during the year	1,160	
Deferred Capital Grants written off in year	(233)	
Direct Revenue Financing	(244)	
Pension Fund Adjustments	729	
Contributions to Provisions	3	
		2,112
<u>Adjustment for items reported separately on cashflow</u>		
Interest and Investment income	(724)	
Interest payable and similar charges	377	
Gain or loss on the disposal of Fixed Assets	191	
		(156)
<u>Items on an Accrual Basis</u>		
(Increase)/Decrease in Stock	2	
(Increase)/Decrease in Debtors	(1,491)	
Increase/(Decrease) in Creditors	841	
		(648)
Net Cash Inflow/(outflow) from operating activities		(787)

Note 42: 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 2008	505	10,360	10,865	(196)	(5,450)	5,219
Cash flow/changes in year	(465)	(1,298)	(1,763)	11	0	(1,752)
Balance at 31 March 2009	40	9,062	9,102	(185)	(5,450)	3,467

Note 43: Reconciliation of Financing/Management of Liquid Resources on Cash Flow Statement to related items in the Balance Sheet

	2008/09 £000's	2007/08 £000's
Financing and Management of Liquid Resources as Cash Flow Statement		
Increase/(Decrease) in cash in year	(465)	165
Cash inflow from management of liquid resources	(1,298)	1,350
Cash outflow from loans repaid	11	9
Change in net debt resulting from cash flows	(1,752)	1,524
Net debt brought forward	5,219	3,695
Net debt carried forward	3,467	5,219

Note 44: Analysis of Changes in Cash and Liquid Resources During the Year

	31 st March 2009	31 st March 2008	Change in Year
	£'000s	£'000s	£'000
Temporary Investments	9,062	10,360	(1,298)
Cash	40	505	(465)
Increase/(Decrease) in year	9,102	10,865	(1,763)

Note 45: Analysis of Other Government Grants Received

	2008/09	2007/08
	£'000s	£'000s
Revenue Grants		
Area Based Grant	23	0
Business Growth Incentive	248	73
Business Rates Administration	4	0
Flooding	0	42
Electoral Registration	5	0
Concessionary Travel	290	64
Homelessness	109	131
Housing Benefit Administration	375	511
Housing	736	11
Leisure Services	20	0
Planning Delivery Grant	119	215
Total Revenue Grants	1,929	1,047
Capital Grants		
Community Safety/Flooding	0	30
Housing	129	736
Leisure Services	13	0
Planning Delivery Grant	119	20
Regeneration	0	223
Total	261	1,009

Note 46: 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 31st March 2009 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 £500,000 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.

Note 47: Contingent Assets

The Council has lodged VAT "Fleming Claims" and claims for overpaid VAT on off-street parking with HMRC. At the present time it is not known whether the Council will receive payments. The outcome will be determined by HMRC or a decision of the VAT tribunal or courts. At 31st March 2009 these claims totalled £3.1m, plus interest. The probability of success in these cases is uncertain.

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	2008/09 £'000s	2007/08 £'000s
Income and Expenditure for the Year			
Income			
Income from Council Tax Payers	Note 1	39,058	37,393
Council Tax Benefits from General Fund		3,505	3,256
Income from Business Ratepayers	Note 2	16,094	14,843
Contribution towards previous year's estimated deficit	Note 3	267	0
Total Income		58,924	55,492
Expenditure			
Precepts and Demands	Note 4	42,689	40,907
Payment of Business Rates to National Pool	Note 2	15,947	14,697
Business Rates Cost of Collection Allowance	Note 2	147	146
Provision for Uncollectable Amounts	Note 5	53	52
Total Expenditure		58,836	55,802
Increase/(decrease) in Fund Balance for the Year		88	(310)
Balance Brought Forward		(405)	(95)
Surplus/(Deficit) Carried Forward	Note 6	(317)	(405)

Note 1: Council Tax

The table below shows the base used in setting the Council Tax for 2008/09. 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)	4	4.75	5/9	2.65	2.64
A	1,290	2,763.71	6/9	1,842.49	1,829.65
B	3,802	5,947.20	7/9	4,625.61	4,593.23
C	4,425	6,383.36	8/9	5,674.13	5,634.45
D	3,708	4,992.16	1	4,992.16	4,957.20
E	3,435	4,282.12	11/9	5,233.73	5,197.10
F	2,286	2,711.71	13/9	3,916.88	3,889.48
G	1,704	1,958.95	15/9	3,264.99	3,242.18
H	87	101.00	18/9	202.00	200.69
Total	20,741	29,144.96		29,754.64	29,546.62

The total precepts (£42,689,000, see Note 4) were divided by the tax base to derive the Council Tax for the year for a Band D property. Thus in 2008/09 the Council set a Band D Council Tax of £1,457.06, including the average parish council charge of £37.39 (2007/08 £1,402.88 including £35.40 for average parish). The council tax for a band D property can be analysed as follows:

	2008/09 £	2007/08 £
Derbyshire County Council	1,030.98	996.12
Derbyshire Police Authority	148.44	141.91
Derbyshire Fire & Rescue	62.97	60.52
Derbyshire Dales District Council	177.28	168.93
Sub-total	1,419.67	1,367.48
Average parish council	37.39	35.40
Average Band D Council Tax	1,457.06	1,402.88

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

	2008/09 £000's	2007/08 £000's
Debit for year	47,564	45,612
Increased/(reduced) charges	(71)	(248)
Disregarded persons discount	(125)	(116)
Disabled persons reductions	(49)	(46)
Exemptions	(1,364)	(1,355)
Sole resident discounts	(3,246)	(3,056)
Discounts for empty properties and second homes	(146)	(142)
Council tax benefits	(3,505)	(3,256)
Net Income to Collection Fund	39,058	37,393

Note 2: Business Rates

Business rates are organised on a national basis. The Government specifies an amount (in 2008/09 this was 46.2p) 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 2009 was £40,245,572 for 3,659 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 16. The business rate income collected on behalf of the Government and paid into the Pool can be analysed as follows:

	2008/09 £'000s	2007/08 £'000s
Debit for year	17,899	17,827
Increased/(reduced) charges	132	(611)
Transitional Loss/ Relief	(152)	(179)
Small Business Rate Relief	(629)	(586)
Small Business Rate Relief Supplement	140	0
Other Mandatory Reliefs	(1,034)	(1,336)
Discretionary Reliefs and Remissions	(254)	(285)
Debts Written Off or Provided For	(85)	(92)
Interest Payable in Respect of Reduced Assessments	(28)	(13)
General Fund Contribution to Discretionary Reliefs	105	118
Net Business Rate Income	16,094	14,843
Cost of Collection Allowance Payable to General Fund	(147)	(146)
Amount Payable to National Pool	15,947	14,697

Note 3: Contribution towards previous year's estimated (surplus)/deficit

	2008/09 £'000s	2007/08 £'000s
Derbyshire County Council	190	0
Derbyshire Police Authority	27	0
Derbyshire Dales District Council	39	0
Derbyshire Fire and Rescue	11	0
	267	0

Note 4: Precepts and Demands

	2008/09 £'000s	2007/08 £'000s
Derbyshire County Council	30,206	29,046
Derbyshire Police Authority	4,349	4,138
Derbyshire Dales District Council (including Town / Parish Councils)	6,289	5,958
Derbyshire Fire and Rescue	1,845	1,765
	42,689	40,907

Note 5: Council Tax Provision for Uncollectable Amounts

The balance on the provision stands at £137,000 at 31st March 2009 (£120,000 at 31st March 2008). 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 owing to staff time being directed to the introduction of a new computer system. Write-offs in 2008/09 (effectively covering two years) amounted to £36,000. The amount shown as expenditure in the Collection Fund on Page 42 represents the contribution required for the year.

Note 6: 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:

	2008/09 £000s	2007/08 £000s
Derbyshire County Council	224	288
Derbyshire Police Authority	32	41
Derbyshire Fire and Rescue	14	17
Derbyshire Dales District Council	47	59
	317	405

When setting the level of the Council Tax for 2009/10 it was anticipated that there would be a Collection Fund deficit of £164,000 at 31st March 2009. The difference between the estimated and actual deficit will be reflected when setting the tax for 2010/11.

ANNUAL GOVERNANCE STATEMENT 2008-09

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, 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 31st March 2009 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 and High Peak 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. In its report on data quality for 2008 –09, published in October 2008, the Audit Commission judged the Council's arrangements for ensuring data quality are well above minimum requirements, demonstrating the embedding of data quality throughout the organisation.

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.

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;
- an Overview and Scrutiny Committee, which reviews 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. The Complaints Policy was reviewed by the Standards Committee in October 2008.

Details of how to make a complaint are on the Council's website 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 Strategy, 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 Standards Committee reviews the local Code of Corporate Governance on an annual basis, including Dimension 4 relating to risk management and internal control, adopts an Action Plan to deal with any issues, and makes appropriate recommendations to Council on potential improvements.

The Council has an Overview and Scrutiny Committee. It allows people to have a greater say in Council matters by holding public enquiries into matters of local concern. These can lead to reports and recommendations that advise the policy committees and the Council as a whole on its policies, budget and service delivery. The Overview and Scrutiny Committee also monitors the decisions of policy committees. It can "call-in" a decision which has been made by a policy committee but not yet implemented. This enables it to consider whether the decision is appropriate. It may recommend that the relevant policy committee or full Council reconsider the decision. It may also be consulted by policy committees on forthcoming decisions and the development of policy.

Individual Members of the Council may also request the Overview and Scrutiny Committee to consider and debate a topic of neighbourhood concern. This is known as a Councillor call for Action.

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 30th March 2009. 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. In the Annual Audit Report, the Chief Internal Auditor provides an opinion to the Audit Committee on the adequacy of the Council's risk management systems and the internal control environment.

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 value-for-money.

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 dated March 2009, the Audit Commission commented that:

"There are no areas of concern arising from our audit work which need to be brought to your attention. In September 2008, we gave an unqualified opinion on the Council's accounts and certified that the Council had adequate arrangements to secure value for money. The Council's overall management arrangements for ensuring data quality were well above minimum requirements, demonstrating the embedding of data quality within the organisation.

The Council's Use of Resources performance was consistently above minimum requirements."

"The Council is delivering improvement in its priority areas of affordable housing, crime, cleanliness of the area and active, healthy communities which have been developed through consultation with local people and partners."

"The Council has performed well compared to others. Over the last year the number of performance indicators (PIs) that have improved is above the national average for district councils....."

"Partnership working is effectively contributing to wider community outcomes."

"Access to services continues to improve."

"Overall the Council delivers good value for money in a rural context."

"The Council has robust and clear plans based on consultation with local communities and partners."

"The Council is carrying out its plans well.....This improves services for local people in line with priorities," and

"The Council has successfully addressed a decline in financial capacity by re-organising Council departments, reducing jobs and reviewing service delivery methods."

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, further savings of around £1 million are required over the next two years	Continue to plan and monitor the achievement of efficiency savings. Update Financial Strategy and medium-term commitment plan during October 2009. Budget scrutiny by Overview Committee prior to preparation of detailed budget estimates.
2.	The Council still needs to further develop its IT security procedures and disaster recovery plan, and needs to develop new IT strategy.	Implementation of joint service delivery arrangements for the IT function with a neighbouring authority is progressing well in order to address these issues.
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 st 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.	Financial provision has been made in respect of increased staffing costs, and the cost of pay protection. All queries raised by the trade union have been dealt with promptly. An independent expert consultant has been engaged to examine the results of the NJC single status job evaluation exercise, the proposed pay and grading structure and related equalities issues. The consultant's final report is to be discussed with the trade union with a view to finalising implementation with trade union agreement.
5.	The Council plans to build a new Central Area Leisure Centre (CALC) over the next two years, and tenders for its construction are due in July 2009. However, the financial package, which is dependant on land sales of existing facilities, has not yet been finalised.	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. Review funding requirements on the receipt of tenders. Complete the operational business plan in order to assess the availability of prudential borrowing.

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.

David Wheatcroft

Leader of the Council

Chief Executive

Date:- 25th June 2009

Date:- 25th June 2009

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

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Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Derbyshire Dales DC for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the 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 DC in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies 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 Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 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 accounting statements, and consider whether it is consistent with the audited 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 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 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 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 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 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 Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 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 May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Derbyshire Dales DC made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

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.

Sue Sunderland
District Auditor

Littlemoor House, Littlemoor, Eckington, Sheffield, S21 4EF

29 September 2009

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 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.

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 the 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 Expenditure Funded from Capital Under Statute

Expenditure classified as capital for funding purpose, when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. This is to enable it to be funded from capital resources rather than charged to the General Fund and impact on the Council Tax.

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:

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