



DERBY CITY COUNCIL

AUDIT AND ACCOUNTS COMMITTEE
28 JUNE 2007

Report of the Acting Corporate Director of
Resources

ITEM 7

Statement of Accounts 2006/7

RECOMMENDATION

- 1.1 To consider the Statement of Accounts including the key issues summarised in Appendix 2.
- 1.2 To approve the Statement of Accounts for 2006/7 subject to external audit.
- 1.3 To note the Group Accounts for 2006/7

REASON FOR RECOMMENDATIONS

- 2.1 The Statement of Accounts for 2006/7 summarises the council's financial performance for the year ended 31 March 2007. It is a requirement of the Accounts and Audit Regulations 2003 that the Statement of Accounts must be approved by a full council or a committee nominated by full Council by 30 June 2007. The full statement is attached at Appendix 3.

MATTERS FOR CONSIDERATION

- 3.1 Each Statement at Appendix 3 starts with a brief description for explanatory purposes. The Statement of Accounts contains nine key elements as follows:
 - Income and Expenditure account – I & E
 - Statement of movement on the General Fund Balance – SoMGF
 - Statement of Total Recognised Gains and Losses – STRGL
 - Balance Sheet – BS
 - Cashflow Statement – CFS
 - Housing Revenue Account – HRA
 - Collection Fund – CF
 - Statement of Responsibilities – SoR
 - Statement of Internal Control – SIC.
- 3.2 Regulation 4 of the Accounts and Audit Regulations (2003) requires audited bodies to conduct a review, of the effectiveness of its system of internal control and publish a statement on internal control (SIC) each year with the authority's financial statements. The Council's SIC for 2006/7 is reported separately to this meeting for consideration and approval. It will then be consolidated into the Statement of Accounts for publication.

- 3.3 This is the second year in which closure of the annual accounts has been to the earlier deadline of 30 June. This year there has been an additional burden from the implementation of changes to the actual statements required, to comply with CIPFA's Statement of Recommended Practice – SORP 2006. This has included a restatement of the 2005/6 Accounts into the new format. These changes are to bring Local Authority Accounts even closer to those required in the private sector.
- 3.4 Attached at Appendix 2 is a brief explanation of the key issues and messages from some of the main statements.
- 3.5 We are also required to prepare and publish Group Accounts for any subsidiary, associate or joint venture where non production of group accounts could result in the Statement of Accounts failing to present fairly the Authority's activity and financial position. For Derby group accounts to include Derby Homes are being prepared and will be issued separately.
- 3.6 The Accounts attached at Appendix 3 and Group Accounts are subject to external audit during August 2006. Should there be any material changes required as a consequence of the audit, this will be reported to the Audit and Accounts Committee on 27 September 2007, and a revised Accounts tabled.
- 3.7 The accounts will be published by 30 September 2007 and a summarised set of accounts will also be prepared. This will be on the basis of the final audited Statement of Accounts confirmed at 27 September 2007 meeting.
- 3.8 The Council's auditors, PricewaterhouseCoopers – PwC have to comply with International Standards of Audit – ISA – 260 which requires then to report to the body charged with approving the accounts any issues relating to their audit in an External Audit – Audit Memorandum. This will combine any final accounts issues to report. The audit memorandum will be reported to the Audit and Accounts Committee by 27 September 2007 for consideration by members.
- 3.9 The Consolidated Revenue Account includes the total net variance on the Revenue Outturn against the revenue budget for 2006/7, as an appropriation to revenue reserves. Specific details of the variances and proposed treatment will be reported to 31 July 2007 Cabinet for approval. The published Statement of Accounts will include an expanded Explanatory Foreword to provide additional service revenue outturn and reserves information as reported to 31 July Cabinet.

For more information contact:	Carolyn Wright Tel 01332 255349 e-mail carolyn.wright@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 - Implications Appendix 2 - Key Issues and Messages within the Statement of Accounts Appendix 3 - Statement of Accounts 2006/7

IMPLICATIONS

Financial

1. As detailed in the report.

Legal

- 2.1 The Accounts and Audit Regulations 2003 require authorities to obtain approval by a council committee to the Statement of Accounts and Group Accounts by 30 June.
- 2.2 The Accounts are prepared in accordance with CIPFA's Statement of Recommended Practice – SORP – 2006.
- 2.3 Under the Council's constitution, approval of the above is delegated to the Audit and Accounts Committee, to ensure the deadline can be met.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate priorities

5. The accounts provide a financial record of the Council's activities and are therefore relevant to all the Council's priorities.

Key issues and Messages within the Statement of Accounts

A. Income and Expenditure Account and Statement of Movement on the General Fund Balance

1. The gross expenditure of the Council in 2006/7 on a broadly comparable basis with the private sector was £567.4million. See *I&E statement*
2. Income was £425.1m, giving a net cost of service of £142.3m. See *I&E statement*
3. Net operating expenditure is £168.4m. This gives rise to an Income and Expenditure account deficit of £9.7m after £158.7m income from Council Tax and Government funding. See *I&E statement*
4. Adjustments are then made for amounts required by statutory or non statutory proper accounting practices to be debited or credited to arrive at the change in the General Fund and Schools balances. The General Fund balance has increased by a planned transfer of £152k to maintain balances at 2% of the Budget Requirement and schools balances have reduced by £381k. See *SoMGF*

B. Balance Sheet

1. The Council owns fixed assets valued at £1,117.9million. This has increased by £29.4m mainly on Investment Property values and assets under construction.
2. The main points to note from the Balance Sheet are:
 - Total Net Worth of the Council is £587.4m, an increase of £21.2m over 2005/6.
 - The Council has revenue reserves of £36.1m which includes £1.3m Housing Revenue Account earmarked reserves.
 - The Council has accumulated £14.3m in capital receipt, and £2.9m in capital reserves to meet capital commitments in the 2007/8 to 2009/10 approved capital programme.

STATEMENT OF ACCOUNTS

The statements that follow summarise the Council's accounts for the financial year ended 31 March 2007. Each statement starts with a brief description of its purpose. The main statements are ...

- **The Income and Expenditure Account – Page 11**
the Council's main Revenue Account, covers income and expenditure on all services including council housing and trading services
- **Statement of Movement on the General Fund Balance – Page 12**
- **Statement of Total Recognised Gains and Losses – Page 14**
- **The Balance Sheet – Page 33**
sets out the financial position of the Council on 31 March 2007
- **Cashflow Statement – Page 51**
summarises all inflows and outflows of cash arising from transactions with third parties
- **Housing Revenue Account – Page 27**
a separate statement showing income and expenditure on council housing
- **Collection Fund – Page 56**
shows the transactions of the Council as a billing authority in relation to non-domestic rates and council tax, and the way in which these have been distributed
- **Statement of Responsibilities – Page 58**
for the Statement of Accounts
- **Statement on Internal Control – Page 59**
sets out the framework within which financial control is managed and reviewed.

The Explanatory Foreword, which provides a brief explanation of the Council's main financial activities during the year, precedes the statements. It also draws attention to the main issues that will affect the Council's present and future financial position. The principles used in compiling the accounts are set out in the Statement of Accounting Policies.

EXPLANATORY FOREWORD

Financial statements and policies

The pages that follow show the main financial results for the year for the activities undertaken by the Council. They summarise day-to-day expenditure and income, and highlight changes in the financial position of the Council during the year. Separate statements are shown for council housing and the Collection Fund. Notes are used to explain certain figures in more detail.

The Council incurs revenue and capital expenditure during the year. The Local Government and Housing Act 1989 (the 1989 Act), requires all expenditure to be charged to a revenue account of the Authority unless it can be classified as capital or is one of the limited number of specific exclusions under the 1989 Act.

Generally, revenue spending relates to items consumed within the year, whereas capital expenditure creates an asset that has a life beyond one year. Revenue spending is financed from council tax, fees and charges, government grants, and other income. Capital spending is financed mainly from loans, the proceeds of asset sales, government grants, external contributions and revenue.

Council tax

In 2006/7 the Council had to decide its spending plans having regard to the Government's reserve capping powers. The Band D council tax for 2006/7 for Derby City Council services was £966.66. This was derived by dividing the amount needed by the Council from taxpayers (£66.667m) by the tax base of 68,966.00.

Revenue expenditure and income

In 2006/7, net spending on the Council's General Fund services was £155.246m creating a £0.3m transfer to revenue reserves, representing 0.2% of the Council's Budget Requirement 2006/7. Savings have, in the main been earmarked for use in future years to support strategic corporate and service priorities and future budget pressures, including commitments made but not accounted for in 2006/7.

The results for the Housing Revenue Account show a carried forward surplus of £2.987m for 2006/7.

The Statement of Recommended Practice defines how the Council's expenditure on services should be split for the Statement of Accounts. Expenditure is however controlled at departmental level and the table below shows that expenditure compared to the original and revised budgets.

EXPLANATORY FOREWORD

Revenue Reserves

Unallocated general reserves stand at £5.919m at the end of 2006/7. The balance is consistent with the Council's financial policy of holding general reserves at approximately 2% of the net revenue budget. Other revenue reserves available to the general fund stand at £34.8m and are earmarked for either departmental or corporate use. The increase in revenue reserves includes £3.9m of backdated census funding and £1.02m Local Public Service Agreement (LPSA) reward grant received in 2006/7. A further £1.02m LPSA reward grant received in 2006/7 is held in Government grants unapplied.

Corporate earmarked revenue reserves include a Corporate Investment Fund for priority initiatives and a reserve to support LPSA schemes. In addition reserves are being held to provide cover for potential future budget risks and pressures, including job evaluation. The budget for 2007/8 includes the use of £2.5m corporate reserves and £0.2m service reserves.

Capital expenditure and income

In 2006/7, the Council spent £70.6m on capital schemes. The major schemes were:

	£m
• New build, extensions and modernisation of schools and education centres	3.28
• Devolved capital schools grants	5.30
• Modernisation of council dwellings	10.24
• Housing improvement grants	4.42
• Highways and transportation	15.04
• Refuse vehicles and plant	1.28
• Street cleaning equipment	1.43
• Grounds plant and equipment	1.56
• Information and communications technology	2.18

EXPLANATORY FOREWORD

Unapplied Capital Grants Reserves and Unapplied Capital Receipts

Unapplied Capital reserves stand at £31.511m at 31 March 2007. These consist of £17.040m unapplied capital grants, £11.494m developer and other capital contributions and £2.977m earmarked capital reserves. These resources are earmarked and are planned to be used over the next five years, as included in the Council's 5 year capital programme.

The Unapplied Capital Receipts account is £14.301m at 31 March 2007. This is available to fund the capital programme and £7m is earmarked for the Council's Accommodation Strategy.

Net Pension Liability

The Council participates in the Derbyshire County Council defined benefit (open) superannuation fund. During the year there was a decrease in the Council's Net Pension Liability of £22.872m. This meant the Council's Net Pension Liability as at 31 March 2007 was £158.237m. A more detailed analysis of the movement in Net Pension Liability can be found in the notes to the Balance Sheet.

Acting Corporate Director of Resources
June 2007

STATEMENT OF ACCOUNTING POLICIES

General

The accounts have been prepared in accordance with the accounting practices as required by the Code of Practice on Local Authority Accounting in Great Britain published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has been approved as a Statement of Recommended Practice (SORP), which is recognised by statute as representing proper accounting practices, and also complies with Financial Reporting Standards (FRS's).

Services that continue to be operated under former Compulsory Competitive Tendering arrangements are included as Trading Services.

Tangible Fixed Assets

Tangible fixed assets are included in the Balance Sheet at valuation, less depreciation where appropriate. These include any assets financed by finance leases.

Service Revenue Accounts are charged with capital charges for all fixed assets used in the delivery of services, comprising a provision for depreciation (where appropriate) and a notional interest charge. Capital financing costs are disclosed separately in the Income and Expenditure Account.

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. This includes assets acquired under finance leases that have been capitalised and included in the Balance Sheet on the basis of the outstanding obligations to make future rental payments.

Operational assets have been included in the Balance Sheet at the lower of open market value for existing use or depreciated replacement cost. Non-operational assets have been included at open market value. Infrastructure and community assets, which by their nature are not capable of being realised, are included at their historical cost. As from 1 April 2006 the fixed asset categories have been reviewed. Non-operational investment properties has now been split between true investment properties (those which are income earning) and surplus properties (those which are no longer in use by the authority and therefore available for sale).

A further category has been created to highlight assets under construction which when complete and operational will be added to land and buildings operational assets and will therefore carry an asset rental charge.

The current asset values used in the accounts are based upon a certificate issued by the Council's Chief Valuation Officer at 1 April 2006.

Depreciation on Fixed Assets

Depreciation is provided for on all assets except land and is calculated using the straight-line method over the remaining life of the asset. For 2006/7 this fully complies with SORP 2005 and Financial Reporting Standard (FRS) 15. The HRA has been charged with full depreciation of its assets, including Council dwellings.

STATEMENT OF ACCOUNTING POLICIES

Depreciable Lives

The Council uses the following depreciable lives for the classes of assets listed

Asset Class	Life In Years
Community Assets	+20
Council Dwellings	50
Infrastructure	40
Non Operational Land and Buildings	
• Investment Properties	+20
• Other	+30
Operational Land and Buildings	+50
Vehicles, Plant and Equipment	5 - 20

De minimus Level for Capitalisation of Expenditure

A de minimus level of £10,000 has been adopted for the inclusion of fixed assets in the accounts.

Charges to Revenue for the Use of Fixed Assets

All service revenue accounts, the Housing Revenue Account, central support services and trading accounts are charged with a capital charge for all fixed assets used in the provision of services. The charge covers the annual provision for depreciation.

The charge made to the Housing Revenue Account is its true share of debt interest costs.

External interest payable and the provision for depreciation are charged to Services but reversed in the note of reconciling items for the statement of movement on the general fund balance to be fully compliant with the Sorp 2006. Capital charges have a neutral impact on the amounts required to be raised from local taxation and housing rents with the exception of the Housing Revenue Account depreciation on council dwellings which is a net charge equal to the Major Repairs Allowance with the difference reversed out to the Major Repairs Reserve.

Amounts are set aside from revenue for the repayment of external loans to finance capital expenditure or as transfers to other earmarked reserves disclosed separately as appropriations on the face of the Consolidated Revenue Account, below net operating expenditure.

Impairment

The Council's impairment policy is such that it seeks to identify where there has been a material change in the recorded valuations of assets as a result of:

- A significant decline in an assets value during the preceding period of 12 months
- Evidence of physical damage or obsolescence to the asset
- A significant change in the statutory or regulatory environment in which the authority operates
- A commitment by the authority to undertake a significant reorganisation

Derby City Council Statement of Accounts 2006/2007

STATEMENT OF ACCOUNTING POLICIES

All assessments of impairment are carried out in accordance with the CIPFA Code of Practice and the relevant sections of the RICS Appraisal and Valuation Manual.

Valuations of property to address impairment that has occurred include fixed plant and equipment, fixtures and fittings but exclude all moveable items of plant, fixtures and fittings.

Long Term Private Finance Initiative (PFI) Contracts

Derby City Council has three operational PFI projects and a further two in procurement as follows:

Operational

- Grouped Schools
- Housing Inner City Regeneration
- Revenues and Benefits (Finished in August 06)
- Street Lighting (commencement July 07)

In procurement

- Housing – New Build and Refurbishment

PFI transactions in relation to operational schemes, together with the relevant notes to the accounts are treated in accordance with the latest SORP. Where appropriate, account has been taken within the revenue account and balance sheet of the implications of any residual balance and prepayments in relation to schemes. In all cases, ownership of the assets generated is deemed to have been transferred to the private sector provider, returning to the Council only at the end of the operational period, with the exception of housing schemes where the assets remain with the provider. In cases where the revenue grant stream received from the government generates cash surpluses in the early years of a project, the surpluses are retained in earmarked reserves in order to offset grant deficits anticipated in future years. Details of future obligations are shown as a note to the Consolidated Revenue Account.

STATEMENT OF ACCOUNTING POLICIES

Intangible Assets

Intangible assets represent expenditure which may properly be capitalised at cost, but which does not represent tangible fixed assets, which need representing on the balance sheet. Intangible assets are amortised on a systematic basis over their economic life. Economic lives of intangible assets are limited to periods of 20 years or less.

Deferred Charges

Deferred charges are amortised to revenue over an appropriate period consistent with the consumption of the economic benefits controlled by the local authority.

Due to the types of expenditure usually categorised as deferred charges, e.g. improvement grants, 100 per cent of the deferred charge is amortised to revenue in the year the deferred charge is recognised. This is on the assumption that full economic benefit takes place in year. Any corresponding grant funding is also amortised to revenue to match the expenditure.

Under the capital control framework, however, this type of expenditure is classed as capitalised expenditure for financing purposes, and as such, is included in the Capital Financing Note 3 to the Balance Sheet.

Entries can therefore be found in the Income and Expenditure Account with corresponding entries in the Capital Financing Account and Government Grants Deferred Account.

Deferred Consideration

Deferred considerations reflect PFI contract prepayments made where the payment has given rise to a future benefit for the Council. The balance is amortised to revenue over the period of the future benefit, which is the life of the PFI contract. These are included under long term debtors on the Balance Sheet.

Leases

Rental payments under finance leases are apportioned between the finance charge and the principal element, that is the reduction of the liability to pay future rentals. The finance element of rentals is charged to the Asset Management Revenue Account.

Annual rents payable on operating leases are charged direct to the revenue account over the term of the lease.

Credit Arrangements

Credit arrangements comprise diverse forms of leases and contractual arrangements through which authorities obtain credit other than by the borrowing of money. In 2001/2 the Council entered into a credit arrangement by taking on a long term lease of a building. Cover amounting to the net present value of future lease payments has been made within the Capital Financing Account.

Capital Reserves

- **The Fixed Assets Restatement Account** represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- **The Capital Financing Account** represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets. It also includes the provision for credit liabilities. This represents sums to be set aside for debt redemption which, in accordance with statutory requirements, is the minimum revenue provision and set aside capital receipts.

STATEMENT OF ACCOUNTING POLICIES

The Usable Capital Receipts Reserve

The useable element of cash received from the sale of tangible fixed assets is held in this account until used to finance capital expenditure. This represents the balance of capital receipts available to finance new capital investment. Under current legislation only 25% of capital receipts from the sale of council housing is available for this purpose, but the whole sum is available from most non-housing capital receipts. The balance is required to be set aside to repay debt or used instead of new borrowing. Interest on these funds pending use is credited to the General Fund.

Government Grants – Revenue Account

Government Grants are accounted for on an accruals basis. Grant income has been credited to the appropriate revenue account.

Government Grants and Contributions to the Capital Programme

Grants and contributions to the Capital Programme have been credited to the Government Grants/Contributions Deferred Account as well as to capital grants. Amounts are released from this account to offset any provision for depreciation charged to the revenue account in respect of assets to which the grants relate or, if no depreciation is to be charged, transferred to the Government Grants/Contributions deferred Account – grants not amortised to revenue. This is a change to previous years whereby government grants/contributions not amortised were transferred directly to the Capital Financing Account.

Investments

Investments are shown in the Balance Sheet at the lower of original cost or net realisable value and any dividends are credited to the revenue account upon receipt.

Debtors and Creditors

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice and SSAP2. This means that sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy has been consistently applied each year to revenue and therefore does not have a material effect on the year's accounts.

Appropriate provision is made in the accounts for bad and doubtful debts following an annual review of amounts due at 31 March.

All income and expenditure figures exclude value added tax (VAT).

Stocks and Work in Progress

All material items of stock are valued at the average price paid. There is a periodic review of the stores and obsolete stock is written off. This is a departure from the requirements of the Code of Practice and SSAP9, which require stocks to be shown at actual cost or net realisable value, if lower. The difference in treatment is not considered to have a material effect on the Council's accounts.

STATEMENT OF ACCOUNTING POLICIES

Work in progress on incomplete jobs is valued at cost including an allocation of overheads.

Provisions

The Council makes provision for any liabilities of uncertain timing or amount that have been incurred. Amounts recognised as provisions are the best estimate of the liability, taking into account the risks and uncertainties surrounding the events. The Council has complied with FRS12 in recognising provisions.

Earmarked Reserves

These include certain sums of money held by the Council which have been earmarked for a specific purpose in line with the Accounting Code of Practice.

General Fund Balance

The General Fund Balance comprises all unallocated reserves and is available to meet future net expenditure as required. The General Fund receives all interest on balances except the element relating to the Housing Revenue Account balance and school balances under Local Management of Schools arrangements. Interest due on these balances is calculated at short-term money market rates.

Pensions

Local Government Scheme

The pension costs, which are charged to the Council's accounts in respect of its employees, are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise which relate to certain pensions paid to retired employees on an unfunded basis.

These contributions have been determined on the basis of rates that are set to meet 100% of the liabilities of the Superannuation Fund, in accordance with relevant Government regulations.

The Annual Report of the Derbyshire Superannuation Fund is available from Derbyshire County Council, County Hall, Matlock, DE4 3AH.

FRS17 Compliance

The Statement of Accounts includes accounting for and disclosure of pension costs, assets and liabilities in compliance with the requirements of the SORP relating to FRS17. This includes the requirement to adjust the costs in the Revenue Account to reflect current pension costs, and this is shown separately on the face of the Income and Expenditure Account.

The Derbyshire Superannuation Fund Actuary has provided the FRS17 Pension Superannuation Fund costs for inclusion in the Statement of Accounts.

The objective of FRS17 is to ensure that the authority's financial statements reflect at fair value the future pension liabilities that have been incurred, and the extent to which assets have already been set aside to fund them. This is a non-cash entry in the revenue account, which is then reversed out to the pensions reserve to ensure a neutral position that does not impact on the amount to be met from local taxes.

STATEMENT OF ACCOUNTING POLICIES

Teachers Pensions

This is an unfunded scheme administered by the Department for Education and Skills. The pension cost charged to the accounts is the contribution rate set by the Department for Education and Skills (DfES) on the basis of a notional fund.

Housing Revenue Account - Resource Accounting

The Housing Revenue Account has been prepared in accordance with guidance on Resource Accounting in the HRA. Resource Accounting was introduced as part of a new financial framework for local authority housing and became effective on 1 April 2001.

Auditors Fees

Disclosure of the appointed auditors' fees in relation to audit services, statutory inspections and grant certifications are included in the notes to the Consolidated Revenue Account in accordance with SORP guidelines.

Support Services

In accordance with the CIPFA Best Value Accounting Code of Practice and Statement of Accounting for Overheads, the cost of professional, technical and administrative support has been charged to services on the bases given below.

- | | |
|--|---|
| • Accountancy, Audit | Charge based on time allocation |
| • Administrative buildings | Charge based on floor area and fixed charges |
| • Cash collection, payroll, creditors, financial ledger, debtors, financial services | Charge based on usage, e.g. number of invoices, wages paid, etc |
| • Computer services | Charge based on usage and contractual charges |
| • Design and Property Services - architectural services, quantity surveying, property maintenance, repair and maintenance fees | Charge based on time allocation of works undertaken |
| • Estates and Valuation | Charge based on time allocation |
| • Legal Services | Charge based on time allocation |
| • Personnel Services | Charge based on number of staff and time allocation |
| • Telephone system | Charge based on number of extensions and fixed charges applicable |

INCOME AND EXPENDITURE ACCOUNT

This account shows the gross expenditure, income, and net expenditure analysed by service, which is ultimately paid for by council taxpayers, business ratepayers and the Government.

Previous Year Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditur e £000s
3,457	Central Services to the Public	24,880	(21,513)	3,367
37,575	Cultural, Environmental and Planning Services	81,331	(44,224)	37,107
136,612	Education Services	218,771	(203,515)	15,256
11,409	Highways, Roads and Transport Services	26,122	(12,234)	13,888
(5,593)	Housing	101,938	(106,779)	(4,841)
67,389	Social Services	108,546	(35,003)	73,543
(492)	Discontinued Service – Magistrates Court	0	0	0
5,376	Corporate and Democratic Core	5,670	(1,829)	3,841
326	Non Distributed Costs	115	0	115
256,059	Net Cost of Services	567,373	(425,097)	142,276
(1,021)	Exceptional Items			3,723
(245)	(Surpluses)/ Deficits on Trading Undertakings not included in Net Cost of Services			(272)
18,528	Interest Payable and Similar Charges			18,916
5,187	Contribution of Housing Capital Receipts to Government Pool			5,107
(5,242)	Interest and Investment Income			(6,301)
7,139	Pensions Interest Cost and Expected Return on Pensions Assets			4,930
101	Amortised Premia and Discounts			(6)
(1,408)	Restatement of Prior Year Balances			0
279,098	Net Operating Expenditure			168,373
(64,258)	Demand on the Collection Fund			(66,667)
(127,704)	General Government Grants			(14,381)
(2,219)	Back Dated Census			(3,078)
(77,718)	Non-Domestic Rates Redistribution			(74,499)
7,199	Deficit for the Year			9,748

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

This reconciliation statement summarises the differences between the deficit on the Income and Expenditure Account and the General Fund Balance.

2005/6 £000s		2006/7 £000s
7,199	Deficit for the year on the Income and Expenditure Account	9,748
(8,346)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(9,519)
(1,147)	Increase in General Fund Balance for the Year	229
(10,545)	General Fund Balance brought forward	(11,692)
(11,692)	General Fund Balance carried forward	(11,643)
(5,925)	Amount of General Fund Balance held by governors under schemes to finance schools	(5,544)
(5,767)	Amount of General Fund Balance generally available for new expenditure	(5,919)
(11,692)		(11,643)

NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2005/6 £000s		2006/7 £000s
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
0	Amortisation of intangible fixed assets	(13)
(12,738)	Depreciation and impairment of fixed assets	(8,762)
855	Government Grants Deferred amortisation	1,034
(3,898)	Write downs of deferred charges to be financed from capital resources	(6,888)
0	Net loss on sale of fixed assets	0
(22,646)	Net charges made for retirement benefits in accordance with FRS17	(24,732)
(38,427)		(39,361)
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year	
4,485	Minimum revenue provision for capital financing	4,983
1,942	Share of liability Derbyshire County Council transferred debt	1,867
125	HRA provision for repayment of debt	103
16	Credit arrangement notional interest	17
1,039	Capital expenditure charged in-year to the General Fund Balance	1,964
(5,187)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(5,107)
(332)	Deferred consideration PFI	(347)
17,929	Employer's contribution payable to the Pension Fund and retirement benefits payable direct to pensioners	19,969
20,017		23,449
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year	
4,965	Housing Revenue Account balance	2,987
(52)	Voluntary revenue provision for capital financing	778
5,151	Net transfer to or from earmarked reserves	2,628
10,064		6,393
(8,346)	Net additional amount required to be credited to the General Fund balance for the year	(9,519)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2005/6 £000s		2006/7 £000s
7,199	Deficit for the year on the Income and Expenditure Account	9,748
68,068	Surplus arising on revaluation of fixed assets	(1,714)
3,310	Actuarial (gains) / losses on pension fund assets and liabilities	(28,542)
(8,617)	Any Other Gains and Losses	(716)
69,960	Total recognised gains for the year	(21,224)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1. Expenditure on Services

The analysis of service expenditure is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2006 (the SORP). The SORP sets out what local authorities should report in their Statement of Accounts.

The classification of services and total cost is fully compliant with the Best Value Code of Practice (BVACOP). The recharged costs of support services are shown only in the gross expenditure of the service receiving them.

No new services have been provided by the City Council in 2006/7.

2. Discontinued Service

There have been no discontinued services in 2006/7

3. Exceptional Items

Equal Pay Compensation Payment

During 2006/7 total payments of £4.7m were made in respect of equal pay settlements to eligible employees. Of this total, £3.9m has been capitalised and will be written off over 6 years.

The total above represents the value of actual payments accepted by eligible employees. In accordance with accounting guidance, no provision has been made for any equal pay liability including equal pay settlement offers declined.

LPSA Reward Grant

Following the successful completion of LPSA1 targets the Council received in 2006/7 £1.02m revenue reward grant and transferred to earmarked reserves a further £1.02m for capital purposes.

4. Obligations under Private Finance Initiative (PFI) contract

Future performance related obligations under operational PFI contracts are as follows:

- Housing Inner City Regeneration:

30 year contract with Home Housing Association which commenced in January 2001. Gross service charge payments of £0.379m are anticipated in 2007/8 and future years. Future cash payments between 2007/08 and the end of the contract are expected to be approximately £11.22m.

- Grouped Schools:

A 27 year PFI contract was signed in November 2004 with Derby School Solutions (DSS), a private sector consortium, to build, maintain and operate 5 new schools in the City. Interim operational services commenced immediately after the contract was signed in respect of the existing schools. The first new school became fully operational in October 2005. Ultimately, the value of contract payments depend on the level of performance of DSS, measured against predetermined standards. However, the maximum payments expected during 2007/08 and 2008/09, will amount to £5.4m and £5.3m respectively. Future total cash payments from 2009/10 onwards for each five-year period to the end of the contract are expected to be as follows:

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

- Grouped Schools (cont'd):

Period	Amount for five years £	Average annual payment £
2009/10 – 2013/14	£25.6m	£5.1m
2014/15 – 2018/19	£24.0m	£4.8m
2019/20 – 2023/24	£23.2m	£4.6m
2024/25 – 2028/29	£22.9m	£4.6m
2029/30 – 2031/32	£17.3m	£4.6m

These service charges will be met from a combination of special grant from the government and contributions from each schools delegated budget over the life of the contract.

- Street Lighting

A 25-year PFI contract was signed in April 2007 with Connecting Roads (Derby), to replace all the life expired lighting units within the city, and to maintain the whole of the lighting of stock for the period of the contract. The first service charge is anticipated to be paid in June 2007. The Core Investment Period of the project is during the first five years of the scheme.

Ultimately, the value of contract payments depend on the level of performance of Connecting Roads (Derby), measured against predetermined standards. However, the maximum payments expected during 2007/08 and 2008/09, will amount to £2.7m and £3.2m respectively. Future total cash payments from 2009/10 onwards for each five-year period to the end of the contract are expected to be as follows:

Period	Amount for five years £	Average annual payment £
2009/10 – 2013/14	£19.8m	£4.0m
2014/15 – 2018/19	£22.6m	£4.5m
2019/20 – 2023/24	£24.2m	£4.8m
2024/25 – 2028/29	£26.0m	£5.2m
2029/30 – 2032/33	£17.8m	£5.5m

These service charges will be met from a combination of special grant from the government and the former street lighting budget over the life of the contract.

- Affordable Housing

A 30-year PFI contract is currently in procurement, to provide a minimum of 175 affordable houses in the City. Three bidders have been selected and are currently in the Competitive Dialogue stage of the process. Financial close is anticipated to be in 2008/09.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

5. Trading Services

Trading services have been analysed in accordance with the BVACOP. The net surplus is after any profit share payments. The following table shows the financial results of each trading service.

2005/6				2006/7		
Income £'000	Expenditure £'000	(Surplus) /Deficit £'000		Income £'000	Expenditure £'000	(Surplus) /Deficit £'000
			Continuing CCT arrangements			
(24,451)	24,275	(176)	Building	(18,984)	18,780	(204)
(2,773)	2,956	183	Building Cleaning/Caretaking	(3,062)	3,077	15
(5,074)	5,427	353	Catering	(5,051)	5,287	236
(176)	176	0	School Crossing Patrols	(182)	182	0
(5,343)	5,188	(155)	Waste Management	(5,881)	5,528	(353)
(1,042)	797	(245)	Street Lighting	(690)	710	20
(785)	753	(32)	Conveniences/Market Cleaning	(817)	751	(66)
(3,903)	3,591	(312)	Grounds Maintenance	(4,045)	3,814	(231)
(2,287)	2,224	(63)	Other Cleaning (Gullies)	(3,291)	3,086	(205)
(3,809)	4,093	284	Sports and Leisure Management	(4,549)	4,710	161
(49,643)	49,480	(163)	Net trading (surplus) / deficit	(46,552)	45,925	(627)
0	(35)	(35)	ADD FRS17 adjustment	0	355	355
			Net (surplus) / deficit in CRA			
(49,643)	49,445	(198)		(46,552)	46,280	(272)

The figures for building services in 2006/7 are after a planned £250k rebate returned to the General Fund.

6. Section 137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables authorities to incur expenditure not specifically authorised under any other power for the benefit of people in their area. The Local Government Act 2000 granted new powers to authorities in England and Wales to promote well being in their area. As a consequence the majority of s137 has been repealed for unitary authorities. Only s137 (3), which covers donations with no direct benefit to the area, would still be applicable to the City Council. In 2006/7 there has been no expenditure under that power and there was also no such expenditure in 2005/6.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

7. Publicity

Section 5 of the Local Government Act 1986 requires local authorities to identify expenditure on certain types of publicity. Publicity expenditure included in the Income and Expenditure Account above is as follows.

2005/6 £'000		2006/7 £'000
906	Recruitment advertising	612
361	Other publicity	366
1,267		978

8. Building Control Account

The Building (Local Authority Charges) Regulations 1988 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities. The following statement shows the total cost of building control operations split between the chargeable and non-chargeable activities. The chargeable trading deficit of £7,000 in 2006/7 has been met from the ring fenced Building Control trading reserve. The remaining expenditure and income is included within Cultural, Environmental and Planning Services in the Income and Expenditure Account.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

Total Building Control 2005/6 £'000		Chargeable 2006/7 £'000	Non- chargeabl e 2006/7 £'000	Total Building Control 2006/7 £'000
	Expenditure			
714	Employee expenses	481	228	709
11	Premises costs	1	0	1
22	Transport	14	7	21
138	Supplies and Services	27	24	51
247	Central support service charges	103	20	123
1132	Total Expenditure	626	279	905
	Income			
(733)	Building Regulations charges	(618)	0	(618)
(11)	Other Income	(1)	(5)	(6)
(744)	Total Income	(619)	(5)	(624)
388	(Surplus) / Deficit for the year	7	274	281

9. Local Authorities (Goods and Services) Act 1970

The council is empowered by this Act to provide goods and services to other public bodies.

The authority provided building maintenance services to North Warwickshire District Council. Income from these services amounted to £352,074 in 2006/7 and the related expenditure was £316,867.

The authority provided building maintenance services to Walbrook Housing Association. Income from these services amounted to £73,918 in 2006/7 and the related expenditure was £61,598.

No similar arrangement was in place for 2005/6.

There were no other material contracts in place.

10. Pooled budgets

The Council has entered into a pooled budget arrangement with Central Derby PCT to provide an integrated disabled children's service (IDCS). The IDCS pooled budget operates under Section 31 of the Health Act 1999 and the Council is acting as the host partner.

Income and expenditure for the 2006/7 financial year, are as follows:

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

2005/06 £'000	Integrated Disabled Children's Service	2006/07 £'000
	Income	
1,001	Social Services	1,217
820	Central Derby PCT	930
191	Other income	225
2,012	Gross income	2,372
	Expenditure	
1,416	Residential services	931
276	Outreach service	366
146	Disability social work services	412
147	Management and Administration	559
1,985		2,268
27	Surplus/(deficit) for year	104
-	Surplus/(deficit) brought forward	27
27	Surplus/(deficit) carried forward	131

This expenditure and income is included within the Social Services category within the Income and Expenditure Account.

11. Members' Allowances

In 2006/7 the Council paid a total of £758,083 (£761,388 in 2005/6) to its members in the form of allowances. These comprised of basic and special responsibility allowances.

12. Officers' Remuneration

The number of employees whose total remuneration, excluding employer's pension contributions, was £50,000 or more is shown below, in bands of £10,000. Remuneration includes all taxable pay and benefits:

Number of employees 2005/6	Total Remuneration	Number of employees 2006/7
74	£50,000 - £59,999	91
22	£60,000 - £69,999	21
17	£70,000 - £79,999	15
3	£80,000 - £89,999	3
5	£90,000 - £99,999	2
0	£100,000 - £109,999	3
0	£110,000 - £119,999	2
1	£120,000 - £129,999	1
122	Total number of officers with remuneration over £50,000	138

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

The increase in the number of employees in the lowest band relates to the remuneration for some headteachers falling into that band for the first time in 2006/7.

13. Transactions with Related Parties

The Accounting Code of Practice requires that disclosure be made of material transactions with related parties. For local government these parties are mainly central government, other local authorities or precepting bodies, subsidiary and associated companies, joint ventures and joint venture partners, members and chief officers and the pension fund.

Central Government, other local authorities or precepting bodies

Disclosure is made in both the Collection Fund and Income and Expenditure Account of the main transactions with these bodies, together with a statement of debtors and creditors in the notes to the Balance Sheet.

Subsidiary and associated companies

The Council has included £1.612m (£1.475m in 2005/6) income from Derby Homes Limited for the provision of support services, paid out of the management fee Derby Homes received from the Housing Revenue Account. This income is included in the Income and Expenditure Account.

The Authority has no other subsidiary or associated companies during the financial year.

Joint ventures and joint venture partners

The Council owns a 19.9% minority interest in a joint venture company with Bowmer & Kirkland Ltd (Derby City Homes Regeneration Ltd) with the objective of refurbishment of vacant properties owned by the Council which are in disrepair in order to bring such properties back into use for social housing. This is a PFI arrangement.

Members and Chief Officers

Council members make disclosures of their pecuniary and non-pecuniary interests to the Council's monitoring officer and have to make declarations on individual committee agenda items. In addition, where members are nominated by the Council to sit on outside bodies, this is reported to the Council.

During 2006/7 services to the value of £212,459 were commissioned from companies in which one member had an interest. This relationship had no bearing on any decision made. Contracts were entered into following full compliance with the council's procedure rules. In addition, the Council paid grants totaling £337,930 to voluntary organisations in which four members had an interest. These grants were made with proper consideration of declarations of interest.

During 2006/7 the Chief Executive of the City Council and one member held the position of Director of Derby Cityscape Limited which received a contribution of £389,956 from the Council. The Chief Executive did not take part in any administration of the company and received no payment from them. The Council does not have a controlling interest in the company.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

During 2006/7, children were placed at the Royal School for the Deaf, at which one member had a relative working. Derby City has a high proportion of deaf children and adults living in the city. The Council aims to provide an appropriate education for these children and young people. RSD provides an alternative type of education required by some deaf children. The provision is used to compliment the range of authority based provision across the city.

The director for Children and Young People is one of four members of the management board of Connexions, representing the City Council. Connexions is one of the organisations receiving external funding through the Local Area Agreement administered by the City Council. However, the City Council's representation on the management board has not influenced the amount of funding received in 2006/7, only how the funding will be used.

Partnership and Accountable Body arrangements

Transactions totalling £5.6m (£7.3m in 2005/6) relating to the Derwent New Deal for Communities programme are included in the Income and Expenditure Account. This is because the Authority acts as Accountable Body for funding streams managed by these organisations and consequently enters into funding contracts on their behalf.

The Derwent Community Team Management Board manages the Derwent New Deal for Communities 10 year programme that commenced in 2001 and aims to improve the quality of life of all residents of Derwent.

External funding streams totalling £12.7m have been pooled and managed through a Local Area Agreement (LAA) in 2006/7 (£11.5m in 2005/6 which was the first year). This was administered by Derby City Council for the Derby City Partnership. This has not changed the accounting treatment or presentation of the expenditure and grant income in the accounts.

Derby City Partnership is the City's Local Strategic Partnership and is responsible for bidding for, and management of, most external funding including national and European Union funded action plans. The Partnership was formed in 1995 and represents a range of organisations with an interest in the economic and social regeneration of Derby. It includes over 200 organisations plus community representatives. The Derby City Partnerships includes the External Funding Management Groups and the Community Safety Partnership who manage individual funding streams on behalf of the partnership.

In addition, Social Services and Children and Young People includes £10.797m income from other local authorities, Health Authorities and other partners for the provision of services.

This income is not received as part of a pooled budget agreement.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

14. Auditors Fees

The auditors PricewaterhouseCoopers were appointed with regard to external audit services under the Audit Commission Act 1998, and fees payable for Audit Code work for the financial year 2006/7 were £247,500 (£252,480 in 2005/6).

The fees payable to the Audit Commission in respect of statutory inspections for the financial years 2006/7 totalled £21,553 (£17,993 in 2005/6) in accordance with the Local Government Act 1999.

The fees payable for certification of claims returns totalled £113,591 (£110,850 in 2005/6) payable to PricewaterhouseCoopers under the Audit Commission Act 1998.

15. Deferred Charges

To fully comply with capital accounting requirements, grant income used to finance deferred charge expenditure has been amortised to revenue to match the amortised expenditure.

16. Leases – disclosure by Lessees

Leasing Contracts

Operating lease rentals paid in the year amounted to £0.284m General Fund (£0.625m 2005/6) and £0.562m HRA (£0.562m 2005/6). There were no hire purchase payments in the year and there are no such agreements outstanding. As at 31 March 2007, the Council had a commitment to meet the following payments under existing operating leases:

Financial Year	HRA £'000	General Fund £'000	Total £'000
2006/2007	562	284	846
2007/2008	364	120	484
2008/2009	361	24	385
2009/2010	267	24	291
2010/2011	159	11	170

17. Housing Services

Expenditure and income on housing services includes the separate, ring-fenced Housing Revenue Account (HRA), which has been fully consolidated into the Income and Expenditure Account under Resource Accounting.

The costs of providing council housing do not fall on the council tax payer, however, and the net surplus or deficit is transferred to the HRA to ensure this. Details of the Housing Revenue Account, including housing repairs can be found on page 27.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

18. Pensions

a) Local Government Pension Scheme (LGPS)

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in the Local Government Pension Scheme. The Local Government Pension Scheme for civilian employees, administered by Derbyshire County Council – is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Income and Expenditure Account during the year:

Local Government Pension Scheme 2005/6 £000s		Local Government Pension Scheme 2006/7 £000s
15,351 (7,814)	Net Cost of Services <ul style="list-style-type: none"> Current Service Cost Past Service Cost/(Gain) 	19,487 245
25,955 (19,874)	Net Operating Expenditure <ul style="list-style-type: none"> Interest cost Expected return on assets in the scheme 	27,796 (23,866)
13,618	Amounts to be met from Government Grants and Local Taxation <ul style="list-style-type: none"> Movement on pensions reserve 	23,662
16,558	Actual amount charged against council tax for pensions in the year: <ul style="list-style-type: none"> Employers' contributions payable to scheme including added years 	18,576

Due to the material nature of the past service gain 2005/6, it was shown separately in the Income and Expenditure Account after net costs of services in 2005/6. In 2006/7 it has been included in non distributed costs.

The Annual Report of the Derbyshire Superannuation Fund is available from Derbyshire County Council.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

b) Teachers' Pension Scheme

The teachers' pension scheme is a defined contribution scheme which is accounted for by charging employer contributions to the Net Cost of Services as they become payable by the City Council. In 2006/7 the Council paid £9.976m to the Teachers Pensions Agency in respect of teachers' pension costs (£9.671m in 2005/6). The contribution rate for both years was 13.5%.

In addition to this the Council is responsible for all pension payments relating to added years' benefits that it, or its predecessor Derbyshire County Council, has awarded. These are accounted for in the Income and Expenditure Account as follows:

Teachers' Pension Scheme 2005/6 £000s		Teachers' Pension Scheme 2006/7 £000s
0 156	Net Cost of Services <ul style="list-style-type: none"> • Current Service Cost • Past Service Cost 	0 70
1,058 0	Net Operating Expenditure <ul style="list-style-type: none"> • Interest cost • Expected return on assets in the scheme 	1,000 0
1,214	Amounts to be met from Government Grants and Local Taxation <ul style="list-style-type: none"> • Movement on pensions reserve 	1,070
1,371	Actual amount charged against council tax for pensions in the year: <ul style="list-style-type: none"> • Employers' contributions payable in respect of added years 	1,393

19. Contributions to Joint Committees and Joint Bodies

The City Council contributes to Derbyshire County Council towards the cost of the Coroners, Emergency Planning and Concessionary Fares services.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

20. Deployment of Dedicated Schools Grant

From 2006/7 the Council's expenditure on schools is funded by grant monies provided by the Department for Education and Skills, the Dedicated Schools Grant (DSG) which is included in income in the Education Services line in the Income & Expenditure Account. The Council's expenditure on schools was previously funded through Revenue Support Grant (RSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. Over and underspends on the two elements are required to be accounted for separately. The council is able to supplement the Schools Budget from its own resource and this year has funded an overspend on the central part of the schools budget of £324,000.

Details of the deployment of DSG receivable for 2006/7 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Original grant allocation to Schools Budget for the current year in the authority's budget	15,275	114,937	130,212
Adjustment to finalised grant allocation	309	0	309
DSG receivable for the year	15,584	114,937	130,521
Actual expenditure for the year	(15,908)	(115,118)	(131,026)
(Over) / underspend for the year	(324)	(181)	(505)
Use of council resources	324	0	324
Use of school balances brought forward	0	181	181
(Over) / underspend carried forward to 2007/8	0	0	0

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) summarises the income and expenditure arising from the provision, management and maintenance of council housing. Since 1 April 1990, the Housing Revenue Account has been ring-fenced from the General Fund. This means that there can be no cross subsidies between the two accounts. These accounts have been prepared in accordance with the Best Value Accounting Code of Practice and incorporate guidance on Resource Accounting in the HRA.

2005/6 £'000	HRA Income and Expenditure Account	2006/7 £'000
	INCOME	
(34,927)	Dwelling rents (Gross)	(36,183)
(438)	Non dwelling rents (Gross)	(456)
(1,149)	Charges for Services and facilities	(1,211)
(211)	Contributions towards expenditure	(229)
(6,275)	Housing Revenue Account subsidy receivable	(5,224)
	Expenditure (including pension costs in accordance with the SORP (ie FRS 17) basis)	
9,218	Repairs and Maintenance	8,261
11,780	Supervision and Management	13,362
11,465	Depreciation and impairments of fixed assets	12,360
35	Rent Rebates	0
74	Debt Management costs	82
(88)	Decrease in bad debt provision	(48)
(10,516)	Sub Total: Net cost of HRA Services as included in the whole authority income and expenditure account	(9,286)
79	HRA services share of corporate and democratic core	78
	HRA share of other amounts included in the whole authority	
	Net Cost of Services but not allocated to specific services	
(10,437)	NET COST OF HRA SERVICES	(9,208)
9,182	Interest payable and similar charges	9,498
61	Amortisation of premiums and discounts	(40)
(367)	Interest and Investment income	(642)
438	Pensions interest cost and expected return on pensions assets	501
(1,123)	(SURPLUS) OR DEFICIT FOR THE YEAR ON HRA SERVICES	109

HOUSING REVENUE ACCOUNT

2005/6 £'000	STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE	2006/07 £'000
	Increase or decrease in the Housing Revenue Account Balance comprising:	
(1,123)	(Surplus) or deficit for the year on the HRA income and expenditure Account	109
	Additional items required by statute and non-statutory proper practices to be taken into account in determining the movement in the Housing Revenue Account Balance	
305	Capital Expenditure funded by the Housing Revenue Account	1,631
125	HRA Share of Minimum Revenue Provision	103
-	Transfer to/from Housing Repairs Account	374
(4,244)	Transfer to/from Major Repairs Reserve	(4,895)
-	Write back Housing Subsidy Provisions	(207)
(234)	Appropriations from reserves	(201)
201	Appropriations to reserves	171
5	Appropriation from pension reserves	(72)
(6,262)	HOUSING REVENUE ACCOUNT BALANCE BROUGHT FORWARD	(11,227)
(11,227)	HOUSING REVENUE ACCOUNT BALANCE CARRIED FORWARD	(14,214)

1. The number and types of dwellings in the authority's housing stock

Dwelling Type	1 April 2006	31 March 2007
Houses	8,136	8,036
Flats	4,590	4,569
Bungalows	1,331	1,332
Total	14,057	13,937

Comprising of:

a. Operational Assets

The value of operational assets held by the HRA at 31 March was:

31 March 2006 £'000		31 March 2007 £'000
552,694	Dwellings	587,653
4,815	Other Land & Buildings	6,838
557,509	Total	594,491

HOUSING REVENUE ACCOUNT

b. Non Operational Assets

The value of non operational assets held by the HRA at 31 March was:

31 March 2006 £'000		31 March 2007 £'000
14,016	Investment properties	13,440
14,016	Total	13,440

2. Council Dwellings Vacant Possession Value

The total vacant possession value of dwellings within the HRA at 1 April 2006 was £1.215m (£1,125m at 1 April 2005). ODPM guidance requires that the balance sheet valuation of £607.715m at 1 April 2006, (£562.551m at 1 April 2005) be determined by applying a regional multiplier (50% for the East Midlands) to the vacant possession value of dwellings.

This shows the economic cost to the Government of providing council housing at less than open market rents.

3. Major Repairs Reserve

The movements on the Major Repairs Reserve are shown below:

2005/6 £'000		2006/7 £'000
(4,091)	Balance at beginning of the year	(268)
(11,558)	Add transfer to the MRR during the year	(12,359)
4,030	Depreciation on dwellings in excess of the MRA	4,690
214	Depreciation on other HRA assets	205
11,137	Debit to MRR in respect of capital expenditure on properties within the HRA	7,259
(268)	Balance at end of the year	(473)

HOUSING REVENUE ACCOUNT

4. Housing Repairs Account

An analysis of the movements on the Housing Repairs Account are shown below.

2005/6 £'000		2006/7 £'000
0	Balance at beginning of the year	0
0	Add interest received	0
9,218	Add contributions during the year	8,635
9,218		8,635
(9,218)	Less actual expenditure incurred	(8,261)
0	Balance on the Repairs Account on 31 March	374

5. a. Summary of capital expenditure and financing

2005/6 £'000		2006/7 £'000
	Expenditure	
1,002	Land	2,026
29,872	Dwellings	7,666
238	Other property	198
31,112	Total Capital Expenditure as at 31 March 2007	9,890
	Sources of Funding	
19,669	Borrowing	1,000
0	Usable Capital Receipts	0
305	Revenue Contributions	1,631
11,138	The Major Repairs Reserve	7,259
31,112	Total	9,890

b. Summary of capital receipts

2005/6 £000		2006/7 £000
7,304	Dwellings	7,426
0	Land	190
200	Other property	48
7,504	Total Receipts	7,664

HOUSING REVENUE ACCOUNT

6. Depreciation

The total charge for depreciation of the assets within the HRA was £12.359m.
This is made up of:

2005/6 £000s		2006/7 £000s
	Operational	
11,251	Council Dwellings	12,154
214	Other operational land and buildings	205
11,465	Total depreciation Operational Assets	12,359
	Non operational	
0	Investment property	0
11,465	Total depreciation HRA	12,359

7. Impairment

There is no material impairment charge for 2006/7. (Nil in 2005/6)

8. Deferred charges

There are no deferred charges attributable to the HRA for 2006/7 (Nil in 2005/6)

9. Analysis of HRA subsidy payable

2005/6 £'000		2006/7 £'000
18,639	Management and Maintenance Allowances	20,333
7,220	Major Repairs Allowance	7,465
5,770	Charges for Capital	5,517
7,774	ALMO Allowance	7,774
14	Defective Dwellings	14
(33,131)	Rent	(35,870)
(11)	Interest on Receipts	(9)
6,275	Total Subsidy	5,224

HOUSING REVENUE ACCOUNT

10. Amount of rent arrears and the aggregate balance sheet provision in respect of uncollectible debts

2005/6 £'000		2006/7 £'000
1,572	Amount of rent arrears	1,464
2,091	Aggregate Balance sheet provision in respect of uncollectible debts	1,681
	Analysed as follows:	
1,279	Weekly Rents	1,158
217	Housing Benefit overpayments	297
595	Other Debts	226

BALANCE SHEET AND RELATED NOTES

The Balance Sheet shows the financial position of the Council as a whole in relation to the outside world. All internal transactions between Council Services have been eliminated.

2005/6		Note	2006/7
	Fixed Assets		
38	Intangible fixed assets	2	248
552,693	Council Dwellings	1	587,653
392,769	Other land and buildings	1	367,483
7,495	Vehicles, plant, furniture and equipment	1	10,224
73,092	Infrastructure assets	1	77,280
12,996	Community assets	1	13,423
30,204	Investment properties	1	37,861
4,134	Assets under construction	1	10,316
15,067	Surplus assets held for disposal	1	13,451
1,088,488	Total Fixed Assets		1,117,939
100	Long term investments	4	100
13,410	Long term debtors	5	14,133
1,101,998	Total long term assets		1,132,172
	Current Assets		
896	Stocks and works in progress	6	2,277
38,532	Debtors	7	48,546
104,230	Investments		112,300
2,647	Cash and bank		3,455
146,305	Total current assets		166,578
1,248,303	Total Assets		1,298,750
	Current Liabilities		
0	Short term borrowing		0
(47,381)	Creditors	8	(45,115)
(9,966)	Bank overdraft		(9,222)
(57,347)	Total current liabilities		(54,337)
1,190,956	Total assets less current liabilities		1,244,413
	Long Term Liabilities		
(320,351)	Long term borrowing	9	(344,806)
(1,781)	Provisions	12	(1,916)
(32,971)	Government grants deferred	16	(58,265)
(20,508)	Government grants unapplied		(28,534)
(46,962)	Deferred liabilities	11	(45,064)
(202,210)	Net Long Term Liability related to defined benefit pension scheme		(178,431)
(624,783)	Total long term liabilities		(657,016)
566,173	Total assets less liabilities		587,397

BALANCE SHEET AND RELATED NOTES

2005/6		Note	2006/7
	Represented by:		
(575,846)	Fixed Asset Restatement Account	13	(602,072)
(123,686)	Capital Financing Account	14	(84,145)
(13,388)	Useable capital receipts reserve	15	(14,301)
(206)	Deferred capital receipts	10	(177)
(2,302)	Capital Earmarked Reserves		(2,977)
202,210	Pensions Reserve		178,431
(5,767)	General fund balance	19	(5,919)
(11,227)	Housing Revenue Account balance	20	(14,214)
(142)	Collection fund balance	21	(334)
(29,894)	Revenue Earmarked reserves	17	(36,145)
(5,925)	Schools Balances	18	(5,544)
(566,173)	Total Net Worth		(587,397)

Signed:	Acting Corporate Director of Resources	Date:
	Chair of Audit and Accounts Committee	

BALANCE SHEET AND RELATED NOTES

1. Tangible Fixed Assets

a. Movement in fixed assets 2006/7

The table below shows the movements in fixed assets for the year.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra- structure Assets	Commu- nity Assets	Investment Properties	Surplus Prop- erties	Construct ion & Work in Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net book value at 31 March 2006	552,694	392,769	7,494	73,093	12,995	30,204	15,067	4,134	1,088,450
Add restatements between categories	55,021	(23,255)	-	968	31	8,239	2,445	(2,247)	41,202
Revaluations and restatements									
Restated Value at 1 April 2006	607,715	369,514	7,494	74,061	13,026	38,443	17,512	1,887	1,129,652
Additions	10,242	17,479	5,739	17,170	1,273	513	-	8,429	60,845
Disposals	(10,268)	-	(75)	-	-	(23)	(4,061)	-	(14,427)
Gross book value	607,689	386,993	13,158	91,231	14,299	38,933	13,451	10,316	1,176,070
Depreciation for the year	(12,154)	(4,846)	(1,745)	(2,333)	-	-	-	-	(21,078)
Impairment to the Fixed asset Restatement Account	-	-	-	-	-	(549)	-	-	(549)
Impairment to the Capital Financing Account		(34)				(10)			(44)
De-minimis capital expenditure written out to revenue	-	(541)	(106)	(28)	(30)	-	-	-	(705)
Capital expenditure not adding to asset value	(7,882)	(14,089)	(1,083)	(11,590)	(846)	(513)	-	-	(36,003)
Net book value at 31 March 2007	587,653	367,483	10,224	77,280	13,423	37,861	13,451	10,316	1,117,691

b. Commitments under capital contracts include the following:

- £0.55m on Recycling bins
- £4.1m on targeted schemes at Kingsmead Pupil Referral Unit and Ivy House School
- £5.8m on the construction of the QUAD building during 2007/8 and 2008/9

BALANCE SHEET AND RELATED NOTES

c. Significant capital expenditure proposals in 2006/7 including the above commitments are as follows :-

- Continuation of IRRMS – the Inner Ring Road Integrated Maintenance Scheme. The first half of 2007/8 will see the construction of a new improved footbridge over St Alkmunds Way at St Mary's Church which will open for use in October. This will complete a 3 year programme which commenced on site in September 2005.
- Condition and modernisation projects in a range of schools relating to roofing, structural and rewiring schemes (£2.1m), rebuild of Sinfin School (14m), new multiple use games area and changing rooms at St Benedict's Secondary School (£2.5m), construction of Sure Start Phase 2 Children's Centres at Brookfield, Oakwood and Cavendish schools (£1.4m).
- The Housing capital programme includes schemes totalling £10.7m focussing on routine, ongoing replacement of worn out building elements such as kitchens, bathrooms, heating systems and windows. In addition the private sector element of the programme includes schemes totalling £11.5m to bring homes to the Decent Homes Standard, particularly those occupied by vulnerable householders delivering home adaptations for disabled people and helping older low income homeowners 'stay put' in their homes through the provision of grant aid housing.
- The Department for Communities and Local Government has allocated £3.6m to transform Cathedral Green from an area of poor quality open space which suffers from lack of use, incidents of vandalism and anti-social behaviour, into an exemplar space that serves various community needs. The project includes a pedestrian connection over the River Derwent and riverside promenades.
- Continuation of the programme to develop and construct QUAD, the visual arts and media centre. The programme is significantly funded by the Arts Council, European Funding and regional partners with an overall scheme contribution from the council of approximately 12%. Construction is expected to be complete by mid-February 2008 with the building due to open to the public in May 2008.

d. Tangible fixed asset valuation

The freehold and leasehold assets that comprise the Authority's fixed asset portfolio have been valued as at 1 April 2005 by the Council's Chief Estates Officer, S J Meynell, ARICS. The valuations detailed below are in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors (RICS), except that buildings were not inspected where this was either impracticable or considered by the valuer to be unnecessary for the purpose of valuation. Static plant and machinery is included within the valuation of buildings.

BALANCE SHEET AND RELATED NOTES

Property valuations are performed as part of a rolling programme to ensure that all assets are reviewed over a 5 year cycle in accordance with recommended practice.

Valuation of the Council housing stock was carried out in accordance with Government guidance on existing use value for social housing, as defined by the RICS. The beacon principle was used to arrive at the vacant possession value of the properties and adjusted to reflect occupation by a secure tenant.

Buildings regarded by the Council as operational have been valued at open market value for existing use or, where there was insufficient evidence of market transactions for that use, at the depreciated replacement cost.

Non-operational buildings have been valued in all cases on the basis of open market value. The valuations were carried out on the basis of existing records with limited site inspections.

Vehicles, plant and equipment, infrastructure and community assets are all valued at historic cost, and as such require no formal valuation.

Further detailed information regarding the various valuations is set out in a valuation certificate.

e. Depreciation

Depreciation has been provided for on assets with a finite useful life in accordance with Financial Reporting Standard 15 and SORP 2006. There is no requirement to depreciate land assets.

In calculating depreciation, the straight line method has been adopted using a prudent estimate for the useful economic life and residual land value for individual assets within each category. A maximum life of 50 years is used for all assets, although each asset is considered individually based on its condition and construction. The asset register contains the detailed information used in the depreciation calculation.

The following table details the cumulative provisions for depreciation for each category of assets as at 31 March 2007.

Asset Category	Depreciation provision at 1 April 2006	Depreciation for 2006/7	Depreciation provision at 31 March 2007
Council Dwellings	(57,409)	(12,154)	(69,563)
Other Land and buildings	(30,903)	(4,846)	(35,749)
Vehicles, plant and equipment	(9,824)	(1,745)	(11,569)
Infrastructure	(11,784)	(2,333)	(14,117)
Community Assets	(185)	-	(185)
Investment properties	(46)	-	(46)
Intangible Assets	-	(13)	(13)
Total	(110,151)	(21,091)	(131,242)

BALANCE SHEET AND RELATED NOTES

f. Expenditure Not Adding Value (ENAV)

Although the borrowing for capital works has increased, works included within this spending, as detailed below, do not increase asset value but merely bring the property and infrastructure up to a reasonable standard of repair to aid the more effective and efficient provision of services. ENAV totalled £36.0m in 2006/7 (£39.3m in 2005/6). Significant items include:

- £7.8m on upgrading Housing Revenue Account properties to bring them up to an acceptable standard
- £10.0m on Local Transport Plan schemes that are currently in progress, but not yet complete
- £10.5m on refurbishment and renovation works that have been undertaken on schools and educational properties

2. Intangible Fixed Assets

Following changes in the 2004 SORP intangible fixed assets were required to be carried on the Balance Sheet at cost. They represent capital expenditure that does not result in a fixed asset with physical substance for the Authority. The expenditure in this instance relates to the purchase of software licences.

	Total £'000
Balance at 31 March 2006	38
Additions	223
Amounts Amortised in year to Service Revenue Accounts	(13)
Balance at 31 March 2007	248

3. Financing of Capital Expenditure

	£'000		£'000
Financing		Expenditure	
Borrowing	24,868	Tangible Fixed Assets	60,843
Capital Receipts	5,443	Intangible Fixed Assets	223
Government / other grants	25,151	Deferred Charges	9,465
Major Repairs Allowance	7,259	Movement in working capital	(1,019)
Revenue and Revenue Reserves	2,669		
Other external contributions	3,754		
Capital reserves	368		
Total	69,512		69,512

BALANCE SHEET AND RELATED NOTES

Deferred charge expenditure has been fully amortised to revenue, along with any grant funding, in 2006/7. However, under the capital control framework this expenditure is still classed as capital expenditure and capital financing applies as shown above.

4. Long Term Investment

The existing £100,000 represents an investment in ADC (Properties) Ltd held for the longer term benefit of the Authority.

5. Long Term Debtors

The deferred consideration reflects PFI contract prepayments made where the payment gave rise to a future benefit for the Council. In 2006/7 there was a further prepayment and the amortisation to revenue over the period of the future benefit began.

31 March 2006 £'000		Additions £'000	Reductions £'000	31 March 2007 £'000
8,539	Deferred consideration – Schools PFI	409	(347)	8,601
61	Residual value – Schools PFI	960		1,021
151	Mortgages for sales of council housing		(37)	114
23	Loans to housing associations		(2)	21
4,433	Derbyshire County Council 1974 transferred debt		(181)	4,252
98	Car Loans to Employees		(28)	70
105	Other loans		(51)	54
13,410	TOTAL	1,369	(646)	14,133

Residual Value Build up for PFI schools

Residual value build up reflects a cumulative annual build up of the cost of the assets over the life of the contract, where the total value of the schools will transfer back on to the council's Balance Sheet at the end of the contract term. The Residual Value is included under long term debtors on the Balance Sheet and will be transferred into Fixed Assets at the end of the contract period.

BALANCE SHEET AND RELATED NOTES

6. Stocks and Work in Progress

31 March 2006 £'000		31 March 2007 £'000
	Stocks	
237	Trading Services	195
91	Other departments	1,753
328		1,948
	Work in progress	
568	Trading Services	329
896	TOTAL	2,277

7. Debtors

The table below shows an analysis of the amounts owing to the Council at the balance sheet date. The increase in sundry debtors includes £3m accrual for a school fire insurance claim reimbursement due.

31 March 2006 £'000		31 March 2007 £'000
	Amounts falling due within one year	
12,796	Government Departments	13,863
1,863	Other local authorities	1,674
9,837	Council taxpayers	10,474
1,378	Business ratepayers	4,184
1,182	Housing rents	888
746	PWLB loan restructuring premium	700
20,296	Sundry debtors	26,906
48,098		58,689
(9,566)	Provision for bad and doubtful debts	(10,143)
38,532	TOTAL	48,546

8. Creditors

The table below shows an analysis of the Council's creditors at the balance sheet date.

31 March 2006 £'000		31 March 2007 £'000
8,123	PWLB Borrowing with less than one year to maturity	122
9,210	Government Departments	15,376
2,355	Other local authorities	3,011
652	Council taxpayers	257
397	Business ratepayers	418
76	PWLB loan restructuring discounts	932
26,474	Sundry creditors	24,999
47,287	TOTAL	45,115

BALANCE SHEET AND RELATED NOTES

9. Long Term Borrowing

The following table shows an analysis of the Council's long term borrowing at the balance sheet date.

Total Outstanding 31 March 2006 £'000		Range of interest rates payable %	Total Outstanding 31 March 2007 £'000
	Source of loan		
297,651	Public Works Loan Board	3.94 to 9.56	322,106
22,700	Money Market	4.45	22,700
320,351	TOTAL		344,806
	Analysis of loans by maturity		
121	Maturing within 1 - 2 years - PWLB	9.269	3,114
22,700	Maturing within 1 - 2 years – Money Market	4.45	22,700
16,307	Maturing within 2 - 5 years	9.382	13,211
8,537	Maturing within 5 – 10 years	9.098	3,519
272,686	Maturing after 10 years	4.659	302,262
320,351			344,806

10. Deferred Capital Receipts

Deferred capital receipts are amounts mainly derived from sales of assets, which will be received in instalments over agreed periods of time. They arise principally from mortgages given by the Council to finance the purchase of council housing. They totalled £0.177m at 31 March 2007 (£0.206m at 31 March 2006) and are matched by sums included in long-term debtors.

11. Deferred Liabilities/Credits

31 March 2006 £'000		31 March 2007 £'000
	Deferred Liabilities	
45,137	Share of liability for the payment of a proportion of the County Council's debt charges on becoming a Unitary Authority on 1 April 1997.	43,321
1,534	Loans transferred from neighbouring authorities in 1968	1,430
291	Other	313
46,962	TOTAL	45,064

BALANCE SHEET AND RELATED NOTES

12. Provisions

Provisions have been made for known liabilities uncertain as to the amount or timing in compliance with FRS 12. These include sums for uninsured risks, future pension payments for former Passenger Transport employees and housing PFI scheme.

2005/6 £'000		2006/7 £'000
	Provision for uninsured risks	
1,558	Balance at 1 April	982
(650)	Prior year reclassification	(165)
724	Provision made in year	403
(650)	Provision used and written back in year	(91)
982	Balance at 31 March	1,129
	Provision for future pension payments	
759	Balance at 1 April	769
33	Provision made in year	8
(23)	Provision used in year	0
769	Balance at 31 March	777
	Other provisions	
183	Balance at 1 April	30
(135)	Prior Year Reclassification	0
0	Provision made in year	
(18)	Provision used / written back in year	(20)
30	Balance at 31 March	10
1,781	TOTAL PROVISIONS AT 31 MARCH	1,916

13. Fixed Asset Restatement Account

This reserve represents the net book value of assets disposed of and any surplus or deficit arising as a result of revaluations.

2005/6 £'000		2006/7 £'000
613,929	Balance at 1 April	575,846
(21,504)	Add revaluations and restatements	41,202
(4,530)	Less impairment	(549)
(12,049)	Less disposal of fixed assets and investments in year	(14,427)
575,846	Balance at 31 March	602,072

BALANCE SHEET AND RELATED NOTES

The revaluations and restatements includes a valuation increase of £14.8m relating to buildings and land and £0.03m relating to community assets and a valuation reduction of £55.0m in relation to council dwellings.

14. Capital Financing Account

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue, capital receipts and external grants and contributions. It also contains the difference between the amounts provided for depreciation and those that are required to be charged to revenue to repay the principal element of external loans.

2005/6 £'000		2006/7 £'000
(165,925)	Balance at 1 April	(123,686)
(2,176)	Restatement of opening balance to Government Grants	0
(168,101)	Restated 1 April	(123,686)
(183)	Capital receipts set aside in year	(56)
	Capital financing from	
(2,798)	Capital receipts	(5,443)
(11,137)	Major repairs allowance	(7,259)
(1,673)	Other revenue and revenue reserves	(2,670)
(687)	Capital reserves	(368)
	Net contribution to Consolidated Revenue Account:	
(4,611)	Minimum revenue provision	(5,862)
(16)	Outstanding credit arrangement	(17)
(62)	Residual Value PFI	(961)
(855)	Government Grants Amortised to revenue	(1,034)
(3,696)	Deferred charges grants amortised to revenue	(2,577)
(1,942)	Transferred Debt	(1,866)
19,673	Depreciation charged to Revenue	21,091
4,530	Impairment	44
39,312	Capital Expenditure not adding value	36,002
332	Deferred Consideration	347
7,594	Deferred charges written down to revenue	9,465
634	De-minimis expenditure written down	705
(123,686)	Balance at 31 March	(84,145)

15. Usable Capital Receipts Reserve

These are capital receipts that are available to finance future capital expenditure. They derive from the sale of council housing and other property or land. The Local Government and Housing Act 1989 laid down rules for the use of both accumulated and in-year receipts whereby part of the receipts is available for use and part has to be set aside (see Note 14).

BALANCE SHEET AND RELATED NOTES

2005/6 £'000		2006/7 £'000
12,085	Balance at 1 April	13,388
9,471	Capital receipts in year from sales of assets	11,519
(2,798)	Receipts applied to finance capital expenditure in year	(5,443)
(5,187)	Housing Pooling	(5,107)
(183)	Receipts set aside	(56)
13,388	Balance at 31 March	14,301

16. Deferred Government Grants/Contributions

2005/6 £'000		2006/7 £'000
15,929	Balance at 1 April	32,971
	Government Grant receipts and contributions applied to finance capital:	
	Expenditure funded from	
17,408	• Grants	25,151
4,185	• Contributions	3,754
	Government Grants and contributions not amortised to revenue:	
(9,118)	• grants	(16,838)
(1,680)	• contributions	(1,563)
(855)	Grants/contributions amortised to revenue	(1,034)
25,869	Government Grant receipts & contributions amortised	42,441
(3,696)	Credited direct to revenue for deferred charges	(2,577)
22,173		39,864
	Off set entries to unamortised Government Grants/contributions:	
9,118	• grants	16,838
1,680	• contributions	1,563
10,798	Government Grant receipts & contributions unamortised	18,401
32,971	Balance at 31 March	58,265

BALANCE SHEET AND RELATED NOTES

17. Earmarked Reserves

These are reserves held for specific capital or revenue purposes.

18. Schools' Balances

These balances are held by schools under Local Management of Schools arrangements, including Foundation Schools.

19. General Fund Balance

The 1989 Act limited the number of funds a local authority could hold from 1 April 1990 to the General Fund (for all council services other than council housing) and the Housing Revenue Account (for council housing). Details can be found in the Income and Expenditure Account on page 11.

20. Housing Revenue Account

Details of this account can be found on page 27.

21. Collection Fund Balances

Details of this account can be found on page 56.

22. European Monetary Union

The Council continues to assess the impact that the possible introduction of the Euro in the UK would have on the delivery of the Council's services, its financial information systems and the Council's stakeholders. Until a decision is made as to whether the UK should adopt the Euro, the expenditure on Euro activities should be absorbed within existing budgetary provision.

BALANCE SHEET AND RELATED NOTES

23. Trust Funds

Derby City Council administers a number of Trust Funds. Some of these are funds made up of donations or bequests made to the authority, where the benefactors have specified the use to which the fund is to be put - for example the provision of educational prizes. The Council also holds, as Trustee, funds granted to children in care. The funds are invested externally in accordance with the provisions of the Trustee Investments Act 1961, or held with the Council.

These funds are not part of the Council's accounts and have therefore been excluded from the Balance Sheet

2005/6 Trust Funds £'000	Aggregate Revenue Account	2006/7 Trust Funds £'000
1,175	Opening balance 1 April	1,219
208	Income during the year	87
1,383	Total Funds available in the year	1,306
(164)	Expenditure during the year	(42)
1,219	Closing balance 31 March	1,264
Balance 31 March 2006 £'000	The funds are represented by:	Balance 31 March 2007 £'000
149	Investments:	
7	COIF Charity Funds	161
3	Edinburgh Fund Managers	0
18	Treasury Stock	3
5	National Savings investment funds	16
	Building Society Deposits	6
1,037	Cash and Temporary Loans	1,078
1,219	Total Assets	1,264
46	Number of Funds	40

BALANCE SHEET AND RELATED NOTES

24. Pension Disclosures

The Council is required to make pensions disclosures in compliance with FRS 17. These disclosures are intended to provide additional information on the underlying economic situation of the Authority.

Local Government Pension Scheme

The Council participates in the Derbyshire County Council defined benefit (open) superannuation fund. The figures below are derived by approximate methods from the full actuarial valuation of the Fund carried out by Watson Wyatt as at 31 March 2004.

As at the 31 March 2007, the Council had the following overall assets and liabilities for pensions, which are not shown on the balance sheet:

Balance 31 March 2006	Local Government Pension Scheme	Balance 31 March 2007
£000		£000
379,456	Estimated Assets in Scheme	414,615
(560,565)	Estimated Liabilities in Scheme	(572,852)
(181,109)	Net Asset (Liability)	(158,237)

The movement in the net pension liability of the Council for the year to 31 March 2007 is as follows:

Movement in Net Pension Liability	2006/7
	£000
Net Pensions Liability as at 1 April 2006	(181,109)
Movement In the Year	
Contributions Paid	18,576
Current Service Cost	(19,487)
Past Service Costs Curtailment Gain/Loss	(245)
Interest Costs	(3,930)
Actuarial gain (loss)	27,958
Net Pension Liability as at 31 March 2007	(158,237)

BALANCE SHEET AND RELATED NOTES

The actuarial loss can be analysed into the following categories, measured as absolute amounts and as a percentage of assets as 31 March 2007:

Analysis of Actuarial Gain (loss)	£'000	% of Assets/liabilities
Difference between the expected and actual return on assets	(1,210)	0.3% of assets
Difference between actuarial assumptions about liabilities and actuarial experience	0	0% of liabilities
Changes in demographic and financial assumptions used to estimate liabilities	29,168	5.1% of liabilities
Total Actuarial Gain (loss)	27,958	

The main financial assumptions used by the actuary for the whole of the fund are:

	31 March 2006	31 March 2007
Rates of Inflation	2.9%	3.1%
Rate of Increase in Salaries	4.4%	4.6%
Rate of Increase in Pensions	2.9%	3.1%
Discount Rate	4.9%	5.4%

Assets held by the fund as a whole are £2.033m valued at fair value as at 31 March 2007 (£1.806m at 31 March 2006). The proportion of assets held with expected rates of return is shown below:

	Long Term Expected Rate of Return %	Proportion of Assets Held	
		31 March 2006	31 March 2007
Equities	7.5%	70.9%	71.8%
Gilts	4.7%	14.5%	15.0%
Other bonds	5.4%	1.9%	1.7%
Property	6.5%	5.1%	5.3%
Cash	5.25%	7.6%	6.2%
Total		100.0%	100.0%

BALANCE SHEET AND RELATED NOTES

Teachers' Pension Scheme

The Council participates in the Teachers' Pension Scheme, which is a defined contribution scheme. Discretionary early retirement pension enhancements awarded to teachers, however, are to be treated under FRS17 as though they were a defined benefit scheme from 2004/5. The figures below are derived by approximate methods based on information provided by the actuaries to the Derbyshire Superannuation Fund, Watson Wyatt.

As at the 31 March 2007, the Council had an overall liability of £20.194m in respect of teachers' pensions (£21.101m at 31 March 2006).

The movement in the pension liability of the Council for the year to 31 March 2007 is as follows:

Movement in Teachers' Pension Liability	2006/7 £'000
Teachers' Pension Liability as at 1 April 2006	(21,101)
Movement In the Year	
Contributions Paid	1,393
Current Service Cost	0
Past Service Costs	(70)
Interest Costs	(1,000)
Actuarial gain (loss)	584
Teachers' Pension Liability as at 31 March 2007	(20,194)

The actuarial loss can be analysed into the following categories, measured as absolute amounts and as a percentage of liabilities as at 31 March 2007:

Analysis of Actuarial Loss	£'000	% of liabilities
Difference between actuarial assumptions about liabilities and actuarial experience	(0)	0% liabilities
Changes in demographic and financial assumptions used to estimate liabilities	584	2.9% liabilities

The main financial assumptions used by the actuary are:

	31 March 2006	31 March 2007
Rates of Inflation	2.9%	3.1%
Rate of Increase in Pensions	2.9%	3.1%
Discount Rate	4.9%	5.4%

BALANCE SHEET AND RELATED NOTES

25. Contingent Liability

There are no contingent liabilities to report in 2006/7.

26. Subsidiary Companies (Subject to receiving Derby Homes audited accounts)

Derby Homes Limited, the Council's arms length management organisation, is a limited company wholly owned by the Council. It was incorporated on 25 February 2002.

The net assets and results of operations for the year to 31 March 2007 are as follows (This is subject to audit of Derby Homes accounts):

2005/6 £000's		2006/7 £000's
73	Net assets at 31 March 2006	421
30	Operating profit before taxation	342
30	Operating profit after taxation	348
	Indebtedness with Derby City Council included in net assets above is	
445	<ul style="list-style-type: none"> Derby Homes Debtors Of which £736k relates to the management fee 	1,325
(2,141)	<ul style="list-style-type: none"> Derby Homes Creditors Mainly relating to services provided to Derby Homes by the Council 	(1,099)
(1,696)	TOTAL	226

The full Derby Homes Limited company accounts can be obtained from:

Derby Homes Limited
Floor 2, Southpoint
Cardinal Square
10 Nottingham Road
Derby DE1 3QT

CASHFLOW STATEMENT

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

2005/6 £'000		Notes	£'000	2006/7 £'000
	REVENUE ACTIVITIES			
	<i>Cash outflows –</i>			
250,304	Cash paid to and on behalf of employees		238,580	
295,691	Other operating cash payments		323,711	
26,191	Housing benefits paid out		7,022	
8,849	Precept payment to Police Authority		9,321	
3,769	Precept Payment to Fire Authority		3,975	
63,894	Payment to Non-Domestic Rate Pool		70,342	
648,698				652,951
	<i>Cash inflows -</i>			
(18,906)	Rents (after rebates)		(18,597)	
(64,082)	Council tax receipts		(66,190)	
(77,718)	Distribution from Non-Domestic Rate Pool		(76,893)	
(61,709)	Non-domestic rate receipts		(65,470)	
(129,923)	Revenue Support Grant		(15,065)	
(25,804)	Government Grant for housing benefits		(2,569)	
(117,532)	Other government grants	4	(85,903)	
(175,977)	Cash received for goods and services		(341,214)	
(671,651)				(671,901)
(22,953)	Net Revenue Activities Cashflow	1		(18,950)
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
	<i>Cash outflows –</i>			
19,160	Interest paid		19,424	
1	Interest element of finance leases		0	
19,161				19,424
	<i>Cash inflows -</i>			
(4,720)	Interest received			(5,491)
14,441				13,933

CASHFLOW STATEMENT

2005/6 £'000		Notes	£'000	2006/7 £'000
	CAPITAL ACTIVITIES			
	<i>Cash outflows –</i>			
42,470	Purchase of fixed assets		49,139	
3,016	Deferred charges		6,208	
6,949	Other net capital cash		3,228	
	<i>Cash inflows -</i>			
(9,389)	Sales of fixed assets		(11,200)	
(18,167)	Capital grants received	4	(35,526)	
24,879	Net Capital Activities Cashflow			11,849
16,367	Net Cash Outflow / (Inflow) before Financing			6,832
	MANAGEMENT OF LIQUID RESOURCES			
30,439	Net increase / (decrease) in short term deposits			8,070
	FINANCING			
	<i>Cash outflows –</i>			
8,120	Repayments of amounts borrowed		67,296	
	<i>Cash inflows -</i>			
(51,000)	New loans raised		(83,750)	
(42,880)				(16,454)
3,926	Net Cash (Inflow) / Outflow = Net Increase / (Decrease) in Cash	2		(1,552)

NOTES TO THE CASHFLOW STATEMENT

1. Reconciliation between the net (surplus) / deficit on the Consolidated Revenue Account to the Revenue Activities Net Cashflow

2005/6 £'000		2006/7 £'000
(137)	Net (surplus) - Consolidated Revenue Account	(152)
(1,010)	Net (increase) in Schools' balances	381
(1,142)	Net (surplus) / deficit - Housing Revenue Account	(2,987)
(686)	Net (surplus) / deficit – Collection Fund	(192)
4,326	(Decrease)/Increase in debtors	10,014
(488)	(Decrease)/Increase in stock and work in progress	1,381
(7,500)	(Increase) / decrease in creditors	2,266
719	(Increase) / Decrease in provisions	(135)
(9,395)	(Increase) / Decrease in earmarked reserves	(6,251)
	<i>Adjustment for non-cash transactions:</i>	
(1,202)	Capital activities	(1,341)
	<i>Less:</i>	
(14,441)	Servicing of finance items	(13,933)
8,003	Financing included in creditors	(8,001)
(22,953)	Revenue Activities Net Cashflow	(18,950)

2. Reconciliation of movement in cash to movement in net debt

Balance 31 March 2006 £'000	Movement 2005/6 £'000		Balance 31 March 2007 £'000	Movement 2006/7 £'000
2,647	2,000	Cash in hand	3,455	808
(9,966)	(5,926)	Bank overdraft	(9,222)	744
(7,319)	(3,926)	Net Cash Increase/(Decrease) = net cash (inflow) / outflow	(5,767)	1,552
		Adjust for the movement in liquid resources -		
104,230	30,439	Short-term investments	112,300	8,070
		Borrowing		
(328,352)	(42,880)	Public Works Loans Board	(344,806)	(16,454)
0	0	Other long-term borrowing		
	(16,367)	(Increase) / Decrease in Net Debt = net cash (inflow) / outflow before financing		(6,832)

NOTES TO THE CASHFLOW STATEMENT

3. Other Movements

Balance 31 March 2006 £'000	Movement £'000		Balance 31 March 2007 £'000	Movement £'000
		<i>Increase:</i>		
38,532	4,326	Debtors	48,546	10,014
896	(488)	Stock and work in progress	2,277	1,381
		<i>(Increase) / decrease:</i>		
(47,381)	(7,500)	Creditors	(45,114)	2,266
(1,781)	719	Provisions	(1,916)	135

4. Revenue and capital grants

The following revenue grants from central government are included:

	Received in 2006/7 £'000
Arms Length Management Organisation (ALMO) Subsidy	5,205
Nursery Education / Surestart	6,412
Learning and Skills	8,396
School Standards Grant	14,272
Asylum Seekers' Grant	190
Urban II	483
Objective 2	695
Single Regeneration Budget (SRB) grant	738
New Deal for Communities	4,894
Neighbourhood Renewal Fund grant	4,846
Childrens Fund	208
Supporting People	10,799
Local Area Agreement	11,684
Other Regeneration and Community Services Revenue Grants	3,024
Other Children & Young People Revenue Grants	10,363
Other Adult Social Services Revenue Grants	5,923
Other Resources Revenue Grants	360
	88,472

NOTES TO THE CASHFLOW STATEMENT

The following capital grants are included:

	Received in 2006/7 £'000
SRB capital grant	348
Schools capital grants	12,649
Transport Supplementary grant	3,332
Lottery capital grants	1,521
Disabled Facilities grant	544
ODPM capital grants	43
Urban II capital grant	359
Objective 2 capital grant	470
New Deal for Communities	156
LPSA reward grant	1,020
Other capital grants	15,084
	35,526

COLLECTION FUND

These accounts represent the transactions of the Collection Fund, which is a statutory fund to be maintained separately, then consolidated with the Council's accounts. The accounts have been prepared on an accruals basis.

2005/6 £'000		Notes	2006/7 £'000
	INCOME AND EXPENDITURE ACCOUNT		
	Income		
(64,706)	Council tax	2	(67,842)
(62,604)	Business rates		(68,826)
	Transfers from General Fund		
(13,253)	Council tax benefit		(13,638)
	Net adjustments of previous year's		
(3)	Community charges		0
(140,566)	Total Income		(150,306)
	Expenditure		
	Precepts and Demands		
64,748	Derby City Council		66,667
8,849	Derbyshire Police Authority		9,321
3,769	Derbyshire Fire Authority		3,975
	Business Rates		
61,389	Payment to National Pool		67,986
315	Costs of collection		312
	Provision for bad and doubtful debts		
495	Council tax		1,288
900	Business Rates		527
	Transfer of previous year's estimated surplus		
	Derby City Council General Fund:		
(490)	Council tax		0
(67)	Derbyshire Police Authority		0
(28)	Derbyshire Fire Authority		0
139,880	Total Expenditure		150,076
(686)	(Surplus) / Deficit For Year	3	(230)
515	(Surplus) / Deficit At Beginning Of Year		(171)
(171)	(Surplus) / Deficit At End Of Year		(401)

STATEMENT OF RESPONSIBILITIES

1. Council Tax

The Council's tax base for 2006/7 was 68,966.00 (68,589.40 in 2005/6). This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. Details are as follows:

Band	Ratio	Band D Equivalent Dwellings
A (disabled)	5/9	42.56
A	6/9	29,601.40
B	7/9	12,756.14
C	8/9	12,123.42
D	9/9	7,307.30
E	11/9	4,587.76
F	13/9	2,772.44
G	15/9	877.75
H	18/9	18.66
		70,087.43
Less adjustment for non-collection		1,121.43
Council Tax Base		68,966.00

2. Income from Business Ratepayers

The Council collects non-domestic rates for its area based on local rateable values multiplied by a national uniform rate. The total amount, less certain relief and other adjustments, is paid into a central pool (the NNDR Pool) which is managed by the Government. The Council receives a share of the pool based on a standard amount per head of local adult population into its General Fund.

The total non-domestic rateable value at 31 March 2007 was £185.496m (£184.271m in 2005/6). The national non-domestic multiplier for 2006/7 was 43.3p (42.2p in 2005/6).

3. Collection Fund Surplus

The surplus of £401,000 on the Collection Fund at 31 March 2007 relates to council tax and is to be divided between the City Council, Police Authority and Fire Authority.

The amount attributable to the City Council at 31st March 2007 is £344,000, £142,000 at 31st March 2006

STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority is required:

- (1) 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. At Derby City Council that officer is the Acting Corporate Director of Resources.
- (2) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (3) To approve the Statement of Accounts.

The Accounts were approved by Audit and Accounts Committee on 28 June 2007.

Signed: _____

Councillor Mark Tittley - Chair, Audit and Accounts Committee

The Acting Corporate Director of Resources responsibilities

The Acting Corporate Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in line with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code). The Code requires the Authority to present fairly the financial position of the Authority for the year ended 31 March 2007.

In preparing this Statement of Accounts, the Corporate Director of Resources and Housing has ensured that:

- (1) Suitable accounting policies have been selected and then applied consistently
- (2) Judgements and estimates have been made that were reasonable and prudent.

The Acting Corporate Director of Resources has also ensured that:

- (1) Proper accounting records have been kept which were up to date
- (2) Reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

Signed: _____

Don McLure-

Acting Corporate Director of Resources

Date: _____

STATEMENT ON INTERNAL CONTROL

AUDITORS' REPORT TO DERBY CITY COUNCIL

GLOSSARY OF TERMS

ACCRUAL

A sum included in the final accounts attributable to the year but for which payment has yet to be made or income received. Accruals are made for revenue and capital expenditure and income.

ASSET

An item having value measurable in monetary terms. Assets can be defined as fixed or current. A fixed asset has a value for more than one year, for example a building or a long-term investment. A current asset can be readily converted into cash, for example stocks or a short-term debtor.

AUDIT OF ACCOUNTS

An independent examination of the authority's financial affairs.

BUDGET

The spending plans of the authority over a specific period of time - generally the financial year 1 April to 31 March.

CAPITAL CHARGES

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

CAPITAL EXPENDITURE

Expenditure to acquire or enhance fixed assets that will be used to provide services beyond the current financial year.

CAPITAL FINANCING

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure, including borrowing, leasing, using capital receipts, grants or contributions from third parties, or direct from revenue budgets.

CAPITAL PROGRAMME

The capital schemes the authority intends to carry out over a specified period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. A proportion of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used for revenue purposes.

GLOSSARY OF TERMS

COLLECTION FUND

A separate fund recording the expenditure and income relating to council tax, non-domestic rates and residual community charges.

COMMUNITY ASSETS

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

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next one are the same.

COUNCIL TAX BASE

The Council has to calculate the 'Council Tax Base' for 2005/06 as a means of raising council tax income from Derby council tax payers. The Base is a figure which represents the effective number of properties in terms of Band D in the Council's area during the year. It is used as a divisor to translate total council tax requirements in a 'headline' charge for Band D. Charges for other bands are calculated as fractions of the headline charge.

CREDIT APPROVAL

Credit approvals give the authority permission to borrow to finance capital expenditure.

CREDIT CEILING

This is a measure of the difference between the Authority's total liabilities in respect of capital expenditure finance by credit and the provision that has been made to meet those liabilities.

CREDITOR

Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments had not been made by the end of that period.

DEBTOR

Amounts due to the Council for works done, goods received or services rendered before the end of the accounting period but for which payments had not been received by the end of that period.

GLOSSARY OF TERMS

DEFERRED CONSIDERATION

A prepaid amount paid to the contractor in advance of services, written off over the life of the contract in equal instalments to the revenue account, in order to reduce the overall cost to the contract

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

A defined contribution scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits.

DEPRECIATION

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

DIRECT SERVICE ORGANISATIONS (DSOs)

Independent organisations within the local authority which, following competition with the private sector, have been successful in being awarded contracts for carrying out specified work for the Council.

FINANCE LEASE

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

FINANCIAL REPORTING STANDARD (FRS) AND STATEMENTS OF STANDARD ACCOUNTING PRACTISES (SSAP)

These cover particular aspects of accounting practice, and set out the correct accounting treatment – for example, of depreciation. FRSs are issued by, and SSAPs have been adopted by, the Accounting Standards Board.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of local authority services. These grants may be specifically towards the cost of particular schemes or to support the general revenue spending of the Authority.

GLOSSARY OF TERMS

HOUSING ADVANCES

Loans made by an authority to individuals or Housing Associations towards the cost of acquiring, constructing or improving dwellings. Loans made to individuals are termed mortgages.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account that includes all the expenditure and income arising from the provision of council housing by the Authority.

INCOME

Amounts which the Council receives or expects to receive from any source, including rents, fees, charges, sales and grants.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council, which are not readily sold, do not necessarily have a resale value, and for which a useful life span cannot be readily assessed (for example highways).

INTANGIBLE ASSET

Intangible assets represent expenditure which may be properly capitalised, but which does not represent tangible fixed assets which need representing on the balance sheet. Intangible assets are amortised to revenue over an appropriate period not exceeding five years and as part of the capital accounting entries intangible assets are passed through the Capital Financing Reserve and the Consolidated Revenue Account so there is no impact on the levels of council tax.

LIABILITY

An amount owed by the Authority, which will be paid at some time in the future.

MINIMUM REVENUE PROVISION (MRP)

The MRP is a statutory amount relating to the principal element of loans outstanding, which is a specific percentage of the Authority's credit ceiling at the end of the previous year. This percentage is 2% for the Housing Revenue Account and 4% for other services.

NON-DOMESTIC RATE (NDR)

The Non-Domestic Rate is a standard rate in the pound set by the Government on the assessed rateable value of business properties.

GLOSSARY OF TERMS

NON-OPERATIONAL ASSETS

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

OPERATING LEASE

A type of lease where the ownership of the asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held by the Authority and directly occupied or used in the delivery of its services.

PRECEPT

A levy made by precepting authorities on the Collection Fund of billing authorities. The Police Authority levies a precept on the City Council.

PROVISION

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

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

The amount recognised as a provision should be the best estimate taking into account the risks and uncertainties surrounding the events and should be regularly reviewed.

PRUDENCE

The concept that revenue is not anticipated but recognised only when realised or certain to be realised.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government agency, which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

RATEABLE VALUE

The annual assumed rental value of a property, which is used for NDR purposes.

GLOSSARY OF TERMS

RESERVES

Surpluses and deficits that have been accumulated over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Fixed Asset Restatement Reserve cannot be used to meet current expenditure.

RESIDUAL VALUE

The difference between the agreed contractual residual value (nil) and the projected fair residual value must be built up over the life of the project. The fair value must match the accumulated entries at the end of the contract. The revenue account is to be credited each year with an equal amount to enable an asset to be created at the end of the contract.

REVENUE ACCOUNT

The main account of the Authority into which grants and other income is paid and from which the cost of providing services is met.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT (RSG)

A grant paid by Central Government to authorities, contributing towards the cost of services.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

The SORP, issued by CIPFA in accordance with the Accounting Standards Board, governs the way local authorities must produce their financial statements and report their spending and income.

STOCKS

Comprise the following categories: goods and other assets purchased for resale; consumable stores; long term contract balances and finished goods.

TEMPORARY LOAN

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects, and on behalf of minors.

