

## **PREFACE: CLLR JOAN STOCKER, DEPUTY LEADER**

I am pleased to introduce Cumbria County Council's accounts for 2006/7.

The Council has responded positively to the Government's White Paper on Local Government. Its 'One council, One vision, One voice' proposals made a strong case for a unitary Cumbria and was highly rated by Government, scoring maximum marks against all criteria. It is disappointing that in the final decision Cumbria's geography was considered to pose a risk to effective strategic leadership. The Council is considering with partners how best to take forward the White Paper agenda for local public services and deliver the required efficiencies.

While the unitary debate has provided a significant opportunity for Cumbria, the Council has continued its programme of improvement. It is pleasing to note that the Audit Commission has reported positively on progress, awarding the Council 2 stars and an 'improving well' assessment for direction of travel.

The 2006/7 Accounts show the effect of changes in the funding arrangements for schools. Schools are now funded by the Dedicated Schools Grant received from Government and the Council's budget has been reduced from £500m to under £300m. The accounts do provide full information on schools funding and comparative information on a like for like basis but the accounts concentrate on the Council's own spending.

After allowing for agreed use of earmarked reserves and general reserves, the accounts show expenditure of £283.9m against a budget of £290.3m, an underspend of £6.4m, largely as a result of a special exercise undertaken in the new year to reschedule the Council's long term borrowing. This delivered very significant one off savings and recurring annual savings of £1m on the interest budget over the next three years.

The accounts also show the continued preparations the Council is making to deal with equal pay. Following the success of the treasury management exercise, the Council has increased the equal pay earmarked reserve by £6.0m to £21.3m. In preparing its 2007/8 budget, the Council made significant efficiency savings to help fund borrowings that may be required to meet equal pay liabilities. The legal processes are continuing and the exact scale of these liabilities remains uncertain. General reserves are forecast to remain above the £6m safety margin throughout 2007/8.

The 2008/9 budget is likely to be as demanding as last year's. We continue to face cost pressures in waste management, demographic pressures in providing adult social care, and uncertainties on equal pay and related issues. Government funding is also expected to be tighter following the Autumn Spending Review, with local authorities and other public sector organisations being expected to make 3% cashable efficiencies.

These are clearly challenging times for the Council as we await the Government's decision on our proposals for establishing a new council for the whole of Cumbria whilst continuing the work to achieve our ambitions set out in the Council Plan. I am most grateful to Bob Mather, Simon Smith and

finance staff for all their efforts in preparing the accounts, particularly in the light of increasing technical demands, and in delivering a robust financial strategy to support the Council's ambitions.