Statement of Accounts 2011/12

DERBYSHIRE DALES DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2011/12

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EXPLANATORY FOREWORD

INTRODUCTION

The purpose of this foreword is to provide a concise and understandable guide for the reader of the accounts of the most significant aspects of the Council's financial performance, year-end financial position and cash flows.

The Council's accounts for the financial year 2011/12 and the related notes are shown on pages 21 to 83. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) applicable to local authorities. The Code designates certain the financial statements as "core" and requires these to be grouped together in a specified order, to be followed by a consolidated set of notes to the accounts covering all of the core statements. Supplementary statements must be presented (with their own notes) after the notes on the core statements.

The Code sets out the proper accounting practices required for Statements of Accounts, by section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003.

The Statement of Accounts provides information on how the Council has used the financial resources available to it and answers the following significant questions:

- How much did the Council's services cost in 2011/12?
- Where did the money come from?
- What were the major influences on the Council's Income and Expenditure?
- What were the Council's assets and liabilities at the close of 2011/12

SUMMARY OF THE 2011/12 FINANCIAL YEAR

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

General Fund revenue spending in 2011/12

During 2011/12 the Council has faced a number of challenges in successfully managing its financial position. Formula Grant from the Government was reduced by almost £700,000 (16.2%). In setting the budget for 2011/12, savings of £1.3million were identified and this allowed a freeze on the Council Tax, giving a Band D Council Tax of £189.66 (excluding the average parish council precept of £39.12). During 2011/12 officers have regularly reported to Council with updates on the Sustainable Financial Position.

The following table provides a summary of revenue income and expenditure for 2011/12, compared with the original budget i.e. the budget that was approved by Council when setting the Council Tax for 2011/12 prior to the start of the financial year.

	2011/12 Actual £'000s	2011/12 Budget £'000s	2011/12 Variance £'000s	2010/11 Actual £'000s
Central services to the public	1,072	658	414	984
Cultural and related services	3,540	3,090	450	2,878
Environmental and regulatory services	4,809	4,872	(63)	4,692
Planning services	659	1,667	(1,008)	714
Highways and transport services	(1,165)	(1,448)	283	(355)
Housing services	997	511	486	722
Corporate and democratic core	1,603	1,706	(103)	1,730
Non-distributed costs - change in inflation factor for retirement benefits	0	0	0	(3,028)
Non-distributed costs - other	380	357	23	211
Cost of services	**11,895**	**11,413**	**482**	**8,548**
Other Operating Expenditure including Parish Precepts	1,172	1,205	(33)	1,264
Financing and Investment income and Expenditure	654	1,044	(390)	959
Taxation and Non Specific Grant income	(11,696)	(10,640)	(1,056)	(12,733)
(Surplus) or Deficit on Provision of Services	**2,025**	**3,022**	**(997)**	**(1,962)**
Net additional amount required by statute & non statutory proper practise, to be credited to the General Fund Balance for the year	(1,918)	(2,597)	679	1,644
(Increase) / decrease in General Fund Balance	**107**	**425**	**(318)**	**(318)**

The General Fund Balance for 2011/12 decreased by £107,000. The original budget assumed a deficit of £425,000, so there is an under-spending of £318,000 against the original budget. The major variances are:

- The budget for fuel and energy costs was prepared when fuel prices were increasing. However, prices did not reach the anticipated high and consequently the energy budget is underspent by £106,000;
- Employee costs were £47,000 less than the original budget as a result of efficiency savings;
- Expenditure on composting gate fees was £104,000 less than the original budget due to a decision to collect cardboard separately from food waste;
- Commission receivable at Bakewell Agricultural Business Centre was £88,000 more than the original budget, reflecting higher sales;
- Leisure income exceeded the budget by £44,000, assisted by the opening of Arc Leisure, Matlock in August 2011.

Capital Spending in 2011/12

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. The capital account shows the Income and Expenditure transactions the Council makes when it:

- buys or sells land or property
- builds new property
- carries out work that enhances the Council's properties
- improves the Council's properties
- provides grants for the above types of activity, for example, improvement grants.

The original budget (capital programme) for the year was £5,774,013. This was revised to take account of the position at the end of the 2010/11 financial year and to reflect progress on schemes. The revised capital programme for 2011/12 was £5,936,269. The capital spending outturn for the year was £5,185,151; this resulted in an under-spend of £751,118 from the revised programme.

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

	2011/12 Original Budget £'000s	2011/12 Revised Budget £'000s	2011/12 Actual £'000s	2010/11 Actual £'000s
Housing which meets local needs	446	818	605	836
A clean, green and prosperous Dales	2,080	996	814	1,107
Safe and healthy communities	2,850	3,889	3,650	6,026
Other	398	233	116	476
Total Capital Spending	**5,774**	**5,936**	**5,185**	**8,445**

At 31st March 2012, there is an under-spend of £0.75m compared with the revised estimate; the principal schemes contributing to the under-spend are:

- Arc Leisure, Matlock (£138,000)
- Planned Improvements – Car Parks (£53,000)
- Disabled Facilities Grants (£82,000)
- Provision of Car Park Matlock Lido (£119,000)

Approval has been given to carry forward the under-spend into 2012/13.

Capital Resources

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

	2011/12 £'000s	2010/11 £'000s
Capital Receipts	1,528	783
Government Grants and Contributions	208	178
Other Grants and Contributions	996	3,016
Direct Financing from Revenue	312	973
Borrowing	2,141	3,495
Total Capital Financing	**5,185**	**8,445**

The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Capital Receipts Reserve. Details of these can be found in the Notes to the Financial Statements. Also available is the use of external borrowing when required. Currently the Council has borrowing in respect of Arc Leisure Matlock that gives rise to a Minimum Revenue Provision (see below), and a long term liability in respect of a finance lease for cleansing vehicles. This is due to the reclassification of an operating lease taken out during 2008/09. The Council has sufficient capital resources to fund its existing capital programme.

Minimum Revenue Provision

The Local Government Act 2003 requires authorities to set aside an amount from revenue (Minimum Revenue Provision) for the repayment of external loans which have been taken out to fund capital expenditure. In line with CLG Regulations, the Council is required to approve an MRP Statement for each year. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure (i.e. Central Government provides revenue to pay for the borrowing), the MRP policy is the Capital Financing Requirement method outlined in the MRP guidance provided to local authorities by Communities and Local Government as part of the implementation of the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 (SI 2008/414). From 1 April 2008 for all unsupported borrowing the MRP policy is the Asset Life Method whereby MRP will be based on the estimated life of the assets, in accordance with regulations, except in the case of finance leases where the annual lease liability will be taken as MRP.

Capital Investment Plans

The Council has a five-year rolling capital programme at present totalling £6.4m. The major elements are as follows:

	£m
Expanding Services	4.1
Maintaining Existing Levels of Service	2.3

Receipts from the Sale of Assets

The Council received £283,000 from the sale of fixed assets during 2011/12. This was credited to the Capital Receipts Reserve. These sales comprised the following:

	£'000s
Housing Stock Transfer (Right to Buy Sharing Agreement)	116
Garages Alton Rise Matlock	35
Limeyard Cromford	45
Garages Peakland View Darley Dale	39
Ladybrook Drive Hathersage	48
Total	**283**

Details of the Capital Receipts Reserve can be found in Note 22 to the Financial Statements.

Redemption of Debt

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

Collection Fund and Council Tax Collection

Gross expenditure on the Collection Fund totalled £62.8m in 2011/12 (£60.3m in 2010/11). The net collectable amount in 2011/12 in respect of 2011/12 council tax charges only was £41.9m, of which £41.3m was received. This represents an in-year collection rate of 98.5%. Total council tax arrears, including costs, amounted to £1.5m as at 31 March 2012 and will be collected during 2012/13. Council tax is collected on behalf of Derbyshire County Council, Derbyshire Fire and Rescue Authority and

Derbyshire Police Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to precepts. After providing for doubtful debts the Fund deficit reduced by £516,000 during the year, resulting in a deficit carried forward of £367,000. When setting the level of Council Tax for 2012/13, it was estimated that there would be a deficit of £324,000. The difference between the actual and estimated deficit is mainly due to backdated revaluations and will be apportioned between this Council, Derbyshire County Council, Derbyshire Police Authority and Derbyshire Fire and Rescue and taken into account when setting the Council Tax for 2012/13.

Pensions

As part of its terms and conditions of employment the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until the employees retire, the Council has a present commitment to make those payments when employees retire. Note 39 to the Financial Statements, on pages 72 to 76, gives further information and shows that the Council has a net liability of £18.2m at 31 March 2012 (£14.7m at 31 March 2011). Statutory arrangements allow the Council to make good this liability over the remaining working lives of employees. The deficit implies an increase in contributions in the long term.

Treasury Management Performance

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Management and Annual Investment Strategy which was approved in March 2011.

The Council continues to operate a cautious approach to its dealings in the financial markets and accordingly reviews its Treasury Management Strategy regularly. Derbyshire Dales District Council currently deals only with major banks, larger building societies and public bodies for its daily cash flow purposes. It does not currently have any long term debt maturing.

Interest credited to the Comprehensive Income and Expenditure Statement in 2011/12 was £66,000 (2010/11 £182,000). The average rate of interest on investments was 0.79% (0.95% 2010/11).

The Council held investments of £2.9m at 31 March 2012 (£6.5m on 31 March 2011).

Reserves and Balances

The revenue spending has decreased revenue balances. Revenue balances carried forward at 31 March 2012 total £1,646,000 (31 March 2011 £1,753,000). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of earmarked reserves held at 31 March 2012 is £5,800,000 (£6,433,000 at 31 March 2011). A full analysis of earmarked reserves is contained in Note 8 to the financial statements.

The Balance Sheet demonstrates that net worth has decreased by £2.7m during the year to £45.5m.

STATUTORY STATEMENTS

The Council’s statutory statements comprise:

Statement of Responsibilities – Page 8
This statement sets out the respective responsibilities for the accounts of the authority under Local Government legislation and other requirements, and those of the Head of Finance, who is the Council’s Chief Financial Officer. Under the Code of Practice, the Head of Finance must sign the Statement of Responsibilities stating that the accounts present a true and fair view of the financial position of the Council.

Annual Governance Statement – Pages 9 to 17
This statement sets out the District Council’s governance arrangements, within which financial control and risks of the authority are managed and reviewed. The statement identifies any significant control issues and action being taken to address them. This statement has to be certified by the Chief Executive and the Leader of the Council.

Auditor’s Report – Pages 18 to 20
This report provides the independent auditor’s opinion on the fairness of the accounts.

FINANCIAL STATEMENTS

The Statements required by the Code are explained in the notes below:

Movement in Reserves Statement – Page 21

This statement shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Comprehensive Income and Expenditure Account – Page 22

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet – Page 23

This is fundamental to the understanding of the Council's year-end financial position. The Balance Sheet shows the reserves at the Council’s disposal, its long term indebtedness, the assets employed in its operations and current liabilities. The Balance Sheet excludes Trust Funds.

Cash Flow Statement – Page 24

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

Notes to Financial Statements – Pages 25 to 79

These are notes relating to the preceding financial statements which explain and provide additional information to figures included in the core statements.

Collection Fund – Page 80

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

STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority is required to:

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

The Head of Finance's responsibilities

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code).

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

CHIEF FINANCIAL OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 21 to 83 present a true and fair view of the financial position of the Council at 31st March 2012 and its income and expenditure for the year ended 31st March 2012.

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

13 September 2012

APPROVAL BY CORPORATE COMMITTEE

Cllr A.J.P. Catt
Chairman of the Corporate Committee

Date of Meeting: 13 September 2012

ANNUAL GOVERNANCE STATEMENT 2011/12

1. SCOPE OF RESPONSIBILITY

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

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

Derbyshire Dales District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *"Delivering Good Governance in Local Government"*. A copy of the code is on our website www.derbyshiredales.gov.uk, or can be obtained from the Head of Democratic Services, Town Hall, Matlock, DE4 3NN. This statement explains how Derbyshire Dales District Council has complied with the code, and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting an annual review of the system of internal control and an annual review of the effectiveness of internal audit.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at Derbyshire Dales District Council for the year ended 31st March 2012 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

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

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

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

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

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

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

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

Through reviews by external auditors, Internal Audit, and the Corporate Improvement Team, the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised

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

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

In the Annual Governance Report, the Audit Commission commented that the Council has adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

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

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

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

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

Most day-to-day decisions are made by policy committees. In 2011/12, the Council had two policy committees – 'Partnership & Regeneration' and 'Community & Environment'. Meetings are open to the public except where personal or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority. With effect from the Annual Council Meeting on 24th May 2012, there will be three policy committees – Corporate Committee, Communities Committee and Environment Committee. This will:

- Achieve a better balance in the workload of those Committees in anticipation of new responsibilities to come under the provisions of the Localism Act.
- Provide a clearer alignment of priorities with the Corporate Plan
- Enable policy improvement and review to be undertaken by sub-committees as may be required from time to time.

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

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

In 2011/12, the Council's Audit and Standards Committee promoted, monitored and enforced probity and high ethical standards in the District Council and the local parish councils. It approved a local Code of Conduct for Members and for employees. The Committee ensured that Members act with integrity and recommends adoption corporately of any measures including those of confidentiality that are necessary to secure and demonstrate propriety within the general principles of public life.
The Committee also ensured that all elected and co-opted members have access to training in all aspects of the Member Code of Conduct.
With effect from the Annual Council Meeting on 24th May 2012, all governance and probity issues previously under the remit of the Audit and Standards Committee transfers to the new Corporate Committee.
Members have been required to attend training on the application of the Council's Code of Conduct for Members. Training was also provided to senior officers of the Council so that they could appreciate the issues surrounding the ethical framework and the Member/officer relationship.
The Employee Code of Conduct, based on the underlying principles of the Member code, was adopted in January 2008. Copies of the Code have been distributed to all employees.
The Council has a protocol governing Member/Officer relations.
Under the Localism Act 2011, the current ten General Principles and Model Code of Conduct will be repealed, and Members will no longer have to give an undertaking to comply with the Code of Conduct. However, the Council will be required to adopt a new Code of Conduct governing elected and co-opted members' conduct when acting in that capacity. The Monitoring Officer has been instructed to prepare for consideration by the appropriate Committee a draft Code of Conduct that:

- Equates to Paragraphs 3 to 7 of the current Code of Conduct applied to member conduct in the capacity of an elected or co-opted member of the Council or its Committees and Sub-Committees, and
- Requires registration and disclosure of interests which would currently constitute personal and prejudicial interests, but only require withdrawal as required in the Act in relation to Disclosable Pecuniary Interests.

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

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

All reports which require decisions to be taken by the Council or its Committees contain a section which outlines legal, financial and corporate risks in order to inform the decision making process.
The Council's Constitution, including the Scheme of Delegation, Standing Orders and Financial Regulations, is reviewed annually by the Council.

Ensuring the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010):

The Council has designated the Head of Finance as chief financial officer in accordance with Section 151 of the Local Government Act 1972. Examples of how the role of the Head of Finance & the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)" are as follows:

- The Head of Finance is a member of the Chartered Institute of Public Finance & Accountancy (CIPFA), reports directly to the Chief Executive and is a member of the Corporate Management Team.
- The District Council's governance arrangements ensure that the Head of Finance has direct access to the Chief Executive, all other members of the Corporate Management Team, the Audit and Standards Committee, and external audit.
- The Council's Financial Regulations ensure that the Head of Finance is able to influence all material business decisions, as no item can be placed before the Council or its Committees without obtaining the Head of Finance's assessment of its financial implications and financial risk.
- Financial Regulations require the Head of Finance to prepare, and review on an annual basis, a financial strategy which includes a five-year financial plan, a five-year capital strategy, and a policy in respect of reserves and provisions.
- The Head of Finance ensures compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.
- Article 12 of the Council's Constitution sets out the functions of the chief finance officer, including ensuring lawfulness and financial prudence of decision making, administration of financial affairs, contributing to corporate management, providing advice and giving financial information, and requires the Council to provide whatever resources are require to allow these duties to be performed.
- There is a line of professional accountability to the Head of Finance for the District Council's finance staff.

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

With effect from the financial year 2011/12, the Audit and Standards Committee succeeded the previous Audit Committee. It is a key source of assurance to the Council's arrangements for managing risk, maintaining an effective control environment. The Audit and Standards Committee provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the authority's exposure and weakens the control environment. Its Terms of Reference are in accordance with the above CIPFA guidance.
With effect from 2012/13 the core functions of an audit committee will be undertaken by the new Corporate Committee. Its Terms of Reference relating to audit remain will remain the same as the current arrangement.

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

The Council has designated the Head of Democratic Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Chief Executive (head of paid service) and the Head of Finance (chief finance officer), the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
The Council maintains an Internal Audit Section, which operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.
The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit Letter.

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

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

With effect from 2012/13 the Overview and Scrutiny Committee will be abolished, and a Standards Committee is established only for so long as is required until legislation permits its deletion with effect from 1st July 2012. All licensing functions are transferred to the Licensing and Appeals Committee.

Whistle-blowing and for receiving and investigating complaints from the public:
The Council's Whistle-blowing policy demonstrates the Council's commitment to providing support for whistleblowers. It is available to all staff on the Council's Intranet, and is included in procurement advice to suppliers.
The Council has an adopted complaints procedure that enables members of the public to raise concerns in respect of the Council's services. Any member of the public who is dissatisfied with the initial response to their complaint has the opportunity to request an independent review of that decision by the Council's Chief Executive. The Audit and Standards Committee has a role in monitoring the complaints framework and any complaints dealt with by the Local Government Ombudsman. Any critical findings from the Local Government Ombudsman are reported to one of the Council's Policy Committees or Council as appropriate.
Details of how to make a complaint are on the Council's website www.derbyshiredales.gov.uk.

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

The aim of the Council's employee Personal Development Scheme is to jointly agree objectives, identify training and development needs, and formulate specific and realistic action plans which contribute towards achieving the Council's aims and objectives. The scheme also reviews past performance.
A Member Development Working Group, consisting of Members and officers, has day-to-day responsibility for shaping and developing the Council's Member Development Scheme. The scheme enables individual Members to discuss their training and development needs within a set framework that included mandatory training on key topics.

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

The Council has three Area Community Forums covering the North, Central & Southern Areas of the District, which are intended to act as a focal point for mutual communication and consultation between the local community, stakeholders and Councillors. Community Forums contribute towards development of the Community Strategy, and can examine the effectiveness of strategic implementation of Council Policy at a local level and report findings to the relevant Committee.
The Council has a Citizens Panel of 1000 residents who are consulted regularly on a variety of issues, including the establishment of aims and objectives.

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

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

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

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

4. REVIEW OF EFFECTIVENESS

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

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

- The Head of Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting.
- The Audit and Standards Committee reviews the local Code of Corporate Governance on an annual basis, including Dimension 4 relating to risk management and internal control, adopts an Action Plan to deal with any issues, and makes appropriate recommendations to Council on potential improvements.

In 2011/12, the Council's Audit and Standards Committee has Terms of Reference which include:

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

In 2011/12, the Audit and Standards Committee met on four occasions throughout the year, in March, June, September and December. It was composed of six Members of the District Council, three Members of Parish Councils, and three independent members, including an independent Chairman.

With effect from the financial year 2012-13, all governance and probity issues previously under the remit of the Audit and Standards Committee will be transferred to the new Corporate Committee.

The Council has designated the Head of Finance as chief finance officer in accordance with Section 151 of the Local Government Act 1972. The role of the Head of Finance & the District Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)".The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and with Financial Regulations. The Council has in place a five-year Financial Strategy, updated annually, to support the medium-term aims of the Corporate Plan.

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

These definitions are:

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

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

A review of the effectiveness of the system of internal control and the effectiveness of internal audit is undertaken on a regular basis. The findings of the review were considered by the Audit and Standards Committee on 2nd April 2012. No significant issues were identified which needed to be brought to the attention of the Audit and Standards Committee or required action to be taken.

The Council's Corporate Management Team of Chief Officers and senior managers meets on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. The Corporate Management Team also considers other internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.

Each year, the Corporate Management Team reviews the Risk Management Policy Statement and Strategy to ensure their continued relevance to the Council. The annual review also assesses performance against the aims and objectives of the Risk Management Strategy. In the Annual Audit Report, the Chief Internal Auditor provides an opinion to the Audit and Standards Committee on the adequacy of the Council's risk management systems and the internal control environment

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

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

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

The Corporate Improvement Team of Chief Officers and senior managers meets on a monthly basis and reviews progress on performance indicators, risk management and value-for-money.

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

In the Audit Commission's Annual Governance Report dated September 2011, the External Auditor commented that *"I have not identified any weakness in the design or operation of internal control that might result in material error in your financial statements of which you are not aware".*

In the Audit Commission's Audit Letter issued in November 2011, the External Auditor commented that:

- *"You can take assurance from the fact that I issued an audit report including an unqualified opinion on the financial statements on 27th September 2011"*, and
- *"I issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources on 27th September 2011".*

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

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

5. SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues have been identified.

	Issue	Action
1.	The Council continues to face significant financial pressures. Although savings and efficiency gains have been achieved each year in order to set a balanced budget, the latest projection has identified that further savings of around £0.4 million are required over the next three years. However, due to future changes in the funding of local government introduced by the Local Government Finance Bill, the Council's financial forecasts may be less accurate than in previous years.	Continue to plan and monitor the achievement of efficiency savings. Update medium-term financial plan during October 2012, or as and when further information becomes available, e.g. previous year's outturn. Monitor future announcements in respect of funding levels following a government review of the local government finance settlement mechanism, and incorporate in to the medium-term financial plan as necessary.
2.	The Council has arrears of Housing Benefit overpayments, totalling approximately £480,000. However, a bad debt provision of £70,000 is considered to be adequate at this stage.	Take the necessary recovery action in order to actively pursue outstanding debts. Produce regular monitoring reports in order to review progress. Assess the adequacy of the bad debt provision as and when further information in available in respect of the success of recovery action.

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

Councillor Lewis Rose O.B.E.
Leader of the Council
Date: - 14th June 2012

Dorcas Bunton
Chief Executive
Date: - 14th June 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBYSHIRE DALES DISTRICT COUNCIL

Opinion on the Authority financial statements

I have audited the financial statements of Derbyshire Dales District Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.
This report is made solely to the members of Derbyshire Dales DC in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Derbyshire Dales DC as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

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

Respective responsibilities of the Authority and the auditor

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

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Derbyshire Dales DC put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

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

Sue Sunderland District Auditor
Audit Commission, Westthorpe Business Innovation Centre, Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ

14 September 2012

THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2010	**1,435**	**7,148**	**3,674**	**758**	**13,015**	**23,350**	**36,365**
Movement in reserves during 2010/11							
Surplus or (deficit) on the provision of services (accounting basis)	1,962	0	0	0	**1,962**	0	**1,962**
Other Comprehensive Income and Expenditure (see CIES)	0	0	0	0	**0**	9,915	**9,915**
Total Comprehensive Income and Expenditure	**1,962**	**0**	**0**	**0**	**1,962**	**9,915**	**11,877**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(2,359)	0	(403)	(699)	(3,461)	3,461	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**(397)**	**0**	**(403)**	**(699)**	**(1,499)**	**13,376**	**11,877**
Transfers to/from Earmarked Reserves (Note 8)	715	(715)	0	0	**0**	0	**0**
Increase or (decrease) in Year (Note 7)	**318**	**(715)**	**(403)**	**(699)**	**(1,499)**	**13,376**	**11,877**
Balance carried forward at 31 March 2011	**1,753**	**6,433**	**3,271**	**59**	**11,516**	**36,726**	**48,242**
Movement in reserves during 2011/12							
Surplus or (deficit) on the provision of services	(2,025)	0	0	0	**(2,025)**	0	**(2,025)**
Other Comprehensive Income and Expenditure (see CIES)	0	0	0	0	**0**	(719)	**(719)**
Total Comprehensive Income and Expenditure	**(2,025)**	**0**	**0**	**0**	**(2,025)**	**(719)**	**(2,744)**
Adjustments between accounting basis & funding basis under regulations (Note 7)	1,285	0	(1,245)	(33)	7	(7)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**(740)**	**0**	**(1,245)**	**(33)**	**(2,018)**	**(726)**	**(2,744)**
Transfers to/from Earmarked Reserves (Note 8)	633	(633)	0	0	**0**	0	**0**
Increase or (decrease) in Year (Note 7)	**(107)**	**(633)**	**(1,245)**	**(33)**	**(2,018)**	**(726)**	**(2,744)**
Balance carried forward at 31 March 2012	**1,646**	**5,800**	**2,026**	**26**	**9,498**	**36,000**	**45,498**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2010/11				2011/12		
Gross Expendture £000s	**Gross Income £000s**	**Net Expenditure £000s**		**Gross Expendture £000s**	**Gross Income £000s**	**Net Expenditure £000s**
			Gross expenditure, gross income and net expenditure of continuing operations			
5,700	(4,716)	984	Central services to the public	5,813	(4,741)	1,072
4,845	(1,967)	2,878	Cultural and related services	5,747	(2,207)	3,540
6,959	(2,267)	4,692	Environmental and regulatory services	6,628	(1,819)	4,809
2,932	(2,218)	714	Planning services	2,126	(1,467)	659
1,699	(2,054)	(355)	Highways and transport services	880	(2,045)	(1,165)
14,133	(13,411)	722	General fund housing services	14,727	(13,730)	997
1,738	(8)	1,730	Corporate and democratic core	1,614	(11)	1,603
(3,028)	0	(3,028)	Non-distributed costs - change in inflation factor for retirement benefits (see note 39)	0	0	0
211	0	211	Non distributed costs - other	380	0	380
35,189	**(26,641)**	**8,548**	**Cost Of Services**	**37,915**	**(26,020)**	**11,895**
1,264	0	1,264	Other Operating Expenditure (Note 9)	1,172	0	1,172
3,329	(2,370)	959	Financing and investment income and expenditure (Note 10)	3,018	(2,364)	654
0	(12,733)	(12,733)	Taxation and Non-Specific Grant Income (Note 11)	0	(11,696)	(11,696)
		(1,962)	**(Surplus) or Deficit on Provision of Services**			**2,025**
		(6,335)	Surplus or deficit on revaluation of non current assets			(2,699)
		(3,580)	Actuarial (gains) / losses on pension assets / liabilities			3,418
		(9,915)	**Other Comprehensive Income and Expenditure**			**719**
		(11,877)	**Total Comprehensive Income and Expenditure**			**2,744**

There have been no acquired operations or discontinued operations in the financial years 2010/2011 and 2011/12.

For 2010/11, the re-classification of leases (see note 1o) has reduced the net cost of services by £91,000 and increased financing and investment expenditure by £113,000, producing a net reduction of £22,000 in Total Comprehensive Income and Expenditure.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2011 £000s		**Notes**	**31 March 2012 £000s**
59,380	Property, Plant & Equipment	12	64,130
1,159	Investment Property	13	1,103
101	Intangible Assets	14	96
3	Long Term Debtors	23	2
60,643	***Long Term Assets***		**65,331**
16	Inventories	16	8
5,024	Short Term Debtors	17	4,312
5,778	Cash and Cash Equivalents	18	2,285
195	Assets held for sale (<1yr)	19	60
11,013	***Current Assets***		**6,665**
(175)	Short Term Borrowing	15	(175)
(2,224)	Short Term Creditors	20	(2,230)
(281)	Provisions (<1yr)	21	0
(2,680)	***Current Liabilities***		**(2,405)**
(45)	Provisions (>1yr)	21	(51)
(5,450)	Long Term Borrowing	15	(5,450)
(15,239)	Other Long Term Liabilities	23, 38 & 39	(18,592)
(20,734)	***Long Term Liabilities***		**(24,093)**
48,242	***Net Assets***		**45,498**
11,516	Usable reserves	22	9,498
36,726	Unusable Reserves	23	36,000
48,242	***Total Reserves***		**45,498**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

31 March 2011 £000s		**31 March 2012 £000s**
1,962	Net surplus or (deficit) on the provision of services	(2,025)
(30)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	2,296
(1,521)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing ar	(916)
411	Net cash flows from Operating Activities (Note 24)	(645)
(5,443)	Investing Activities (Note 25)	(3,814)
857	Financing Activities (Note 26)	966
(4,175)	Net increase or decrease in cash and cash equivalents	(3,493)
9,953	Cash and cash equivalents at the beginning of the reporting period	5,778
5,778	**Cash and cash equivalents at the end of the reporting period (Note 18)**	**2,285**

The cash flow statement has been prepared using the indirect method.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) General principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12* and the *Service Reporting Code of Practice for Local Authorities 2011/12,* supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in FRS18, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

And pervasive accounting concepts:

- Accruals
- Going concern
- Primacy of legislative requirements.

b) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.

Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for income that might not be collected.

c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature on or before 1 July of the following financial year and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

d) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirements (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses or amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

e) Contingent assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

f) Contingent liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed by way of a note to the accounts.

g) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or other forms of leave such as flexi-time or time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Council's employees are part of the Local Government Pension Scheme, administered by Derbyshire County Council (the pension fund). The scheme provides defined benefits to members (in the form of retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit cost method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of Derbyshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - **current service cost** – this represents the future service cost to the employer of one year's accrual of pension benefits, calculated on the actuarial assumptions used at the start of the year. It is allocated in the Comprehensive Income and Expenditure Statement to the services in which the employees worked;
  - **past service and curtailment costs** – the result of increased benefits being awarded in the event of members retiring early during the year. Changes in scheme benefits and any augmentation of benefits for active members would also give rise to past service costs. These

are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- **interest on pension liabilities** – the allowance for one year's worth of the discount on the liabilities "unwinding" as the benefit payments are one year closer: the result is an increase in the value placed on the liabilities of one year's "interest". The calculation is based on the discount rate in force at the start of the year. It is debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement;
- **expected return on assets** – the allowance made, calculated at the start of the financial year, for the anticipated investment return to be earned on the assets during the year. It is credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement;
- **gains or losses on settlements and curtailments** – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees. These are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the Pensions Reserve and are shown in the Comprehensive Income and Expenditure Statement.
- **employer contributions** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense but debited to the Movement in Reserves Statement.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

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

h) Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

i) Exceptional items, prior period adjustments, changes in accounting policies and estimates, and errors

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

The treatment of heritage assets under FRS30 would require a change in accounting policy in respect of the treatment of heritage assets from 1 April 2011. However, a review of the Council's assets has been undertaken. A de minimis level of £50,000 has been applied. No heritage assets exceeded the de minimis level.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

j) Financial instruments

The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. At the present time this Council does not use an external fund manager.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no early redemptions of loans during 2010/11 or 2011/12.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the general Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. The Council does not hold this type of asset.

Loans and Receivables

Loans and receivables are recognised in the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. The Council has not made any loans at less than market rates (soft loans).

Instruments entered into before 1st April 2006

The Council does not hold any instruments that were entered into before 1 April 2006.

k) Government grants and other contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation ands Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grants or contributions have been received and the conditions have been satisfied (or there were no conditions), the grant or contribution is credited to the Comprehensive Income and

Expenditure Statement as shown above. However, it is Derbyshire Dales District Council's policy that where such a grant or contribution has been earmarked to finance future revenue expenditure, an amount equivalent to the grant or contribution will be transferred to the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement. When the relevant expenditure has been incurred, the associated amount of grant is transferred from the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

l) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

m) Inventories and long term contracts

Inventories are included on the Balance Sheet at the lower of cost and net realisable value, calculated separately for each category of inventory. The cost of inventories is assigned using the First In, First Out costing formula.

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

n) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received and expenses incurred in relation to investment properties are shown in the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

o) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

During a review of leases it was determined that some leases had been incorrectly classified as operating leases when they had the characteristics of finance leases (e.g. all the risks and rewards transferred to the Council as lessee). Accordingly, the Council reclassified operating leases in respect of cleansing vehicles as finance leases during the preparation of the accounts for 2011/12. In accordance with the Code, the re-classification was backdated to the start of the lease (i.e. from 1st April 2008) and prior year comparative figures and opening balances have been adjusted in the 2011/12 Statement of Accounts.

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted be a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

The Authority does not grant any finance leases for property, plant and equipment.

Operating Leases

Where the Authority grants an operating lease over a property or an item or plant or equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where a premium paid at the commencement of a lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

p) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the principles of the CIPFA *Service Reporting Code of Practice 2011/12 (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received (using an appropriate basis such as staff time, floor area occupied or facility usage), with the exception of:

- Corporate and Democratic Core – these costs relate to the Council's status as a multi-functional, democratic organisation
- Non-distributed costs – these are the costs of discretionary benefits awarded to employees retiring early and impairment losses on Assets Held for Sale.

These two categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Net Cost of Services.

The cost of service strategy and regulation of any service to the public is charged to the relevant service revenue account.

q) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. It will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – historical cost.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where the is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been changed if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The only type of Council receipt this applies to is mortgage repayments in respect of Council House sales made prior to the Housing Stock Transfer in March 2002. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

r) Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Statement of Income and Expenditure in the year that the council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed back to the relevant service.

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

s) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and these do not represent usable resources for the council. Such reserves are explained in the relevant accounting policies.

t) Revenue expenditure funded from capital under statute

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

u) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

The Council is unable to recover all of its exempt input tax as it has breached the 5% partial exemption limit that applies to local authorities. In the case of revenue activities, the non-recoverable VAT has been charged to the relevant service in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement. In the case of non-recoverable VAT relating to capital projects, the cost has been recognised as part of the initial cost of the asset.

v) Interests in Companies and Other Entities

Councils often choose to conduct their activities not through a single legal entity but through several undertakings under the ultimate control of the Council. In these circumstances the financial reports of that Council would not present a full picture of its economic activities or financial position; group accounts are therefore required to reflect the full service delivery and economic effects to the parent Council. Derbyshire Dales District Council does not have any material interests in companies or other entities that have the nature of subsidiaries, associates and jointly controlled entities. Therefore, the Authority has not prepared group accounts.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The adoption of amendments to IFRS 7 Financial Instruments: Disclosures (transfers of financial assets, issued October 2010), by the code will result in a change in accounting policy that requires disclosure.

The amendments are intended to assist users of the financial statements to evaluate the risk exposures that relate to transfers of financial assets, including the possible effects of any risks that may remain with the entity that transferred the assets. It also includes additional disclosure requirements where there is a disproportionate amount of transfer transactions around the end of the reporting period. The effective date of the standard was 1 July 2011 but local authorities are not required by the Code to implement this amended disclosure requirement until 1 April 2012.

Following a review of the Authority's financial assets and liabilities at 31 March 2012, it is considered unlikely that the amendments to the IFRS 7 accounting standard will have a material impact on the financial statements of the Council.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's balance sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £16,000 for every year that useful lives had to be reduced.
Provisions	The Authority has made a provision for the settlement of insurance claims, based on the number of claims outstanding at the balance sheet date and the estimated settlement costs. It is not certain that all claims have been received by the authority (public liability claims must be made within three years of the accident or within three years of reaching the age of 18 in the case of claims involving children).	An increase of 10% in the total number of claims would have the effect of adding £3,000 to the provision. The Authority has an insurances reserve that is available to finance any unknown future liabilities incurred where the Council has not externalised the insurance cover.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts rate used, the rate at which salaries are expected to increase, mortality rates and expected returns on pensions fund assets. An independent firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of 889,000, while a 1 year addition to members' life expectancy would increase the pension liability by £1m.
Arrears	At 31 March 2012, the Authority had sundry debtor invoice arrears of £524,000. A review of the arrears, based on the age of the debts and the likely levels of collection, suggested that an impairment allowance of £31,000 was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. At 31 March 2012, the Authority had arrears of £483,000 relating to Housing Benefit Overpayments. A review of the arrears, based on the age of the debts and the likely levels of collection, suggested that an impairment allowance of £70,000 was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts relating to debtor invoices would require an additional £31,000 to be set aside as an allowance. If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts relating to housing benefit overpayments would require an additional £70,000 to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The assets used by the waste collection contractor have been reviewed to determine whether they meet the criteria for an embedded lease. The current contract was extended for two years in August 2010 and is due to expire in August 2012. The depot used by the contractor is not solely used by this Authority so this does not meet the criteria for an embedded lease. However, for vehicles, it has been determined that under the present contract conditions there is an embedded operating lease.
- Some of the Council's vehicles are leased from Derbyshire County Council. The agreement has been reviewed and it has been determined that this arrangement is a finance lease, as all the risks and rewards fall to the Council.
- Some of the Council's land is leased to third parties. It has been determined that three of these properties are investment properties and that the associated leases are operating leases.
- The Authority is the trustee of the Ernest Bailey Charity, a charity that provides benefits for the inhabitants of the Matlock area. It has been determined that the Authority does not have control of the Trust and it is not a subsidiary of the Authority.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

The Net Cost of Services on the Comprehensive Income and Expenditure Statement for 2010/11 included £44,000 in respect of overpaid VAT recovered in Fleming claims and £118,000 in respect of non-recoverable VAT set aside in 2005/06 (2006/07 for refund in 2009/10) that is not payable.

For 2011/12, there are no material items of income and expenses not already disclosed elsewhere in the accounts.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 29 June 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made in the Movement in Reserves Statement to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2010/11	Usable Reserves			
	General Fund Balance £'000s	Capital Receipts Reserv £'000s	Capital Grants Unapplie £'000s	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	#####			#####
Amortisation of Intangible Assets	24			(24)
Capital grants and contributions applied	#####			#####
Revenue expenditure funded from capital under statute	261			(261)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	474			(474)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment	(92)			92
Capital expenditure charged against the General Fund Balance	(989)			989
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			(699)	699
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(380)	380		
Use of the Capital Receipts Reserve to finance new capital expenditure		(783)		783
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	(1)		
Transfer from Deferred Receipts Reserve upon receipt of cash		1		(1)
Adjustments primarily involving the Deferred Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1			(1)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(110)			110
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 39)	(866)			866
Employer's pension contributions in the year	#####			#####
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	63			(63)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory	3			(3)
Total Adjustments	**#####**	**(403)**	**(699)**	**#####**

2011/12	General Fund Balance £'000s	Capital Receipts Reserve £'000s	Capital Grants Unapplied £'000s	**Movement in Unusable Reserves £'000s**
	Usable Reserves			
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,443			(2,443)
Amortisation of Intangible Assets	38			(38)
Capital grants and contributions applied	(632)			632
Revenue expenditure funded from capital under statute	51			(51)
Movements in fair value of investment properties	56			(56)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	249			(249)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment	(132)			132
Capital expenditure charged against the General Fund Balance	(359)			359
Adjustments primarily involving the Capital Grants Unapplied Account:				
Application of grants to capital financing transferred to the Capital Adjustment Account			(33)	33
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(283)	283		
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,528)		1,528
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1	(1)		
Transfer from Deferred Receipts Reserve upon receipt of cash		1		(1)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(111)			111
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 39)	1,630			(1,630)
Employer's pension contributions in the year	(1,590)			1,590
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(76)			76
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0			0
Total Adjustments	**1,285**	**(1,245)**	**(33)**	**(7)**

8. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2011/12.

	Balance at 1st April 2011 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31st March 2012 £'000s	Movement 2011/12 £'000s	Movement 2010/11 £'000s
Bakewell ABC Repairs	31	0	0	31	0	(17)
Capital Improvements	57	0	0	57	0	57
Carsington Improvements	74	0	(5)	69	(5)	(2)
Committed Expenditure	249	105	(107)	247	(2)	22
Concessionary Fares	10	0	0	10	0	(357)
Direct Revenue Financing	2,038	0	(237)	1,801	(237)	(137)
Economic Development	65	0	0	65	0	0
Elections	92	0	(18)	74	(18)	10
Information Technology	514	21	(47)	488	(26)	(26)
Insurances	537	0	(18)	519	(18)	10
Job Evaluation	437	0	(54)	383	(54)	0
Local Plan	51	78	0	129	78	(13)
Member / Officer Indemnity	25	0	0	25	0	0
Revenue Grants Unapplied	2,033	561	(891)	1,703	(330)	128
Sports Centres	0	0	0	0	0	(326)
Vehicle Renewals	199	0	0	199	0	(79)
Wheeled Bins	21	15	(36)	0	(21)	15
	6,433	**780**	**(1,413)**	**5,800**	**(633)**	**(715)**

Reserves are held for the following purposes:

Reserve	**Purpose**
Bakewell ABC Repairs	To meet future repair requirements at the Agricultural Business Centre.
Capital Improvements	Created from the saving arising from the property repairs tender, to provide funding for capital improvements.
Carsington Improvements	To finance new or improved facilities for visitors to Carsington Reservoir or to mitigate any adverse effect on the locality caused by the development of the reservoir or the attraction of visitors to it, after consultations with Severn Trent Water.
Committed Expenditure	To finance expenditure committed in the Council's accounts as at 31st March but not yet due.
Concessionary Fares	To meet any increased costs arising from the judicial review; to meet any increased costs arising from appeals by bus operators; to meet increased costs due to inflation over and above grant increases.
Direct Revenue Financing	For future application to capital schemes, representing the Direct Revenue Financing provided for capital schemes where slippage has occurred.
Economic Development	To finance economic development schemes within the District.
Elections	To finance future District Council elections, by spreading the estimated costs annually.
Information Technology etc.	To acquire items of information and communications technology, such as personal computers and telephone systems and in connection with the Council's IT systems development strategy.

Insurances	To finance any unknown future liabilities incurred where the Council has not externalised the insurance cover, mainly where quotations from external insurers are not cost effective when compared to the value of claims likely to be made such as for terrorism. Also covered are losses falling within the levels of excess on all other policies.
Job Evaluation	To finance the extra costs of the Council's Job Evaluation exercise over 7 years
Local Plan	To finance the costs of the Council's Local Plan.
Member / Officer Indemnity	This reserve provides for risks not covered by insurance. The main risks comprise acts or omissions found to be ultra vires and defence costs of criminal proceedings.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years.
Sports Centres	To finance a new sports centre within the District.
Vehicle Renewals	To fund the replacement of the Council's vehicle fleet. The balance on this reserve has been re-examined based on the current fleet of vehicles.
Wheeled Bins	To finance the future purchase of any replacement wheeled bins required by the Council.

9. OTHER OPERATING EXPENDITURE

2010/2011 £'000s		2011/2012 £'000s
1,169	Parish Precepts	1,206
1	Payment to Housing Capital Receipts Pool	1
109	Gains/losses on the disposal of non-current assets	(35)
(15)	Repayment of grants and advances	0
1,264		**1,172**

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2010/2011 £'000s		2011/2012 £'000s
226	Interest payable on debt	226
113	Interest element of finance lease	99
904	Pensions interest cost and expected return on pensions assets	448
(182)	Interest receivable and similar income	(66)
(102)	Income and expenditure in relation to invesment properties	(53)
959		**654**

11. TAXATION AND NON SPECIFIC GRANT INCOME

2010/2011 £'000s		2011/2012 £'000s
	Non-ringfenced government grants	
611	Revenue Support Grant	844
0	Council Tax Freeze Grant	142
0	New Homes Bonus	169
0	Local Services Support Grant	141
0	Disabled Facilities Grants	208
35	Area Based Grant	0
646		1,504
6,733	Council tax income	6,831
4,212	Non-domestic rates distribution	2,729
1,142	Capital grants and contributions	632
12,733		**11,696**

12. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment As at 31st March 2011	Land and Buildings £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Vehicles, Plant, Equipment £'000s	Assets Under Construction £'000s	Total £'000s
Cost or Valuation						
At 1 April 2010	38,542	5,231	1,865	3,677	2,682	51,997
Additions	378	137	74	318	5,887	6,794
Revaluation increases/(decreases) to Revaluation Reserve	5,835					5,835
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(658)					(658)
Disposals	(495)			(132)		(627)
Reclassifications	(195)			22	(22)	(195)
At 31 March 2011	**43,407**	**5,368**	**1,939**	**3,885**	**8,547**	**63,146**
Accumulated Depreciation and Impairment						
At 1 April 2010	1,335	0	0	2,011	0	3,346
Depreciation Charge	711			362		1,073
Depreciation written out on revaluation	(504)					(504)
Impairment losses/reversals to Revaluation Reserve						0
Impairment losses/reversals to (Surplus)/Deficit on provision of services						0
Disposals	(19)			(130)		(149)
Reclassifications						0
At 31 March 2011	**1,523**	**0**	**0**	**2,243**	**0**	**3,766**
Net Book Value						
At 31 March 2011	**41,884**	**5,368**	**1,939**	**1,642**	**8,547**	**59,380**
At 31 March 2010	**37,207**	**5,231**	**1,865**	**1,666**	**2,682**	**48,651**

Property, Plant and Equipment As at 31st March 2012	Land and Buildings £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Vehicles, Plant, Equipment £'000s	Assets Under Construction £'000s	Total £'000s
Cost or Valuation						
At 1 April 2011	43,407	5,368	1,939	3,886	8,547	63,147
Additions	325	509	650	325	2,800	4,609
Revaluation increases/(decreases) to Revaluation Reserve	2,155			6	86	2,247
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(415)				(518)	(933)
Disposals	(114)			(26)		(140)
Reclassifications	7,218			3,677	(10,895)	0
At 31 March 2012	**52,576**	**5,877**	**2,589**	**7,868**	**20**	**68,930**
Accumulated Depreciation and Impairment						
At 1 April 2011	1,523	0	0	2,243	0	3,766
Depreciation Charge	703			483		1,186
Depreciation written out on revaluation	(450)					(450)
Impairment losses/reversals to Revaluation Reserve						0
Impairment losses/reversals to (Surplus)/Deficit on provision of services	325					325
Disposals	(1)			(26)		(27)
Reclassifications						0
At 31 March 2012	**2,100**	**0**	**0**	**2,700**	**0**	**4,800**
Net Book Value						
At 31 March 2012	**50,476**	**5,877**	**2,589**	**5,168**	**20**	**64,130**
At 31 March 2011	**41,884**	**5,368**	**1,939**	**1,642**	**8,547**	**59,380**

The Council reclassified operating leases in respect of cleansing vehicles as finance leases from 1st April 2008. This has now been reflected in the Council's accounts since that time and opening balances and comparators have been adjusted accordingly.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Operational buildings – 1 to 60 years
- Vehicles, plant and equipment – 3 to 10 years

Commitments Under Capital Contracts

The Council has no outstanding commitments in excess of £250,000 under capital contracts as at 31 March 2012. Similar commitments at 31 March 2011 totalled £2.65 million.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. At 1 April 2011 the Council revalued its depots, public conveniences, public property, stall markets, tourist information centre and parks pavilions. In addition, a review of all other assets was undertaken to determine any further action required. A review of assets was undertaken to determine if any impairment had taken place, and where appropriate values were amended. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Plant and machinery is included in the valuation of buildings. During 2011/12 the Council brought into use its newly completed leisure centre (Arc Leisure, Matlock) and several public conveniences, which have been included in the valuations below. The assumptions made in producing the various valuations are set out in a valuation certificate and report.

	Land and Buildings £000's	Vehicles, Plant, Equipment £000's	Community Assets £000's	Infrastructure Assets £000's	Total £000's
Carried at historical cost	0	7,868	5,877	2,589	16,334
valued at fair value as at:					
31 March 2012	15,190	0	0	0	15,190
31 March 2011	18,161	0	0	0	18,161
31 March 2010	11,031	0	0	0	11,031
31 March 2009	8,194	0	0	0	8,194
	52,576	**7,868**	**5,877**	**2,589**	**68,910**

Heritage Assets

The Council has a small number of heritage assets which are treated in accordance with the Council's accounting policies. All the heritage assets have indefinite lives and are therefore not subject to depreciation. The Council's identified heritage assets are as follows:

War memorials

The Council has 7 war memorials situated throughout the district. Due to their age, there is no reliable information as to their cost and the lack of comparable data does not afford a meaningful valuation. The assets are not separately identified on the balance sheet. Future identified measurements will be at historic cost.

Churchyard gates, St. Oswald's Church, Ashbourne

The original cost of these gates is unknown. The Council restored the gates in 1999/2000 at a cost of £19,000 and they are held on the balance sheet at this amount. A separate valuation has not been undertaken on this asset due to the lack of comparable data.

De minimis

The de minimis level for individual heritage assets is £25,000. Any assets identified below this level will remain in their existing categories (including those above).

13. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2010/11 £'000s		2011/12 £'000s
102	Rental income from investment property	71
0	Direct operating expenses arising from investment property	(18)
102	**Net gain / (loss)**	**53**

The Authority's investment properties are leased to third parties on terms ranging from 21 years to 125 years.

The following table summarises the movement in the fair value of investment properties over the year:

2010/11 £'000s		2011/12 £'000s
1,159	**Balance at 1 April**	**1,159**
0	Additions	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	(56)
1,159	**Balance at 31 March**	**1,103**

14. INTANGIBLE ASSETS

The Authority accounts for its software licences and some other licences as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences, there are no items of internally generated software.

All software is given a finite useful life, based on the assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 4 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charge to revenue in 2011/12 was £38,034.

2010/11 £'000s		2011/12 £'000s
	Balance at 1 April:	
84	Gross Carrying Amounts	129
(13)	Accumulated amortisation	(28)
71	**Net carrying amount at 1 April**	**101**
54	Additions	33
(24)	Amortisation for the period	(38)
(9)	Disposals: Gross Carrying Amount	(7)
9	Disposals: Accumulated amortisation	7
101	**Net carrying amount at 31 March**	**96**
	Comprising:	
129	Gross carrying amounts	155
(28)	Accumulated amortisation	(59)

Amortisation methods are explained in Accounting Policies on page 31.

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2011 £000's	31 March 2012 £000's	31 March 2011 £000's	31 March 2012 £000's
Investments				
Loans and Receivables	3	2	8,338	4,595
Total investments	**3**	**2**	**8,338**	**4,595**
Borrowings				
Financial liabilities at amortised cost	5,450	5,450	2,148	1,425
Total borrowings	**5,450**	**5,450**	**2,148**	**1,425**

Income, Expense, Gains and Losses

	Financial Liabilities		Financial Assets	
	2010/11 £000's	2011/12 £000's	2010/11 £000's	2011/12 £000's
Interest Expense	226	226	0	0
Interest Payable	226	226	0	0
Interest Income	0	0	(182)	(66)
Interest and Investment Income	0	0	(182)	(66)
Net (Gain) / Loss for the year	226	226	(182)	(66)

Fair values of Assets and Liabilities

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

- For PWLB loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- No early repayment or impairment is recognised
- Where an instrument will mature in the next twelve months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2011		31 March 2012	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Non Public Works Loan Board	175	175	175	175
Public Works Loan Board	5,450	5,466	5,450	6,555
Total Debt	5,625	5,641	5,625	6,730
Trade Creditors	1,974	1,974	1,250	1,250
Total Financial Liabilities	**7,599**	**7,615**	**6,875**	**7,980**
Loans and Receivables	6,478	6,478	2,935	2,935
Long Term Debtors	3	3	2	2
Trade Debtors	1,860	1,860	1,660	1,660
Total Loans and Receivables	**8,341**	**8,341**	**4,597**	**4,597**

As at the 31st March 2012 the fair value of the liabilities is higher than the carrying amount because the Authority's loan is a fixed rate loan where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2012) arising from a future commitment to pay interest to lenders below current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

16. INVENTORIES

	Fuel and Oils		Tourism Publications		Computer Consumables		**Total**	
	2010/11 £000's	2011/12 £000's	2010/11 £000's	2011/12 £000's	2010/11 £000's	2011/12 £000's	2010/11 £000's	2011/12 £000's
Balance at 1 April	**2**	**2**	**12**	**11**	**5**	**4**	**19**	**17**
Purchases	26	30	32	33	4	1	62	64
Recognised as an expense in year	(26)	(30)	(33)	(38)	(5)	(3)	(64)	(71)
Written off balances	0	0	0	0	0	(2)	0	(2)
Balance at 31 March	**2**	**2**	**11**	**6**	**4**	**0**	**17**	**8**

17. DEBTORS

31 March 2011 £'000s		31 March 2012 £'000s
1,241	Central Government Bodies	1,114
2,155	Other Local Authorities	1,465
17	NHS Bodies	22
255	Council Tax Payers - Derbyshire Dales	236
1,356	Other Entities and Individuals	1,475
5,024		**4,312**

The amounts shown above represent the value of debts net of impairment allowance for non-collection.

18. CASH AND CASH EQUIVALENTS

31 March 2011 £'000s		31 March 2012 £'000s
(700)	Cash and Bank	(650)
4,475	Bank Instant Access Deposit Account	2,935
2,003	Short Term Deposits with Building Societies, including Accrued Interest	0
5,778		**2,285**

19. ASSETS HELD FOR SALE

The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

2010/11 £'000s		2011/12 £'000s
0	**Balance at 1 April**	**195**
	Assets newly classified as held for sale:	
195	Property, Plant and Equipment	0
0	Revaluation gains / losses	0
	Assets declassified as held for sale:	
0	Property, Plant and Equipment	0
0	Assets sold	(135)
195	**Balance at 31 March**	**60**

20. CREDITORS

31 March 2011 £'000s		31 March 2012 £'000s
348	Central Government Bodies	832
563	Other Local Authorities	421
118	Council Tax Payers - Derbyshire Dales DC	113
1,195	Other Entities and Individuals	864
2,224		**2,230**

21. PROVISIONS

	Long Term Insurances	Short Term Voluntary Redundancy Costs	Total
	£'000s	£'000s	£'000s
Balance at 1 April 2010	**61**	**0**	**61**
Additional provisions made in 2010/11	(10)	281	**271**
Amounts used in 2010/11	(11)	0	**(11)**
Unused amounts reversed in 2010/11	5	0	**5**
Balance at 31 March 2011	**45**	**281**	**326**
Additional provisions made in 2011/12	18	0	**18**
Amounts used in 2011/12	(13)	(281)	**(294)**
Unused amounts reversed in 2011/12	1	0	**1**
Balance at 31 March 2012	**51**	**-**	**51**

Insurance claims

The Insurances Provision was established to provide for claims that are pending in respect of uninsured losses, arising where there is no externally provided cover, such as where quotations from external insurers are not cost effective when compared with the value of claims likely to be made. Also covered are losses falling within the levels of excess on all other policies. All of the insurance claims are individually insignificant. They relate to personal injuries where the Authority is alleged to be at fault (e.g. through a failure to repair a car park properly) or vehicle accidents. Provision has been made for those claims where it is deemed probable that the Authority will have to make a settlement, based on past experience about court decisions about liability and the amount of damages payable. It is not clear when all the outstanding claims will be settled as some, especially personal accident claims involving minors, can take several years to settle. The Authority may be reimbursed by its insurers for amounts above a £2,500 excess and, where there is reasonable assurance that this will be so, the income has been recognised.

Voluntary redundancy costs

On 3 March 2011 the Council approved voluntary redundancies for 17 employees. The voluntary redundancy costs totalled £439,000, comprising redundancy payments of £282,000 and pension costs of £157,000. Employees were not due to leave the Council’s employment until 2011/12, but the Code states that termination costs are to be charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of employment. In 2010/11 a provision was established to reflect the accrual of the redundancy payments due. (Statutory arrangements allowed the pension costs of £157,000 to be reversed out of the General Fund Balance in the Movement In Reserves Statement). The payments were made in 2011/12, and the provision has been extinguished.

22. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement In Reserves Statement. The table below shows the balances at 31 March:

	31 March 2011 £'000s	31 March 2012 £'000s
Revenue Accounts		
General Fund	1,753	1,646
Earmarked Reserves		
Capital	256	256
Revenue	6,177	5,544
Other		
Capital Receipts Reserve	3,271	2,026
Grants and Contributions Unapplied	59	26
Total Usable Reserves	**11,516**	**9,498**

23. UNUSABLE RESERVES

	31 March 2011 £'000s	31 March 2012 £'000s
Revaluation Reserve	15,183	17,535
Capital Adjustment Account	41,427	41,621
Financial Instruments Adjustment Account	(4,992)	(4,881)
Deferred Receipts Reserve	3	2
Pensions Reserve	(14,714)	(18,172)
Collection Fund Adjustment Account	(131)	(55)
Accumulated Absences Reserve	(50)	(50)
Total Unusable Reserves	**36,726**	**36,000**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2010/11 £'000s			2011/12 £'000s
	9,263	**Balance at 1 April**		**15,183**
6,762		Upward revaluation of assets	3,406	
(427)		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(707)	
	6,335	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		2,699
(204)		Difference between fair value depreciation and historical cost depreciation	(235)	
(211)		Accumulated gains on assets sold or scrapped	(112)	
	(415)	Amount written off to Capital Adjustment Account		(347)
	15,183	**Balance at 31 March**		**17,535**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2010/11 £'000s			2011/12 £'000s
	39,797	**Balance at 1 April**		**41,427**
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,639)		• Charges for depreciation and impairment of non-current assets	(2,311)	
(24)		• Amortisation of intangible assets	(38)	
(261)		• Revenue expenditure funded from capital under statute	(51)	
(474)		• Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(249)	
	(2,398)			(2,649)
	415	Adjusting amounts written out of the Revaluation Reserve		347
	(1,983)	Net written out amount of the cost of non-current assets consumed in the year		(2,302)
		Capital financing applied in the year:		
783		• Use of the Capital Receipts Reserve to finance new capital expenditure	1,528	
1,142		• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	632	
699		• Application of grants to capital financing from the Capital grants Unapplied Account	33	
989		• Capital expenditure charged against General Fund balances	359	
	3,613			2,552
	0	Movements in the market value of investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(56)
	0	Movements in the Donated assets Account credited to the Comprehensive Income and Expenditure Statement		0
	41,427	**Balance at 31 March**		**41,621**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early repayment of loans, which were redeemed in 2003/04. Premiums are excluded from the Comprehensive Income and Expenditure Statement but included in the Movement in Reserves Statement. Over time, the expense is posted back to the General fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In this Authority's case, the period to charge the premium is 50 years.

	2010/11 £'000s			2011/12 £'000s
	(5,102)	**Balance at 1 April**		**(4,992)**
110		Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	111	
	110	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		111
	(4,992)	**Balance at 31 March**		**(4,881)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as The Authority makes employer's contributions to the pension fund. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time that the benefits come to be paid.

2010/11 £'000s		2011/12 £'000s
(20,498)	**Balance at 1 April**	**(14,714)**
3,580	Actuarial gains or (losses) on pensions assets and liabilities	(3,418)
866	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,630)
1,338	Employer's pensions contributions payable in the year	1,590
(14,714)	**Balance at 31 March**	**(18,172)**

Deferred Receipts Reserve

The Deferred Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Deferred Receipts Reserve. For this Authority, Deferred Receipts arise from mortgages on Council Houses sold.

2010/11 £'000s		2011/12 £'000s
5	**Balance at 1 April**	**3**
(2)	Transfer to the Capital Receipts Reserve upon recepit of cash	(1)
3	**Balance at 31 March**	**2**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2010/11 £'000s		2011/12 £'000s
(68)	**Balance at 1 April**	**(131)**
(63)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory arrangements	76
(131)	**Balance at 31 March**	**(55)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2010/11 £'000s		2011/12 £'000s
(47)	**Balance at 1 April**	**(50)**
47	Settlement or cancellation of accrual made at the end of the preceding year	50
(50)	Amounts accrued at the end of the current year	(50)
(50)	**Balance at 31 March**	**(50)**

24. CASH FLOW STATEMENT – OPERATING ACTIVITIES

2010/2011 £'000s	2010/2011 £'000s		2011/2012 £'000s	2011/2012 £'000s
	1,962	**Net Surplus or (Deficit) on the Provision of Services**		**(2,025)**
		Adjustments for non-cash movements		
1,073		Depreciation	1,186	
658		Impairment and downward valuations	1,258	
24		Amortisation	38	
(564)		Increase/Decrease in Creditors	(462)	
14		Increase/Decrease in Interest and Dividend Debtors	3	
226		Increase/Decrease in Debtors	196	
3		Increase/Decrease in Inventories	8	
(2,204)		Movement in Pension Liability	40	
266		Contributions to/(from) Provisions	(276)	
474		Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	249	
0		Movement in Investment Property Values	56	
	(30)			**2,296**
		Adjustments for investing or financing activities		
(1,142)		Capital Grants credited to surplus or deficit on the provision of services	(632)	
(379)		Proceeds from the sale of property plant and equipment, investment property and intangible assets	(284)	
	(1,521)			**(916)**
	411	**Net Cash Flows from Operating Activities**		**(645)**

Operating Activities within the cash flow statement include the following cash flows relating to interest

2010/2011 £'000s		2011/2012 £'000s
196	Interest Received	69
(226)	Interest Paid	(326)

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2010/2011 £'000s		2011/2012 £'000s
(7,044)	Purchase of property, plant and equipment, investment property and intangible assets	(4,615)
416	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	169
1,185	Other receipts from investing activities	632
(5,443)	**Net cashflows from investing activities**	**(3,814)**

26. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2010/2011 £'000s		2011/2012 £'000s
949	Other receipts from financing activities	1,071
(92)	Cash payments for the reduction of a finance lease liability	(105)
857	**Net cashflows from financing activities**	**966**

27. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across the key policy committees.

Derbyshire Dales District Council
Committee Income and Expenditure

2010/11				2011/12		
Community & Environment Committee £000's	Partnership & Regeneration Committee £000's	Total £000's		Community & Environment Committee £000's	Partnership & Regeneration Committee £000's	Total £000's
3,496	2,663	6,159	Employees	6,265	2,440	8,705
634	1,768	2,402	Premises	872	1,222	2,094
1,101	691	1,792	Transport	450	732	1,182
5,740	3,529	9,269	Supplies and Services	5,748	2,969	8,717
16,055	0	16,055	Transfer Payments	16,865	0	16,865
3,739	1,034	4,773	Support Service Charges	3,688	1,011	4,699
523	1,118	1,641	Capital Charges	1,225	1,313	2,538
31,288	**10,803**	**42,091**	**Total expenditure**	**35,113**	**9,687**	**44,800**
(25,222)	(8,226)	(33,448)	Income	(25,810)	(7,095)	(32,905)
6,066	**2,577**	**8,643**	**Net expenditure**	**9,303**	**2,592**	**11,895**

Reconciliation of Committee Income and Expenditure to Cost of services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Cost of services line of the Comprehensive Income and Expenditure Statement.

2010/11 £000's		2011/12 £000's
8,643	Net expenditure in the Committee Analysis	11,895
(12)	Amounts in the Cost of Services in the Comprehensive Income and Expenditure Statement not reported to management in the Committee	0
(83)	Amounts included in the Committee Analysis but not included in the Cost of Services in the Comprehensive Income and Expenditure Statement	0
8,548	**Cost of Services**	**11,895**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2011/12	Committee Analysis £'000s	Corporate Amounts £'000s	**Total £'000s**
Fees, charges and other service income	(14,183)		**(14,183)**
Financing and investment income (including expected return on pensions assets)	0	(2,346)	**(2,346)**
Income from council tax	0	(6,831)	**(6,831)**
Government grants and other contributions	(18,722)	(4,865)	**(23,587)**
Total Income	**(32,905)**	**(14,042)**	**(46,947)**
Employee expenses	8,705		**8,705**
Other service expenses	28,858		**28,858**
Support service recharges	4,699		**4,699**
Depreciation, amortisation and impairment	2,538		**2,538**
Interest payments (including pensions interest costs)	0	3,000	**3,000**
Town and Parish Council Precepts	0	1,206	**1,206**
Payments to Housing Capital Receipts Pool	0	1	**1**
Repayment of grants and advances	0		**0**
Gain or loss on Disposal of Non Current Assets	0	(35)	**(35)**
Total Expenditure	**44,800**	**4,172**	**48,972**
(Surplus) or deficit on the provision of services	**11,895**	**(9,870)**	**2,025**

Reconciliation to subjective analysis (continued)

2010/11	Committee Analysis £'000s	reported to management in the Committee £'000s	Amounts not included in the CIES £'000s	Adjustments within CIES £'000s	Corporate Amounts £'000s	**Total £'000s**
Fees, charges and other service income	(13,748)	(125)	19	102		**(13,752)**
Financing and investment income (including expected return on pensions assets)	0			(102)	(2,268)	**(2,370)**
Income from council tax	0				(6,733)	**(6,733)**
Government grants and contributions	(19,700)				(6,000)	**(25,700)**
Total Income	**(33,448)**	**(125)**	**19**	**0**	**(15,001)**	**(48,555)**
Employee expenses	6,159					**6,159**
Other service expenses	29,518		(205)			**29,313**
Support service recharges	4,773					**4,773**
Depreciation, amortisation and impairment	1,641	114				**1,755**
Interest payments (including pensions interest costs)	0				3,329	**3,329**
Town and Parish Council Precepts	0				1,169	**1,169**
Payments to Housing Capital Receipts Pool	0				1	**1**
Repayment of grants and advances	0				(15)	**(15)**
Gain or loss on Disposal of Non Current Assets	0				109	**109**
Total Expenditure	**42,091**	**114**	**(205)**	**0**	**4,593**	**46,593**
(Surplus) or deficit on the provision of services	**8,643**	**(11)**	**(186)**	**0**	**(10,408)**	**(1,962)**

28. ACQUIRED AND DISCONTINUED OPERATIONS

The Authority has no operations that have been acquired or discontinued in 2010/11 or 2011/12.

29. AGENCY SERVICES

The Council operates as an agent for Derbyshire County Council in respect of highways cleansing and verge mowing. In 2011/12 the expenditure was £391,000 (2010/11 £393,000).

The Council acts as an agent for Central Government in collecting National Non-Domestic Rates, and as an agent for major precepting authorities in collecting their shares of council tax. Further information of the amounts collected is given in the section for the Collection Fund, commencing on page 80.

30. TRADING OPERATIONS

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

2010/11			2011/12	
£'000s	£'000s		£'000s	£'000s
		Street Cleansing & Verge Mowing		
1,378		Turnover	1,356	
(1,339)		Expenditure	(1,204)	
	39	Surplus		152
		Vehicle Maintenance		
181		Turnover	170	
(213)		Expenditure	(233)	
	(32)	Surplus		(63)
	7	**Net surplus on trading activities**		**89**

31. EXTERNAL AUDIT COSTS

The Authority paid the Audit Commission the following fees relating to external audit and inspection:

	2010/11	2011/12
	£'000s	£'000s
Statutory External Audit Services	88	77
Certification of Grant Claims and Returns	20	21
Total Fees	**108**	**98**

32. OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Post Holder		Salary, Fees and Allowances £'000s	Benefits in Kind £'000s	Employer's Pension Contributions £'000s	Total Remuneration £'000s
Chief Executive	2011/12	113	5	14	132
	2010/11	118	5	25	148
Director of Planning & Development Services	2011/12	101	1	4	106
	2010/11	80	1	16	97
Director of Community Services	2011/12	80	6	9	95
	2010/11	80	5	16	101
Head of Finance	2011/12	66	2	8	76
	2010/11	66	1	13	80
Director of Planning & Housing Services	2011/12	67	2	8	77
	2010/11	66	2	13	81
Head of Organisational Development	2011/12	59	3	8	70
	2010/11	59	3	12	74
Head of Democratic Services	2011/12	55	2	6	63
	2010/11	54	3	10	67
Head of Environmental Services	2011/12	52	1	6	59
	2010/11	48	1	9	58

The number of employees whose remuneration exceeded £50,000, excluding employer's pension contributions, during the year is set out below: -

Remuneration	2010/11	2011/12
£50,000 to £54,999	0	1
£55,000 to £59,999	1	1
£60,000 to £64,999	1	1
£65,000 to £69,999	2	2
£80,000 to £84,999	1	0
£85,000 to £89,999	1	1
£100,000 to £104,999	0	1
£115,000 to £119,999	0	1
£120,000 to £124,999	1	0
	7	**8**

33. EXIT PACKAGES AND TERMINATION BENEFITS

Exit Packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11 £'000s	2011/12 £'000s
£0 - £20,000	0	4	9	7	9	11	72	39
£20,001 - £40,000	0	1	3	3	3	4	82	107
£40,001- £60,000	0	0	3	0	3	0	125	0
£60,001 - £80,000	0	0	1	0	1	0	68	0
£80,001 - £100,000	0	0	1	0	1	0	97	0
Total	**0**	**5**	**17**	**10**	**17**	**15**	**444**	**146**

The total costs of £146,000 have been agreed, accrued for and charged to the authority's Comprehensive Income & Expenditure Statement in the current year.

As part of a voluntary redundancy programme, on 3 March 2011 the Council agreed to terminate the contracts of a number of employees in 2011/12. The cost of the voluntary redundancies was £438,000, comprising £281,000 for redundancy pay and £157,000 for pension benefits. The cost has been debited to the Comprehensive Income and Expenditure Statement in 2010/11 as that was when the commitment was made. However, statutory arrangements allow for the pensions element to be reversed out of the General Fund balance in the Movement in Reserves Statement. The redundancy pay element was included in a provision at 31 March 2011, which was fully utilised during 2011/12.

34. MEMBERS' ALLOWANCES

Members allowances paid during 2011/12 amounted to £211,000 (2010/11 £223,000). In addition, travel expenses amounting to £10,000 were paid (2010/11 £8,000).

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year:

2010/11 £'000s		2011/12 £'000s
	Credited to Taxation and Non specific Grant Income	
1,142	Recognised capital grants and contributions	632
4,212	Re-distributed National Non-Domestic Rates (NNDR)	2,729
611	Revenue Support Grant	844
0	Council Tax Freeze Grant	142
0	New Homes Bonus	169
0	Local Services Support Grant	141
0	Disabled Facilities Grants	208
35	Area Based Grant (ABG)	0
6,000		4,865
	Credited to Services	
	Government Grants	
4,046	Council Tax Benefits	4,019
11,978	Rent Allowances	12,815
12	Discretionary Housing Payments	13
397	Housing and Council Tax Benefits Administration	343
83	Enhanced Housing Options	0
174	Disabled Facilities Grants	0
101	Homelessness Grants	31
0	Mortgage Rescue Programme	30
147	NNDR Cost of Collection	147
0	Wirksworth Town Plan	20
122	Concessionary Fares Grant	0
22	Free Swimming Grant	0
16	New Burdens: Habitats regulations & climate change	0
34	Land charges personal search revocation	0
0	Referendum Grant	109
	Other Contrbutions	
139	Contributions towards Crime & Disorder expenses	56
161	Contributions towards Sports Development/Active Lifestyles	119
285	Regional Housing Board Contribution to Decent / Affordable Homes	0
509	Derbyshire County Council Recycling Credits	474
158	Derbyshire County Council Waste Efficiency Grant	0
203	Derbyshire County Council Homelessness Grants	209
0	Contributions to Car Parks etc	14
857	Grants & Contributions towards Matlock Town Centre Redevelopment	0
119	Section 106 Agreements	188
44	RIEP Housing Grant	0
18	Contributions towards Rural Housing Enabler	0
0	Contributions towards Choice Based Lettings	27
10	PCT contribution to Falls Prevention Initiative	23
0	Contribution to Move on Officer	21
0	RIEP SPD Review	10
65	*Grants and contributions that were individually below £10,000*	53
19,700		18,721
25,700	**Total of all grants, contributions and donations**	**23,586**

36. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note does not include transactions with related parties that are disclosed elsewhere in the accounts, such as:

• Precepts from other local authorities	Notes to Collection Fund
• Parish Precepts	Note 9
• Government Grants	Note 35
• Pension Contributions	Note 39
• Members Allowances	Note 34
• Officers Remuneration	Note 32
• Exit Packages	Note 31

The UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides much of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 35.

Members of the Council have direct control over the Council's financial and operating policies. There are a number of Councillors who serve on outside bodies that receive some form of financial support from Derbyshire Dales District Council. During 2011/12 the following payments were made to the organisations in which members have an interest:

- Rural Action Derbyshire: Grants £7,000, Payments for services £8,000 (2010/11 Grants £9,000)
- Dales Housing Ltd: Grants £55,000 (2010/11 Grants £67,000)
- Mid-Derbyshire Citizen's Advice Bureau: Grants £42,000, Money Advice Service £100,000 (2010/11 Grants £49,000, Money Advice Service £47,000)

The decisions regarding these payments were taken by officers under delegated authority, with the exception of the payments relating to the Money Advice Service that were approved by the Partnership and Regeneration Committee.

37. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2011 £'000s		31 March 2012 £'000s
480	**Opening Capital Financing Requirement**	**3,883**
	Capital Investment	
6,847	Property, Plant and Equipment	4,643
1,598	Revenue Expenditure Funded from Capital	542
	Sources of finance	
(783)	Capital Receipts	(1,528)
(3,194)	Government Grants and Contributions	(1,203)
(973)	Direct revenue contributions	(312)
(92)	Minimum Revenue Provision	(132)
3,883	**Closing Capital Financing Requirement**	**5,893**
	Explanation of movements in year	
3,495	Increase in underlying need to borrow (unsupported by government financial assistance)	2,142
3,403	**Increase in Capital Financing Requirement**	**2,010**

During 2011/12 the Council reclassified a lease in respect of its cleansing vehicles as a finance lease rather than an operating lease. The lease has been analysed over its life and adjustments made accordingly. This has lead to the opening CFR at 1 April 2010 increasing by £617,000 with the extra liability and an increase in subsequent MRP payments. The increase in 2011/12 is in respect of Arc Leisure, Matlock, which opened during the year.

38. LEASES

Derbyshire Dales District Council as Lessee

Finance leases

The Council reclassified operating leases in respect of cleansing vehicles as finance leases from 1st April 2008. This has now been reflected in the Council's accounts since that time and opening balances and comparators have been adjusted accordingly.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2011 £000's		31 March 2012 £000's
437	Vehicles, Plant, Furniture & Equipment	323
437		323

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2011 £000's		31 March 2012 £000's
	Finance lease liabilities(net present value of minimum lease payments):	
105	current	73
420	non-current	347
349	Finance costs payable in future years	250
874	Minimum lease payments	670

The minimum lease payments will be payable over the following periods:

31 March 2011 £000's		31 March 2012 £000's
204	Not later than one year	157
630	Later than one year and not later than five years	513
40	Later than five years	
874	Minimum lease payments	670

The finance lease liabilities will be payable over the following periods:

31 March 2011 £000's		31 March 2012 £000's
105	Not later than one year	73
387	Later than one year and not later than five years	347
33	Later than five years	
525	Minimum lease payments	420

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents payable by the Council in 2010/11 or 2011/12.

Operating leases

The Authority has acquired items of gym equipment through operating leases, with typical lives of six years. The Authority has a contract for refuse collection, within which there is an embedded lease for vehicles. Operating lease payments for 2011/12 amounted to £188,000 (2010/11 £193,000). The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2011 £000's		31 March 2012 £000's
193	Not later than one year	65
61	Later than one year and not later than five years	0
0	Later than five years	0
254		65

The expenditure is charged to the Net Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these services was in respect of minimum lease payments.

Derbyshire Dales District Council as Lessor

Finance leases

The Council does not lease out any assets on finance leases.

Operating leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable, affordable accommodation for local businesses.

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2011 £000's		31 March 2012 £000's
141	Not later than one year	153
526	Later than one year and not later than five years	511
6,760	Later than five years	6,724
7,427		7,388

The minimum lease payments receivable do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews.

39. DEFINED BENEFIT PENSION SCHEMES

Participation in pensions scheme

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

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

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against the council tax (determined by statute) is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

2010/11 £000s		2011/12 £000s
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
1,077	Current service cost	948
(2,871)	Past service costs	0
24	Settlements and curtailments	234
	Financing and Investment income and Expenditure	
2,990	Interest cost	2,675
(2,086)	Expected return on scheme assets	(2,227)
(866)	*Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services*	1,630
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(3,580)	Actuarial (gains) and losses	3,418
(4,446)	*Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	**5,048**
	Movement in Reserves Statement	
866	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code	(1,630)
	Actual amount charged against the General Fund balance for pensions in the year:	
1,338	Employer's contributions payable to scheme	1,590
2,204		**(40)**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement is a loss of £4,521,000.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public sector pensions would be up-rated in line with the consumer prices index (CPI) rather than the retail prices index (RPI). This had the effect of reducing Derbyshire Dales District Council's liabilities in the Pension Fund By £3,028,000. It was recognised in the accounts as a negative past service cost and considered to be a change in benefit entitlement. There is no impact on the General Fund Balance or the level of council tax. No adjustment was necessary in 2011/12.

Assets and Liabilities in Relation to Post-employment Benefits

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

31 March 2011 £000s		**31 March 2012 £000s**
48,063	Present value of funded benefit obligations	51,101
1,383	Present value of unfunded benefit obligations	1,394
49,446	**Total present value of benefit obligations (liabilities)**	**52,495**
(34,732)	**Fair value of plan assets**	**(34,323)**
14,714	**(Surplus) / Deficit**	**18,172**

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

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2010/11 £000s		**2011/12 £000s**
53,467	Opening balance at 1 April	49,446
1,077	Current service cost	948
2,990	Interest cost	2,675
375	Member Contributions	360
(4,031)	Actuarial (gains) and losses on liabilities	1,768
(1,585)	Benefits paid	(2,936)
(2,871)	Past service costs	0
24	Settlements and curtailments	234
49,446	Closing balance at 31 March	**52,495**

Reconciliation of fair value of the scheme (plan) assets:

2010/11 £000s		2011/12 £000s
32,969	Opening balance at 1 April	34,732
2,086	Expected rate of return	2,227
(451)	Actuarial gains and (losses) on assets	(1,650)
1,338	Employer contributions	1,590
375	Member Contributions	360
(1,585)	Benefits paid	(2,936)
34,732	Closing balance at 31 March	**34,323**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £576,000 (2010/11 £2,519,000).

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

31 March 2011 Fair value £000s	31 March 2011 Pecentage %		31 March 2012 Fair value £000s	31 March 2012 Pecentage %
23,792	68.5%	Equities	22,070	64.3%
2,362	6.8%	Government bonds	5,732	16.7%
1,945	5.6%	Other bonds	1,819	5.3%
1,771	5.1%	Property	1,853	5.4%
2,188	6.3%	Cash/Liquidity	2,506	7.3%
2,674	7.7%	Other	343	1.0%
34,732	**100%**	**(Surplus) / Deficit**	**34,323**	**100%**

Scheme History

	2007/08 £000s	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s
Present value of scheme liabilities	45,881	38,742	53,467	49,446	52,495
Fair value of scheme assets	(29,696)	(24,365)	(32,969)	(34,732)	(34,323)
(Surplus) / Deficit on the scheme	16,185	14,377	20,498	14,714	18,172

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £18.2m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a positive overall balance of £45.5m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

During 2012/13 the Council expects to pay £1,220,000 in respect of normal pension contributions to the pension scheme; expected contributions for the Discretionary Benefits scheme in 2012/13 are £93,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Mercer Limited, an independent firm of actuaries, has assessed the pension scheme liabilities with estimates for the Council being based on the latest full valuation of the scheme as at 31st March 2010 and an interim valuation as at 31st December 2011.

The principal assumptions used by the actuary have been:

31 March 2011		31 March 2012
	Long-term expected rate of return on assets in the scheme:	
7.5%	Equities	7.0%
4.4%	Government Bonds	3.1%
5.1%	Other Bonds	4.1%
6.5%	Property	6.0%
0.5%	Cash/Liquidity	0.5%
7.5%	Other	7.0%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.7	Men	21.8
24.3	Women	24.4
	Longevity at 65 for future pensioners:	
23.1	Men	23.2
25.9	Women	26
3.4%	Rate of retail price index (RPI) inflation	n/a
2.9%	Rate of consumer price index (CPI) inflation	2.5%
4.65%	Rate of increase in salaries	4.25%
2.9%	Rate of increase in pensions	2.5%
5.5%	Rate used to discount scheme liabilities	4.9%
50%	Take-up of option to convert annual pension into retirement lump sum	50%

History of experience gains and losses

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

	2007/08 %	2008/09 %	2009/10 %	2010/11 %	2011/12 %
Experience (gains) / losses on scheme liabilities expressed as a percentage of the liabilities at the Balance Sheet date	1.9	(25.2)	23.4	(8.2)	3.4
Experience gains / (losses) on scheme assets expressed as a percentage of the scheme assets at the Balance Sheet date	(9.5)	(29.7)	21.0	(1.3)	(4.8)

40. CONTINGENT LIABILITIES

As part of the Housing Stock Transfer in March 2002, the Council gave warranties for sewers and environmental pollution to Dales Housing. The environmental warranty means that the Council is responsible for the remediation costs of environmental pollution at any of the transferred properties until March 2033. At 31st March 2012 the cost of remediation work is estimated at £2.7m. No claims have been received to date. The risk of the warranty being called is considered to be low. No specific financial provision has been made in the accounts at this time, but the situation will be monitored annually.

The Council retained responsibilities for two un-adopted sewer systems until March 2022. Legislation in respect of adoption by the sewerage service provider was passed on 1st April 2011 which redefined the part of the sewers which are the responsibility of the Council. As a consequence the Council's liability has been reduced. The sum of £17,000 has been included in the capital programme as a contingency.

Another contingent liability arises from the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In 1992, MMI, then the principal insurer of local government, avoided insolvency by entering a Scheme of Arrangement. The "arrangement" with creditors enabled MMI to pay outstanding claims on the basis that, should there be insufficient assets, participating creditors would be subject to "claw back" of previously paid claims. On the basis of a potential £30m share of surplus funds at the time, Derbyshire Dales District Council, along with 728 other authorities, participated in the scheme. A recent Supreme Court judgement has significantly increased MMI's liabilities, which might cause MMI to become insolvent and invoke the "claw back". In the case of this council the "claw back" is limited to a maximum of £141,000.

There is the possibility that the Council may face liability for the repayment of charges made for replies to Local Search Enquiries, depending on the resolution of legal issues in relation to the Environmental Information Regulations. The potential liability for this Council is estimated at £35,000. The Local Government Association is co-ordinating a legal challenge on behalf of all authorities and lobbying for funding from Central Government, should this fail. The Council has already received £35,000 from Central Government in respect of this liability; this is being held in a reserve pending the resolution of the legal issues.

41. CONTINGENT ASSETS

VAT Claim: Overpayment relating to off-street parking

The Council has lodged a claim for overpaid VAT with HMRC. The claim relates to off-street parking and it has not been determined at the balance sheet date. At the present time it is not known whether the Council will receive payments. The outcome will be determined by HMRC or a decision of the VAT tribunal or courts. The Council has lodged claims totalling £3m (plus interest) for the period ending 31 January 2009. A further claim for the period 1 February 2009 to 31 March 2012 is due to be submitted; this amounts to £1m (plus interest). The probability of success in this case is uncertain.

Matlock Swimming Pool

Matlock Swimming Pool was closed in August 2011 when the new leisure centre (Arc Leisure, Matlock) was opened. However, at 31st March 2012 the building had not been demolished and was held on the balance sheet with a net book value of £85,000. The demolition was due to be completed in May 2012 and a car park created on the site which will generate income for the Authority.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central team, under policies approved by Derbyshire Dales District Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, as laid down in the Treasury Management Strategy. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are detailed below:

	Limit per Organisation
National Westminster Bank PLC (Council's Bankers)	£5m
Major Banks and their wholly owned subsidiaries	£3m
Building Societies with assets in excess of £0.75 billion	£3m
Local Authorities and other major precepting Authorities	£3m
Debt Management Account Deposit Facility	No Limit

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by Derbyshire Dales District Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal lump sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2012 that this was likely to crystallise.

No credit limits were exceeded during the reporting period.

The Authority does not allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

31 March 2011 £000's		31 March 2012 £000's
838	Less than three months	303
19	Three to six months	68
27	Six months to one year	61
90	More than one year	92
974		524

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed to achieve its service objectives. If unexpected movements happen, the authority has easily redeemable investments in the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There is also no risk that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates as its one borrowed loan matures in 2056. The Council keeps under review the possibility of redeeming its loan early where it would be economic to do so. The Council also has Bank Overdraft arrangements and is able to borrow from the money market.

The maturity analysis of financial liabilities is as follows:

31 March 2011 £000's		31 March 2012 £000's
175	Less than one year	175
0	Between one and twenty five years	0
5,450	More than twenty five years	5,450
5,625		5,625

All trade and other payables are due to be paid in less than one year.

Market Risk – Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Comprehensive Income and Expenditure Statement. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement. The Council does not currently borrow from the money markets for its financial needs as it has funds invested with its bank. The principal amount deposited at 31st March 2012 was £2.9 million. The Council does not have any variable rate loans.

The treasury management team has an active strategy which is assessed regularly for assessing interest risk exposure that feeds into the setting of the annual budget. Significant variations are, therefore, determined at an early stage.

Price Risk

The Authority does not invest in equity shares, gilts or Certificates of Deposit and thus has no exposure to loss arising from movements in their prices due to market conditions.

Foreign Exchange Risk

The Authority has no financial assets or liabilities that are denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

43. ERNEST BAILEY TRUST FUND

The Council is the Trustee of the Ernest Bailey Charity. It discharges its functions as Trustee through a Committee, comprised of the ward members for the area of benefit from the Charity. The fund has not been consolidated in the accounts of the Council. At the 31st March 2012 it has invested £150,000 with the Council and receives interest. The table below sets out the working balance of the Charity. The proceeds from this trust fund may only be used for charitable purposes for the benefit of the inhabitants of the Matlock area (which includes Darley Dale, Tansley, Matlock Bath and Cromford).

31 March 2011 £'000s		31 March 2012 £'000s
8	**Balance at 1st April**	8
2	Interest on Investment	4
10	Total	12
(2)	Less: Grants	(3)
8	**Balance at 31st March**	**9**

OTHER FINANCIAL STATEMENTS

THE COLLECTION FUND

As the billing authority for the area, Derbyshire Dales District Council acts as an agent for other major preceptors. The Collection Fund is an agent's statement that reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of non-domestic rates and council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. Administration costs are borne by the General Fund.

2010/11 £000s		Notes	2011/12 £000s
	Income and Expenditure for the year		
	Income		
41,352	Income from Council Tax payers	Note 2	41,804
3,999	Council Tax Benefts from General Fund		3,967
0	Local Council Tax Discounts from Collection Fund		2
14,636	Income from Business Ratepayers	Note 3	16,241
286	Contribution towards previous year's estimated deficit	Note 4	794
60,273	**Total Income**		**62,808**
	Expenditure		
45,938	Precepts and Demands	Note 5	45,957
14,489	Payment of business rates to the national pool	Note 3	16,094
147	Business rates cost of collection allowance	Note 3	147
120	Allowance for impairment	Note 6	94
60,694	**Total Expenditure**		**62,292**
(421)	**Increase/(decrease) in Fund balance for the year**		**516**
(462)	**Surplus / (deficit) brought forward**		**(883)**
(883)	**Surplus / (deficit) carried forward**	Note 7	**(367)**

NOTES TO THE COLLECTION FUND

1. Accounting Policies for the Collection Fund

- Revenue support grant and amounts distributed from the NNDR national pool are paid directly to all billing and precepting authorities and are not credited to the Collection Fund statement. They will be disclosed on the face of the Comprehensive Income and Expenditure Account Statements of the recipient authorities.
- Precepts for major preceptors and the billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Account Statements of the respective precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the full financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out the full surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the face of the Comprehensive Income and Expenditure Account Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.

- The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of the estimates made on 15 January of the year-end balance.

Note 2: Council Tax

The council tax base is the amount that setting a Council Tax of £1 for a band D property the standard band) would raise in revenue. The table below shows the council tax base used in setting the Council Tax for 2011/12:

Band	Number of Dwellings on valuation list	Number of Dwellings, adjusted for discounts, exemptions and reliefs	Ratio to Band D	Equivalent number of Band D full charge properties	Council Tax Base (assuming 99.3% collection rate)
X*	4	3.76	5/9	2.10	2.09
A	3,454	2,800.51	6/9	1,867.04	1,854.04
B	6,927	6,126.52	7/9	4,765.13	4,731.82
C	7,164	6,445.85	8/9	5,729.72	5,689.61
D	5,463	4,998.81	9/9	4,998.81	4,963.82
E	4,675	4,343.98	11/9	5,309.31	5,272.16
F	2,881	2,724.62	13/9	3,935.59	3,908.01
G	2,070	1,964.12	15/9	3,273.58	3,250.67
H	109	103.89	18/9	207.79	206.41
Total	**32,747**	**29,512.06**		**30,089.07**	**29,878.63**

* Properties in Band A that receive disabled relief.

The total precepts and demands (£45,957,397, see Note 5) were divided by the tax base to derive the Council Tax for the year for a Band D property. Thus, in 2011/12 the Council set a Band D Council Tax of £1,538.14, including the average parish council charge of £40.35 (2010/11 £1,536.91 including £39.12 for average parish). The council tax for a band D property can be analysed as follows:

2010/11 £s		**2011/12 £s**
1,077.22	Derbyshire County Council	1,077.22
163.74	Derbyshire Police Authority	163.74
67.17	Derbyshire Fire & Rescue	67.17
189.66	Derbyshire Dales District Council	189.66
1,497.79		1,497.79
39.12	Average parish council	40.35
1,536.91	**Average Band D Council Tax**	**1,538.14**

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

2010/11 £000s		2011/12 £000s
50,670	Debit for year	51,033
21	Increased/(reduced) charges	42
(51)	Disabled persons reductions	(52)
(1,518)	Exemptions	(1,509)
(3,493)	Sole resident discounts	(3,452)
(153)	Discounts for empty properties and second homes	(158)
(125)	Disregarded persons discount	(131)
0	Local Council Tax Discounts	(2)
(3,999)	Council tax benefits	(3,967)
41,352		**41,804**

Note 3: Business Rates

Business rates are organised on a national basis. The Government specifies an amount (in 2011/12 this was 43.3p) and, subject to the effects of reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at 31st March 2012 was £46,601,067 for 3,764 properties. The Council is responsible for collecting business rates due from the ratepayers in its area but pays the proceeds into a national pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population. This income is credited to the comprehensive Income and Expenditure Statement on Page 22. The business rate income collected on behalf of the Government and paid into the Pool can be analysed as follows:

2010/11 £000s		2011/12 £000s
18,664	Debit for year	19,765
(798)	Increased/(reduced) charges	(9)
(315)	Transitional Loss/ Relief	(140)
(1,223)	Small Business Rate Relief	(1,975)
273	Small Business Rate Relief Supplement	272
(1,524)	Other Mandatory Reliefs	(1,288)
(259)	Discretionary Reliefs and Remissions	(281)
45	Deferral Scheme Reductions (introduced 2009/10)	45
(298)	Debts Written Off or Provided For	(261)
(36)	Interest Payable in Respect of Reduced Assessments	(3)
107	General Fund Contribution to Discretionary Reliefs	116
14,636	**Net Business Rate Income**	**16,241**
(147)	Cost of Collection Allowance Payable to General Fund	(147)
14,489	**Amount Payable to National Pool**	**16,094**

Note 4: Contribution towards previous year's estimated (surplus)/deficit

2010/11 £000s		2011/12 £000s
201	Derbyshire County Council	557
31	Derbyshire Police Authority	84
12	Derbyshire Fire & Rescue	35
42	Derbyshire Dales District Council (including parish councils)	118
286		**794**

Note 5: Precepts and Demands

2010/11 £000s		2011/12 £000s
32,198	Derbyshire County Council	32,186
4,894	Derbyshire Police Authority	4,892
2,008	Derbyshire Fire & Rescue	2,007
6,838	Derbyshire Dales District Council (including parish councils)	6,872
45,938		**45,957**

Note 6: Allowance for impairment

The allowance made for impairment of council tax debts stands at £153,000 at 31st March 2012 (£158,000 at 31st March 2011). The allowance is based on the level of arrears outstanding at 31st March and the anticipated collection rates. Write offs in 2011/12 totalled £99,000 (2010/11 £107,000). The amount shown as expenditure in the Collection Fund on Page 78 represents the contribution required for the year.

Note 7: Deficit Carried Forward

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

31 March 2011 £000s		31 March 2012 £000s
619	Derbyshire County Council	257
94	Derbyshire Police Authority	39
39	Derbyshire Fire & Rescue	16
131	Derbyshire Dales District Council (including parish councils)	55
883		**367**

When setting the level of the Council Tax for 2012/13 it was anticipated that there would be a Collection Fund deficit of £324,000 at 31st March 2012. The difference between the estimated and actual deficit will be reflected when setting the council tax for 2013/14.

GLOSSARY OF TERMS

Accounting Period

The period of time covered by the accounts. Normally this is the 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

Accrual

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or services received but paid for by the end of the accounting period.

Agency

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

Appropriation

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

Auditor

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

Balance Sheet

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

Budget

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

Capital Charge

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

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that enhances and not merely maintains the value of an existing fixed asset, such as land and buildings.

Capital Receipts

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

Code (of Practice)

Within the context of this document, this refers to the Code of Practice on Local Authority Accounting in in the United Kingdom 2011/12 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting that must be followed to prepare a set of accounts that "presents fairly" the financial position of a Council.

Collection Fund

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

Community Assets

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

Contingency

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

Creditors

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

Current Assets

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

Current Liabilities

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

Debtors

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

Deferred Liabilities

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

Deferred Premium

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

Depreciation

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets due to age or deterioration through usage.

Earmarked Reserves

Amounts put aside to meet specific liabilities in the future. The main Council reserves are its Capital and Insurance Reserves.

Financial Year

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

Finance Lease

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

Financial Instruments Adjustment Account

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

Fleming Claims

Fleming Claims relate to overpaid VAT paid to HM Revenue and Customs prior to 4th December 1996. The House of Lords ruled that the 3-year cap (that normally applies to claims) did not apply prior to 4th December 1996. Following this ruling, a new transitional period gave all businesses the opportunity to submit Fleming Claims up to 31st March 2009.

FRS

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

General Fund

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

General Reserves

Amounts put aside, but not allocated to meet, any future spending commitments. The Council's General Reserves include a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

Government Grants

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

Impairment

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

Liquid Resources

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

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

Net Book Value

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

Net Current Replacement Cost

The cost of replacing or recreating a fixed asset in its existing condition or existing use.

Net Debt

The Council's borrowings less cash and liquid resources.

Net Realisable Value

The open market value of the asset in its existing use.

Net Worth

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

Non Current Assets

Items that have a monetary value and are expected to yield benefits to the Council and the services it provides for a period of more than one year. Examples of fixed assets would be land and buildings or vehicles. The amounts shown in the Balance Sheet are the current valuations less depreciation.

Non Distributed Costs

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

Operating Lease

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

Precept

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

Provisions

A liability of uncertain timing or amount.

Prudential Code

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

Public Works Loans Board

A central government agency, which provides loans to local authorities.

Residual Value

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

Revenue Expenditure

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

Revenue Expenditure Funded from Capital Under Statute

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

Revenue Support Grant

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

INVITATION FOR FEEDBACK

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

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

or e-mail

phil.colledge@derbyshiredales.gov.uk

DERBYSHIRE DALES DISTRICT COUNCIL

audit commission Derbyshire Dales District Council "Excellent"

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