

Cumbria County Council

Summary Accounts 2006/07

Each year Cumbria County Council is required to prepare accounts which set out how much money we have spent on services, what we have invested in capital projects, how we have funded the expenditure, and what assets we own. Council approved these accounts on 28th June 2007. There is a full set of the accounts on our web site:

<http://www.cumbria.gov.uk/Finance/finance/accounts.asp>

Summary Review of the Year:

The Council was awarded two stars in the 2006 Comprehensive Performance Assessment and was judged as 'achieving its priorities and has successfully brought about significant improvements in the last few years'.

In October 2006, the Government issued the White Paper 'Strong and Prosperous Communities' which made very clear that a continuation of the 'status quo' was not an option. The Council's proposals for a unitary Cumbria were rated highly, with Cumbria receiving top marks for all the initial criteria, being one of only three counties so rated. The final decision recognised that the financial case had been made, locality arrangements were likely to be effective, and there was stakeholder support but that Cumbria's geography militated against strategic leadership. The Council is considering with partners how best to respond to the White Paper's challenges and calls for further efficiency in the delivery of local government and public services.

From April 2006 the Government has radically changed the way local government is funded. Up to 2005/6 the Revenue Support Grant and Non-Domestic Rates accounted for two thirds of the income needed to maintain services, with Council Tax providing the other third. In 2006/7 the Government introduced a Dedicated Schools Grant to cover the expenditure within schools, but not school transport or special needs. This grant is 'ring fenced' for schools. For all remaining services there is a far greater dependence on Council Tax, (page 3 provides further detail on funding sources).

The Council is continuing to deal with equal pay and has increased the equal pay earmarked reserve by £6.0m to £21.3m, largely as a result of Treasury Management refinancing activities. 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.

Cumbria County Council Website: www.cumbriacc.gov.uk

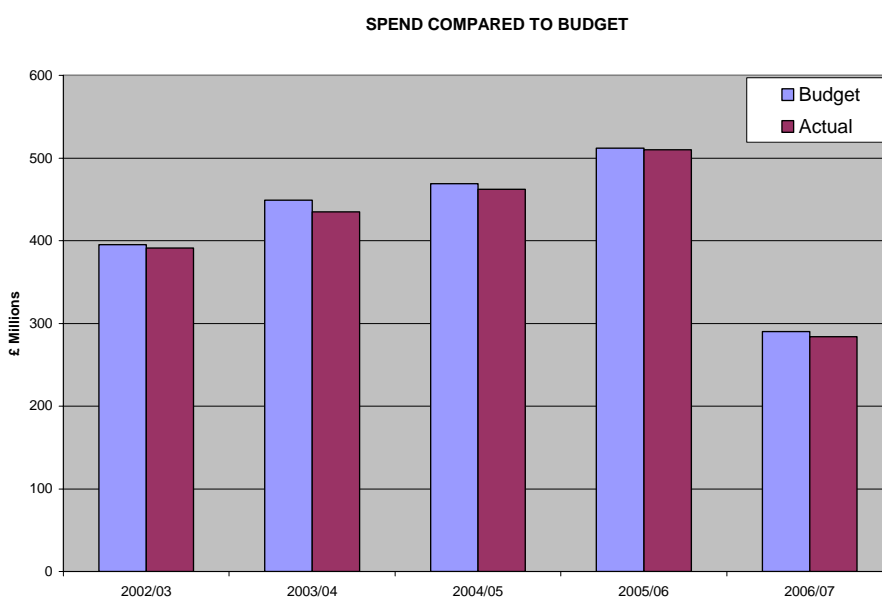
Revenue Account

The table below summarises what we spent on services after grants and fees and charges, together with a comparison against what we spent last year and a comparison with budget.

2005/06		County Council		
		2006/07		
Actual Out-turn £ millions		Final Approved Budget £ millions	Actual Out-turn £ millions	Difference £ millions
MONEY SPENT BY DIRECTORATES				
317.5	Childrens' Services	66.4	66.3	(0.1)
92.2	Adult Social Care	97.8	97.8	
15.5	Economy, Culture & Environment	16.3	16.2	(0.1)
22.8	Public Protection	23.2	23.1	(0.1)
33.6	Client Services	28.7	28.0	(0.7)
17.7	Local Area Committees	17.5	17.5	
6.0	Strategy & Performance	6.8	6.8	
13.2	Finance & Central Services	12.7	12.8	0.1
(8.1)	Centrally held Budgets	20.9	15.5	(5.4)
510.4	Directorate Total	290.3	284.0	(6.3)
(8.7)	Equal Pay Provision			
501.7	TOTAL EXPENDITURE COVERED BY THE COUNCIL	290.3	284.0	(6.3)
	SCHOOL EXPENDITURE COVERED BY GOVERNMENT	247.2	243.1	(4.1)

The underspend in Client Services was as a result of extra grants and a milder winter reducing the need for gritting. The Council took advantage of favourable market conditions to refinance much of its long term debt. This gave significant one off savings (the £5.4m saving in Centrally held budgets) and strengthened the Council's funds by securing long term debt at historically low interest rates.

The table below summarises our overall expenditure and performance against budget over the past 5 years. Changes introduced by government to the funding of schools accounts for the significant drop in expenditure during the current financial year.



Funding

We have three sources of funding to pay for the Council's net spending for all activities, excluding schools, after taking account of fees and charges and specific grants received from Government.

- Revenue Support Grant – a general Government grant paid to all councils to contribute towards the cost of providing services.
- Rates pool – set nationally by the Government and redistributed to councils as a fixed amount per head of population.
- Council Tax – set by us to meet the rest of our planned spending.

The proportion of our overall funding received from each of these sources over the last two years is set out in the following table. The major change is as a result of changes in schools funding. As a result for services other than schools there is a far greater dependence on Council Tax.

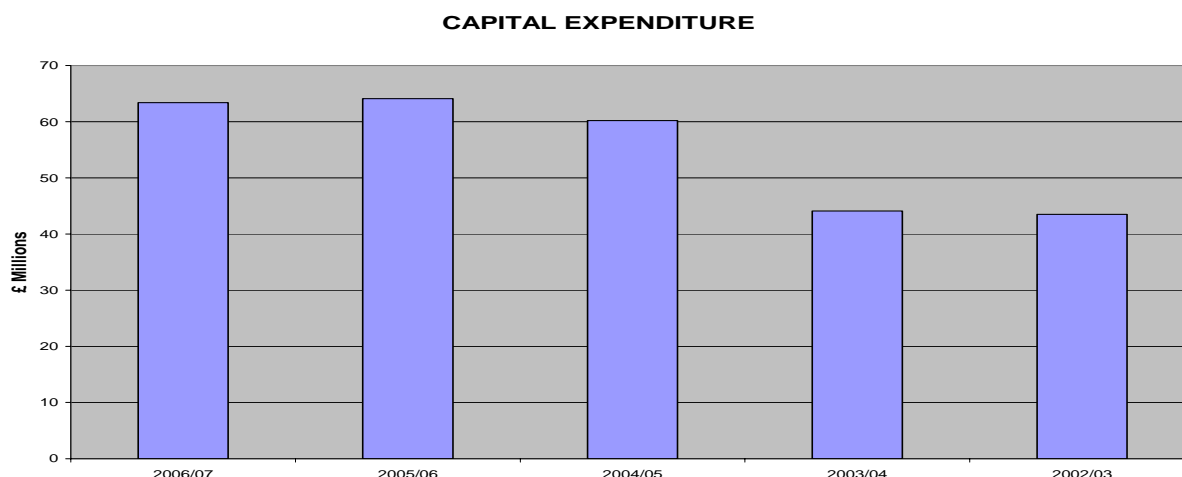
	2005/06		2006/07	
	£ millions	%	£ millions	%
Council Tax	167.3	33.2%	177.0	62.2%
Revenue Support Grant	179.7	35.7%	17.1	6.0%
Non Domestic Rates	154.8	30.8%	88.8	31.2%
Surplus on Collection Fund	1.4	0.3%	1.6	0.6%
Total	503.2		284.4	

Gross Expenditure

When full account is taken of all specific grants and fees and charges the Council's gross spend in 2006/07 totalled £769 million including £413 million on education services and £223 million on Children's and Adults Social Care.

Capital Expenditure

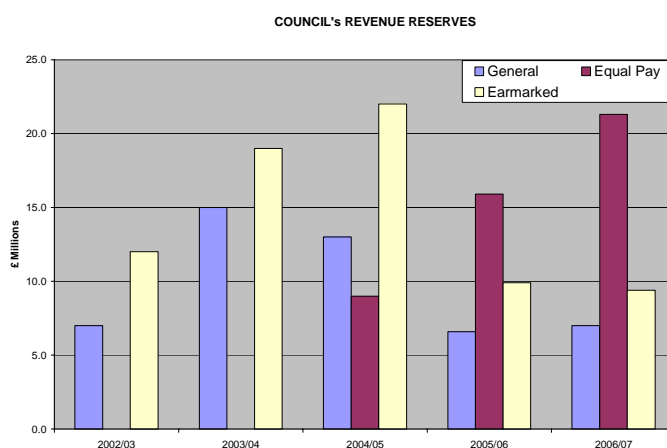
The Council's capital programme for 2006/07 amounted to £63 million. Education and Highways account for almost 80% of this investment. The capital programme is funded by a combination of Government grants and contributions, long-term borrowings and the Council's use of its own capital receipts following the disposal of assets. The following table shows the growth in the capital programme over the last 5 years.



Balance Sheet at 31st March 2007

	2005/06 £000's	2006/07 £000's	% Movement
Long Term Assets			
Fixed Assets	741,597	782,436	6%
Long Term Investments & Debtors	7,198	6,659	-7%
	748,795	789,095	5%
Long Term Liabilities			
Long Term Borrowings	(278,926)	(264,914)	-5%
Capital Grants	(29,190)	(45,052)	54%
Provisions	(4,397)	(3,511)	-20%
Pensions	(438,545)	(399,742)	-9%
	(751,058)	(713,219)	-5%
Working Capital			
Debtors & Stocks	53,961	54,098	0%
Temporary Investments	102,989	79,569	-23%
Cash	5,495	16,448	199%
Creditors	(81,784)	(84,723)	4%
Short Term Borrowings	(2,188)	(1,079)	-51%
Bank Overdraft		(15,473)	
	78,473	48,840	-38%
TOTAL ASSETS	76,210	124,716	64%
Reserves			
Capital	467,016	467,591	0%
Pensions	(438,545)	(399,742)	-9%
Revenue			
Earmarked	41,102	49,856	21%
General	6,637	7,011	6%
TOTAL FUNDS	76,210	124,716	64%

The balance sheet shows the Council's assets and liabilities at 31st March 2007 with comparative numbers for the previous financial year. The growth in assets is as a result of the capital programme. There was also a material reduction in pension liabilities as a result of bond rate increases.



The Council's reserves are a measure of its financial standing. The General Reserve has been maintained at the minimum level required to ensure continuity of service. Earmarked Reserves including those for equal pay are maintained to meet the cost of future work where the Council has already approved the spending.

We would welcome your questions and suggestions for improving this document. Please contact Steve Berry 01228 606262 steve.berry@cumbriacc.gov.uk