

East Hampshire District Council

Statement of accounts

2008/2009



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EAST HAMPSHIRE DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2008/09

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Further Information

Further information about the accounts is available from the Financial Services Section at Penns Place, Petersfield, (01730) 234125, or at www.easthants.gov.uk. In addition, interested members of the public have a right to inspect the Council's accounts. The availability of the accounts for public inspection is advertised in the local press.

EXPLANATORY FOREWORD

Introduction to the Statement of Accounts

The Accounts for 2008/09, set out on pages 24 to 54, have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (more commonly referred to as the Statement of Recommended Practice (SORP)).

The purpose of the published Statement of Accounts is to give electors, local taxpayers, Councillors and other interested parties clear information about the Council's finances.

The statements inform readers of the cost of services provided by the Council in the year 2008/09, how services were paid for and the Council's assets and liabilities at the year end date of 31st March 2009.

The following statements are included:

The Income & Expenditure Account (page 24)

This account details the actual income and expenditure arising from services provided by the Council. This includes costs not borne by the taxpayer, such as depreciation, and accounting adjustments such as FRS17 (Pensions). The balance on the Income & Expenditure Account therefore is not the same as the revenue surplus reported.

The Statement of Total Movements on the General Fund (page 24)

The Statement of Total Movements on the General Fund reconciles the balance on the Income and Expenditure Account to the movement on the General Fund. The Revenue Outturn surplus is shown as part of the movement on the General Fund.

The Statement of Total Recognised Gains & Losses (page 25)

The Statement of Total Recognised Gains & Losses determines the movement in net worth on the Balance Sheet. It does this by reconciling the Income and Expenditure Account to the movement on the Balance Sheet between 31st March 2008 and 31st March 2009.

The Balance Sheet (page 26)

The Balance Sheet shows the value of assets and liabilities of the Council. The balances in respect of the Collection Fund are also included.

The Cash Flow Statement (page 27)

The Cash Flow Statement shows the cash flows of the Council for all cash transactions. It reconciles the movement in cash / cash equivalent balances on the Balance sheet with the surpluses or deficits in the Income

& Expenditure Account which are shown on an accruals accounting basis. It also shows, by way of a note, the cash value of government grants received by the Council in the year.

The Collection Fund (pages 52 to 54)

This account records all transactions relating to Council Tax and National Non Domestic Rates (NNDR). Whilst both elements are shown as one account, they are discrete as are the treatment of surpluses or deficits. Council Tax receipts are allocated between the District and major precepting authorities. NNDR is self balancing within the account.

Council Spending

The Council has 293.9 full time equivalent staff. The Council's services and activities vary widely, covering homelessness and housing services, the collection of refuse, leisure and recreation, car parking, planning services, cemeteries, environmental health and many other services. More details of these services and the main achievements of the Council and its performance can be found in the Council's Annual Best Value Performance Plan and on its website (www.easthants.gov.uk).

Review of the Year

For the 2008/09 financial year, the Council agreed its budget for revenue spending on General Fund services at £14,344,000. The budget was restated to £14,539,000 due to projects which had slipped from the previous financial year.

Revenue spending is financed in part by Government Grant and the Council's share of National Non-Domestic Rates (NNDR), with the remainder being raised through Interest on external Investments and council tax. The council tax for the Council services was set at £127.67 for band D properties. There was no change in the Council Tax charge between 2006/07 and 2008/09.

The table below compares the final outturn figures with the restated budget.

	Budget	Actual	Difference
	£000	£000	£000
Net General Fund Spending	14,539	14,405	(134)
Financed By:			
Approved Carry Forwards	(195)	(195)	0
Government Grant	(6,151)	(6,151)	0
Depreciation	(503)	(503)	0
Interest on investments	(1,553)	(1,867)	(314)
Council tax	(6,045)	(6,045)	0
Releases from Reserves	(92)	(93)	(1)
Total	0	(449)	(449)

The Council's actual net General Fund spending was £148,000 below the original budget. The main variances were as follows:

Variations	£000
Overspends/Shortfalls of Income	
The economic recession has caused a fall in Planning, Building Control and Land Charges Income	339
Set up costs for income generation projects have exceeded cash received in 2008/09	71
Underspends / Additional Income	
Favourable Housing Benefit Subsidy claim	129
Savings on Waste to Resources Action Plan, and savings on Contract inflation in Environmental Services	229
Car parking income	64

At the end of the year, the Council's General Fund Reserve stood at £1.324m. The revenue surplus for 2008/09 will be transferred to the General Fund, to mitigate the potential effect of the economic downturn. This will increase the working balance to £1.773m. This reserve provides financial stability to the Council, and enables the Council to meet the costs of exceptional and unanticipated items.

Material Credits to the Accounts

During 2008/09 the Council received £459,564 under the Government's Local Authority Business Growth Incentive Scheme (LABGI). This was because economic growth in the District (for the year ending December 2007) was higher than usual. The money has been earmarked for spending on Economic Development Projects throughout the District. A further £183,412 relating to 2009/10 was received during 2008/09.

Capital Spending and Receipts

Capital expenditure is that which generates an asset that has a useful life of more than one year. The expenditure in the year amounted to £1.811m. Capital spending was financed by £479,000 of grants, £396,000 developers' contributions, £305,000 reserve transfers and the remainder by Usable Capital Receipts brought forward. The main items of Capital Expenditure were:

Main Items of Capital Expenditure	Budget £000	Spend £000
Housing Projects	1,132	946
Public Conveniences	230	46
Land Assets	406	60
Buildings & Equipment	2,507	363
Sports Projects	315	0
Community Projects	110	0
Projects funded from Developers' Contributions	0	396
	4,700	1,811

External Borrowing

The Council remained debt free at 31st March 2009.

Pension Costs

Information regarding assets, liabilities, income and expenditure of the Council's pension scheme is included on page 41. The Council's share of assets and liabilities of the pension fund show an estimated liability of £30.97m at 31st March 2009. The liability represents the difference between the value of the authority's pension fund assets and the estimated present value of payments to which it is committed to make. Statutory arrangements for funding the liability mean that the financial position of the Council remains acceptable.

Overall Financial Position

The Council's overall financial position remains strong with good levels of reserves. There are robust processes in place for budget setting and forecasting, and the Council has in place a Medium Term Financial Framework. There are sound systems in place to ensure cash is collected, that debtor balances are minimised and all funding streams are exploited.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

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

The 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 available on our website at www.easthants.gov.uk or can be obtained from the Financial Services Department, Council Offices, Penns Place, Petersfield, Hampshire, GU31 4EX. This statement explains how the Council has complied with the Code and also meets the requirements of regulation 4[2] of the Accounts & Audit Regulations 2003 as amended by the Accounts & Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on Internal Control.

The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the authority 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 at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not 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 the Council's 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 in place at the Council for the year ended 31st March 2009 is designed to reflect the six core principles of effective corporate governance. The six core principles and the way in which the Council meets these principles are outlined below.

1. Purpose and Vision

Purpose and Vision is about the way the Authority focuses on its purpose, the required outcomes for the community, and the creation and implementation of a vision for the local area.

The Council is a leading member of the East Hampshire Community Partnership. The Partnership has agreed a Community Strategy, which sets out the vision and priorities for East Hampshire. The Community Strategy reflects the extensive consultation and analysis of current and future needs of the area. The Community Strategy informs the Council's own strategy, which ultimately informs the service business plans.

Service business plans are agreed annually and identify objectives and targets for all services. Risk is considered and recorded as part of the business planning process.

The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the Overview & Scrutiny Committee, and communicated to the Public through the Performance Plan

The Council has a Medium Term Financial Framework, which is used to align resources to key priorities. The Framework is reviewed annually and forms the basis of the annual budgeting process. Monthly reporting of high risk budget areas is undertaken and quarterly financial forecasts are submitted to the Officer Leadership Team and Cabinet.

2. Public Accountability

Public Accountability is the way in which the Council engages with local stakeholders to ensure robust public accountability.

The Council works extensively in partnerships. The East Hampshire Community Partnership informs the Community Strategy, which in turn drives the Council Strategy and the service business plans. The Community Strategy is drawn up in consultation with key stakeholders. The Council Strategy is formulated following the results of a survey which seeks feedback from the public, Councillors and staff.

All decision making meetings are held in public, although some items are considered as exempt under the Access to Information Act. Minutes of all Council meetings are made available to the public, and members of the public have the opportunity to contribute to Council meetings.

The Council has a complaints and feedback system, which records and monitors customer comments, complaints and requests for information. Complaints are regularly monitored and reported to the Officer Leadership Team. The Council has also introduced a *You Said... We Did* scheme to communicate improvements made as a result of customer comments.

Equalities & Diversity awareness training has been completed for all staff and some Councillors, and plans are being formulated for all services to undertake equality impact assessments.

A methodology for carrying out Value for Money reviews was determined during 2008/09, and reviews are planned to commence in 2009/10.

3. Structure

Structure is the way in which the authority's Councillors and Officers work together to achieve a common purpose with clearly defined roles and responsibilities.

The Council ensures that the roles and responsibilities for decision making and governance arrangements are defined and allocated, so that there is clear accountability for decisions made and actions taken.

The Council does this by appointing a Leader and Cabinet, which allocates specific executive responsibilities.

There are also a number of committees appointed to discharge regulatory and scrutiny functions. Each committee has clear terms of reference setting out roles and responsibilities, and Councillor remuneration is reviewed and agreed by an independent remuneration panel.

All leadership roles, the roles of key officers and the Council's Scheme of Delegation are set out within the Council Constitution.

The Council's Overview & Scrutiny Committee also acts as an Audit Committee and provides assurance to the Council on the effectiveness of Risk Management, Internal Audit and the robustness of the Council's Annual Accounts.

All Council staff have clear conditions of employment, and roles and responsibilities are set out in job descriptions. Key officer roles include the S151 Officer, who carries overall responsibility for the Council's financial administration, and a Monitoring Officer, who carries responsibility for legal compliance.

The Council agreed a Partnership protocol during 2008/09 to ensure clear governance arrangements and accountability when working with partners.

4. Values & Conduct

Values & Conduct is about how the Authority promotes its values and how it demonstrates good governance through upholding high standards of conduct and behaviour.

The Council agreed its values of Responsibility, Fairness and Respect in July 2005, and continues to promote them. The Council Values influence the way in which Councillors and Officers behave in the way they work and towards each other.

There are codes of conduct in place for all Councillors and Officers, and there is a requirement for Councillors to make any Declarations of Interest on an annual basis. There is a Standards Committee in place to monitor the Code of Conduct for Councillors, and to investigate any allegations of misconduct.

The Council has in place a complaints procedure; there are policies in place for anti fraud and corruption and for whistle blowing; and there are clearly defined disciplinary procedures for Officers.

5. Robust Decision Making

Robust Decision Making is about taking informed and transparent decisions which are subject to effective scrutiny and management of risk.

The Council's decision making process is outlined in the Council Constitution.

Council is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework, and approves the annual Statement of Accounts.

The Cabinet operates within the policy framework set by Council, and makes key decisions. All Cabinet meetings are held in public, with the exception of exempt items under the Access to Information Act. All decision records are publicly available, and the Forward Plan is published on the Council website.

Decisions made by Cabinet can be called in for review by the Overview & Scrutiny Committee. The Overview & Scrutiny Committee also acts as the Council's Audit Committee.

Decisions can also be made by officers under delegated powers and reported to Councillors in line with the Council Constitution. Authority to make decisions is given in the Scheme of Delegation and by specific agreement by Cabinet.

The Council has in place a number of policies and procedures to ensure decisions made are robust. These include the Financial Procedures, Procurement regulations and the Risk Management Policy. Compliance with these policies is the responsibility of all Officers, and assurance is provided by the Internal Audit function.

6. Skills & Training

Skills And Training is about the development of the capacity and capability of Councillors and Officers to ensure effectiveness.

Following the District Council Elections, all Councillors are required to undertake a comprehensive and compulsory training programme. This includes Planning training, Code of Conduct training and Licensing training. Councillors are not allowed to sit on the Planning or Licensing Committees until such training has been undertaken. The training programme ensures that they have an understanding of the procedures and protocols of the Council.

In addition to the compulsory training, a series of other courses and events are also offered. This includes events such as Finance training, speed reading, charring skills, Standards Committee training and personal safety awareness. During the course of a Councillor's four year term of office, regular skills audits are undertaken to identify any new skills requirements or refresher training requirements.

Training programmes are identified for Officers as part of the performance appraisal process. The Council has in place a Competency framework, which forms the basis of the performance appraisal process for all staff. The Council has been awarded the Investors in People accreditation in recognition of its commitment to ensuring all staff have the skills to discharge their responsibilities.

Review of Effectiveness

The 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 effectiveness is informed by the Governance Group (which includes the Chief Executive, the S151 Officer, the Monitoring Officer, the Financial Services Manager, the Policy & Performance Manager, the Governance Accountant and Internal Audit); the Annual Internal Audit report; External Audit comments; and annual Internal Control Questionnaires completed by service managers.

The **Executive** bodies are the **Council**, which is responsible for deciding policies and budgets, and the **Cabinet**, which is responsible for day to day decisions. In order to ensure transparency in the decision making process, decision making meetings are normally open to the public, a forward plan of decisions to be taken is published, and agendas and minutes of all meetings are available.

The Council's **Overview & Scrutiny Committee** meets four times per year as the Audit Committee. The Audit Committee is responsible for monitoring and ensuring risk management arrangements are adequate; receives reports from Internal and External Audit; and ensures that the Internal and External Audit reports are robust.

The Council's **Standards Committee** provides training and advice on the Councillor's Code of Conduct. It regularly reviews the Code and is available to investigate cases where the Code is not complied with.

The Council's **Internal Audit** function is contracted to Deloitte & Touche. An Audit plan is approved annually and is based on strategic risk assessments of services. Progress against the audit plan is reported quarterly to the Overview & Scrutiny Committee, and any reports that give limited assurance are addressed as a matter of priority.

Other governance arrangements include:

- **The Council Constitution.** This is a document which includes the roles, responsibilities, terms of reference and reporting arrangements of the Council and its committees.
- **The Monitoring Officer** – This is a statutory role which has a duty to ensure legal compliance and to monitor and review the operation of the constitution to ensure its aims and principles are given full effect.
- **The Section 151 Officer** – This is a statutory role which has a duty to make arrangements for the proper financial administration of the Council.
- **Policies and Procedures** – key areas of the Council's administration are covered by specifically approved policies which are reviewed appropriately. These include Treasury Management Policies and Practices and an annual review of Reserves and Balances and the Constitution.
- **Corporate Governance Group** – This group meets on a quarterly basis to monitor and implement Corporate Governance issues identified during the annual review of the effectiveness of Internal Control.
- **Scheme of Delegation** – this enables Councillors to concentrate on the strategic direction of the Council and on policy matters, whilst officers deal with operational matters within an approved framework.

Significant Governance Issues

The 2007/08 Annual Governance Statement highlighted a number of issues to address during 2008/09. These issues were structured around the core principles of the Code of Governance and the following actions have been undertaken during 2008/09:

1. Purpose & Vision

- A Partnership Protocol has been drafted and agreed to ensure that Partnerships are underpinned by a common vision.
- Performance Management information has been reviewed to ensure there is greater emphasis on quality.
- The methodology for value for money reviews has been developed: reviews will commence in 2009/10 and be overseen by the Service Improvement & Efficiency Programme Board.

2. Public Accountability

- Equalities impact assessments are required to ensure that the Authority does not discriminate in its service provision in relation to any section of the Community. Service business plans recognise the need to conduct these.
- More consultations have been placed on the Consultation Management system to provide a better base for analysis.

3. Structure

- A review of the Council's constitution has been commenced, and sections of the Constitution have been reviewed including the summary and explanations, the Articles, and a number of protocols. The Scheme of Delegation is currently being reviewed and further reviews are planned for 2009/10.
- The Partnerships Protocol clarifies governance arrangements surrounding Partnerships, to ensure both parties are clear about roles and responsibilities.

4. Values & Conduct

- The Council's values were formally re-adopted in July 2008.
- Councillors' packs include information about the Council Values.
- The revised Code of Local Governance was communicated to services in May 2008.

5. Robust Decision Making

- Performance statistics for Cabinet decisions have been set up.
- Environmental and Equalities issues are now included on Committee Report templates from March 2009.

- The Partnerships Protocol identifies the risks associated with partnerships.

6. Skills & Training

- The profile of statutory officers in the organisation has been raised through attendance at team meetings.
- Feedback forms for Councillor training have been created.
- Performance appraisals for Councillors were considered by the Governance Group and will be investigated further in 2009/10.

The review of the effectiveness of internal control during 2008/09 was structured around the core principles of the new Code of Local Governance. In addition, input from Risk Management, Internal and External Audit, and Governance Group was considered. The review has highlighted the following actions, including some actions brought forward from 2007/08, which would strengthen the Council's Governance arrangements:

1. Public Accountability

- Service business plans recognise the need to conduct equalities impact assessments.

2. Structure

- A review of the Engineers Logging IT system has been added to the Efficiencies Programme Board work plan.
- Terms of Reference for all relevant groups need to include Risk Management responsibilities: this will be carried out when terms of reference are reviewed.

3. Values & Conduct

- To publicise the Council's Whistle Blowing Policy and the Anti Fraud & Corruption Policy.
- To investigate statements of responsibility for Councillors.
- To continue review of the Council Constitution.

4. Robust Decision Making

- To continue with the development of Service continuity plans.

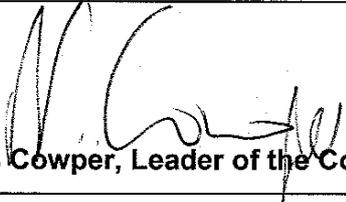
5. Skills & Training

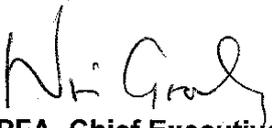
- To undertake training on the Staff Code of Conduct.

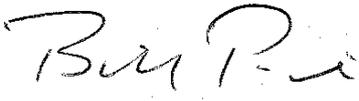
Opinion

It is our opinion that Corporate Governance, along with supporting controls and procedures are strong. We intend over the coming year to address the matters referred to above to further enhance our corporate governance arrangements.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.


Councillor Ferris Cowper, Leader of the Council Date **24/6/09**


Will Godfrey CPFA, Chief Executive Date **24/6/09**


Bill Price CPFA, S151 Officer Date **24/6/09**


Jo Gabell, Monitoring Officer Date **24/6/09**

Independent auditors' report to the Members of East Hampshire District Council

Opinion on the financial statements

We have audited the financial statements of East Hampshire District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. These financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Members of East Hampshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than East Hampshire District Council for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Responsible Finance Officer and auditor

The Responsible Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with "Delivering Good Governance in Local Government: A Framework" published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

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

Authority's responsibilities

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

Auditors' responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance we are satisfied that, in all



significant respects, East Hampshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

A handwritten signature in red ink that reads "Mike Attenborough-Cox".

Mike Attenborough-Cox
for and on behalf of Mazars LLP
Appointed Auditors

Regency House, 3 Grosvenor Square, Southampton, SO15 2BE

29 September 2009

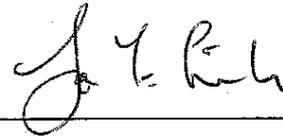
STATEMENT OF RESPONSIBILITIES

Responsibilities of the Authority

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 East Hampshire District Council that officer is the Business Director (Section 151 Officer)
- manage its affairs to secure economic, efficient and effective use of resources
- safeguard its assets
- approve the statement of accounts

Cllr John Smith - Chairman of the Council



The Responsibilities of the Section 151 Officer

This officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2006* ('the Code of Practice').

In preparing this statement of accounts the Section 151 Officer has:

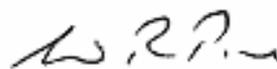
- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code of Practice

The Section 151 Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that the Statement of Accounts present fairly the financial position of the Authority and its income and expenditure for the year ended 31st March 2009.

WR Price CPFA – Section 151 Officer



STATEMENT OF ACCOUNTING POLICIES

INTRODUCTION

The Accounts are prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom 2008 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA): A Statement of Recommended Practice. The Code sets out the accounting practices required for Statements of Accounts prepared in accordance with the statutory framework established for local authority accounts. In addition the Best Value Accounting Code of Practice is followed in the preparation of the Accounts. The Accounts have been prepared on the historical cost basis, modified by the revaluation of assets where relevant.

The purpose of a local authority's published Statement of Accounts is to give electors, local taxpayers, councillors of the authority, employees and other interested parties clear information about the authority's finances.

ACCRUALS OF INCOME AND EXPENDITURE (Debtors and Creditors)

Revenue and capital income and expenditure are accrued in accordance with the Code of Accounting Practice and Financial Reporting Standard (FRS) 18. This means that sums due to or from the Council during the year are included irrespective of whether the cash has actually been received or paid.

In order to achieve the year end close of accounts deadline, housing benefit and other debtors and creditors of significant value have been estimated.

REVENUE EXPENDITURE FINANCED FROM CAPITAL BY STATUTE

Revenue Expenditure financed from capital by statute represents expenditure which may be properly capitalised but does not result in tangible assets (e.g. renovation grants and grants to housing associations). These charges are written off fully to revenue in the year of purchase.

EMPLOYEE COSTS

The salaries of employees together with associated employers' costs are charged to services in the period of account. Pay awards and redundancy payments are included in the accounts as soon as they can be estimated. Hampshire County Council administers this Authority's pension fund, and contributions are included in the Accounts in the period to which they relate.

FIXED ASSETS

- 1. Recognition of Fixed Assets* - All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.
- 2. Valuation of Fixed Assets* - Operational property assets are valued at open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the Depreciated

Replacement Cost (DRC). Non-operational property assets were valued at open market value. In relation to properties valued at DRC, regard was taken as to the prospect and viability of the continuance of occupation.

Property asset values are based upon a valuation report issued by Wadham & Isherwood dated 15 October 2004, and include variations from the valuers in subsequent letters. Due to a change in the requirements of the SORP 2007, all asset values at 1st April 2007 were deemed to be at historic cost. The purpose of this change is to bring Local Authority Fixed Asset Accounting into line with UK Generally Accepted Accounting Practice. The Council considered the need to impair certain categories of asset as a result of the market downturn over 2008/09, however no revaluations have been made since 2004, and market values are considered to have fallen back to 2004/05 levels. This is verified by the Audit Commission Valuation Services report issued on 13th May 2009.

3. Revaluations - The assets recorded in the Balance Sheet at current value will be revalued at 5 yearly intervals unless material changes occur within any category of asset in advance of the general revaluation. When assets are revalued the fixed assets figure in the Balance Sheet is adjusted accordingly, with a corresponding adjustment made to the Revaluation Reserve. The next full revaluation will take place with an effective date of 1st April 2009.

4. Disposals - Profits or losses arising from the disposal of fixed assets are credited or debited to the Income & Expenditure Account, accounted for on an accruals basis. Profits on disposal are then appropriated to the Usable Capital Receipts reserve. Where applicable, the prescribed proportion required for the repayment of external loans is credited to the Capital Financing Account.

Upon disposal, the asset is removed from the Balance Sheet by crediting the fixed assets and debiting a disposals account on the Income and Expenditure Account. This is offset against cash receipts and, if applicable, any disposal costs to calculate profit/loss. Assets may be revalued prior to disposal.

5. Depreciation of Fixed Assets - Depreciation is provided on all operational fixed assets. It includes operational buildings, equipment, and intangible assets. The method of depreciation used is the straight line method.

The asset types and their typical depreciation period are shown below:

Asset Type	Typical Depreciation Period
Buildings	30 to 65 years
Vehicles	4 to 7 years
Equipment	4 to 10 years
Intangible Assets	0 to 10 years

Note - A depreciation period of 0 years indicates that the asset is written down in value in the year of acquisition.

6. Charges to revenue for Fixed Assets – Prior to 2006, all General Fund services and support services included a capital charge for fixed assets used

in the provision of services. From 2006, the Council is no longer required to make this charge. Depreciation is still charged to services.

Finance costs, including external interest payable, and the provision for depreciation are charged to the Income & Expenditure account. In practice this has the effect of inflating the net cost of services but has a neutral effect on the net operating expenditure and no impact on council tax levels.

Amounts set aside from revenue to finance capital expenditure are disclosed separately within the Statement of Movements in the General Fund.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Revenue grants are matched with relating expenditure and credited to the appropriate revenue account during the period to which they relate.

Grants or contributions to finance capital assets are initially credited to the government grants/contributions deferred account. Grants are accounted for on an accruals basis. They are included in the accounts when the conditions with regard to the receipt of the grant have been complied with and there is reasonable assurance that the grant will be paid.

Government Grants that finance Capital Expenditure are depreciated to Revenue over the life of the asset.

FINANCIAL INSTRUMENTS

Financial Instruments are classified into two types:

1. Loans & Receivables – Assets that have fixed or determinable payments but are not quoted in an active market
2. Available for Sale Assets – Assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans & receivables are measured at fair value and carried at their amortised cost. Annual credits to the Income & Expenditure account for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate. The Balance Sheet value of loans the Council has made represents the carrying amount plus any outstanding interest at the year end.

The Council has the power to make loans at less than market rates to voluntary organisations, Parish Councils and employees. These are known as soft loans. Statutory provisions define the impact of soft loans as the difference between the fair value of the loan calculated at market rates, and the actual value of the loan. The difference is charged from the Financial Instrument Adjustment Account to the Income and Expenditure Account. Interest receivable is subsequently credited to the Income and Expenditure Account over the life of the loan, with the difference between the effective rate of interest and the actual rate being written down to the Financial Instruments Adjustment Account.

Where assets are impaired due to a likelihood, arising from a past event, that payments will not be made, the asset will be written down and a charge made to the Income & Expenditure Account. Gains and Losses arising on derecognition of the asset are credited/debited to the Income & Expenditure Account.

Available for Sale Assets

Available for Sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income & Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate. When there are no fixed or determinable payments, income is credited to the Income & Expenditure Account when it becomes receivable.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

1. Instruments with quoted market prices – the market price
2. Other instruments with fixed and determinable payments – discounted cashflow analysis
3. Equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains & Losses. The exception is impairments, which are debited to the Income and Expenditure Account along with any accumulated gain in the reserve.

Gains and losses arising on derecognition are credited /debited to the Income & Expenditure Account, along with any gains/losses previously recognised in the Statement of Total Recognised gains & Losses.

Where the fair value of an asset cannot be determined, it will be carried at cost, less any impairment losses).

LEASES

For assets acquired under an operating lease agreement, the leasing rentals are charged to the appropriate service in the revenue account in the period to which they relate. No provision is made for outstanding lease commitments.

Leased assets do not form part of the Council's fixed asset register unless they are classed as a Finance Lease. A Finance Lease is defined as an asset which is leased to the Council, where the present value of the lease payments equals 90% or more of the asset's value, and where the Council has responsibility for the maintenance of the leased asset.

OVERHEADS

The full cost of support services (e.g. Legal, Personnel, and Finance) and the operational management costs of services are charged to services using, in the main, actual usage figures. The management costs of services are fully allocated to the accounts representing the activities managed.

Activities undertaken by the Council because it is an elected multipurpose authority (including support services to those activities) are not allocated to services but charged to a separate cost centre within the General Fund entitled Corporate and Democratic Core.

PENSIONS

The Council's employees can belong to the Local Government Pension Scheme administered by Hampshire County Council. Detailed regulations govern rates of contribution and scales of benefit. Changes were made to the valuation method for assets during 2008/09, as a result of the changing FRS17 requirements. Asset values previously measured at the mid point market value are now measured at bid value.

PROVISIONS

The Council has made proper provision for specific liabilities or losses which are likely or certain to be incurred, but there is uncertainty about amounts or dates. Provisions are not disclosed separately on the Balance Sheet but are included within creditors. The provision for doubtful debts is an exception as this is netted off against debtors. When debts are written off they are charged to the appropriate revenue account and there is a reduction in the provision required.

RESERVES

Amounts set aside for purposes other than provisions are treated as reserves. The purpose and use of revenue reserves is outlined in note 23 to the Accounts. The Council also maintains a balance on the General Fund to meet any unforeseen working capital requirements or emergency financing needs not met by specific reserves. A review of reserves is undertaken annually.

Capital reserves are not available for revenue purposes. For specific reserves there are statutory constraints as to the purposes for which they may be used. Examples include the Revaluation Reserve, Capital Adjustment Account, and the Usable Capital Receipts reserve.

STOCKS & WORK IN PROGRESS

Stocks are valued at the lower of Cost or Net Realisable Value.

INCOME & EXPENDITURE ACCOUNT

2007/08		2008/09		
Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Net Expenditure on Council Services (Refer p57 to 59)			
2,050	Cultural & Related Services	2,664	374	2,290
4,922	Environmental Services	6,471	1,892	4,579
2,023	Planning & Development Services	4,659	3,147	1,512
227	Highways, Road & Transport	1,629	1,938	(309)
2,044	Housing Services (General Fund)	20,845	19,193	1,652
550	Central Services to the Public	5,427	4,993	434
2,999	Corporate and Democratic Core & Other Services	4,610	1,753	2,857
14,815	Net Cost of Services	46,305	33,290	13,015
	Other Operating Income and Expenditure			
0	Profit/Loss on Disposal of Assets	0	20	(20)
12	Interest Costs	15	0	15
2,298	Precepts paid to Parish Councils	2,463	0	2,463
(1,816)	Interest and Investment Income	25	1,947	(1,922)
750	Pensions Interest Cost & expected return on Pensions Assets	1,350	0	1,350
16,059	Net Operating Expenditure	50,158	35,257	14,901
(8,303)	Demands or Precepts on the Collection Fund			(8,509)
(6,031)	General Government Grants			(6,151)
18	Collection Fund (Surplus) / Deficit			50
1,743	Net Income & Expenditure Account (Surplus) / Deficit			291

2007/08 £'000s	Statement of Movement on the General Fund	2008/09 £'000s
1,743	(Surplus)/Deficit on the Income & Expenditure Account	291
(2,022)	Net Additional Amount required by statute and non statutory proper practices to be debited/credited to the General Fund Balance for the year (Note 1).	(283)
(279)	General Fund Movement	8
(1,514)	General Fund Balance Brought Forward	(1,793)
(1,793)	General Fund Balance Carried Forward	(1,785)

2007/08 £'000s	Reconciliation of General Fund Balance	2008/09 £'000s
(386)	Revenue (Surplus) / Deficit	(461)
29	Use of Previous Year's underspends	469
78	Prior year Adjustment	0
(279)	General Fund Movement	8

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The purpose of the STRGL is to reconcile the surplus/deficit on the Income and Expenditure Account to the movement on the Balance Sheet. The total recognised gains and losses represents the movement in net worth of the Authority and reconciles to the movement on the Balance Sheet.

2007/08 £'000	Statement of Total Recognised Gains and Losses	2008/09 £'000
1,743	(Surplus) / Deficit on the Income and Expenditure Account	291
(159)	(Surplus) / Deficit arising on revaluation of Fixed Assets	0
(425)	Revaluation (Gains) / Losses on Investments	0
(8,050)	Actuarial (Gains) / Losses on Pension Fund Assets/Liabilities	11,060
0	Other (gains) / losses required to be included in the Statement of Total Recognised Gains & Losses	0
48	Collection Fund Balance	(20)
(6,843)	Total Recognised (Gains) / Losses for the year	11,331

BALANCE SHEET

2007/08 £'000	Balance Sheet as at 31st March 2009	2008/09	
		£'000	£'000
394	Intangible Fixed Assets (Note 15) - Intangible Fixed Assets	274	
	Tangible Fixed Assets (Note 15)		
	Operational Assets		
0	- Council Dwellings	0	
15,118	- Other Land and Buildings	15,091	
558	- Vehicles, Plant and Equipment	594	
0	- Infrastructure assets	0	
0	- Community assets	0	
	Non-Operational Assets		
7,100	- Investment properties	7,981	
0	- Assets Under Construction	0	
1,001	- Surplus assets held for disposal	985	
24,171	Total Fixed Assets		24,925
	Other Long Term Assets		
7,727	Long-term Investments (Note 16)	12,686	
270	Long-Term Debtors (Note 17)	176	12,862
32,168	Total Long-Term Assets		37,787
	Current Assets		
39	Stock and Work in Progress	57	
3,935	Debtors (Note 18)	4,356	
19,522	Short-Term Investments (Note 16)	12,552	
14	Cash and Bank	1	16,966
55,678	Total Assets		54,753
	Current Liabilities		
0	Short Term Borrowing	0	
(4,736)	Creditors (Note 19)	(4,681)	
(774)	Bank Overdraft	(69)	(4,750)
50,168	Total Assets less Current Liabilities		50,003
	Long Term Liabilities		
0	Long Term Borrowing	0	
(126)	Deferred Liabilities (Note 19)	(125)	
(350)	Deferred Credits & Capital Receipts (Note 21)	(238)	
(3,010)	Developers' Contributions Deferred Account (Note 20)	(3,257)	
(25)	Provisions (Note 19)	(101)	
(1,227)	Government Grants - Deferred Account (Note 21)	(181)	
(18,980)	Liability related to defined benefit pension scheme (Note 22)	(30,970)	(34,872)
26,450	TOTAL ASSETS LESS LIABILITIES		15,131
	The Net Assets were financed by:		
0	Revaluation Reserve (Note 23a)	0	
35,244	Capital Adjustment Account (Note 23b)	35,222	
3,946	Usable Capital Receipts Reserve (Note 23c)	3,266	
23	Financial Instruments Adjustment Account (Note 23)	0	
402	Available For Sale Financial Instruments Reserve	0	
(18,980)	Pension Reserve (Note 23d)	(30,970)	
4,141	Earmarked Reserves (Note 23e)	5,927	
1,793	General Fund Balance (Statement of Total Movement on General Fund, p24)	1,785	
(119)	Collection Fund Balance	(99)	15,131
26,450	TOTAL NET WORTH		15,131

W R Price CPFA - Section 151 Officer

Date

W.R.P.

24/6/09

CASHFLOW STATEMENT

2007/08 £'000	Cashflow Statement	2008/09 £'000	2008/09 £'000
	Revenue Activities		
	Cash Outflows		
(11,273)	Cash paid to and on behalf of employees	(10,988)	
(44,957)	Precept paid to Hampshire County Council	(47,305)	
(5,880)	Precept paid to Police	(6,418)	
(2,541)	Precept paid to Fire & Rescue Authority	(2,757)	
(2,298)	Precept paid to Parishes	(2,463)	
(22,010)	Contribution to National Non Domestic Rates Pool	(24,905)	
(10,711)	Other Operating costs	(11,286)	
(15,857)	Housing benefit paid	(17,352)	
(22)	Employee loans made	(35)	(123,509)
	Cash Inflows		
1,277	Rents after rebates	1,171	
57,613	Council Tax receipts	60,499	
22,972	Non Domestic rate income	25,219	
5,164	Non Domestic rate income from National Pool	5,399	
867	Revenue Support Grant	752	
19,748	Department for Work & Pensions Grant for Housing Benefit	21,678	
618	Department for Work & Pensions Housing Benefit Admin Grant	581	
559	Other Government revenue grants	1,250	
6,116	Cash received for goods & services	4,299	
955	Other operating cash receipts	1,640	
36	Employee loans repaid	15	122,503
376	Net Cash inflow/outflow		(1,006)
	Returns on Investments and Servicing of Finance		
	Cash Inflows		
1,754	Interest received		1,903
	Cash Outflows		
0	Interest Paid		(8)
2,130	Total Revenue Activities (Note 27)		889
	Capital Activities		
	Cash Outflows		
(874)	Purchase of Fixed Assets	(1,349)	
9,545	(Increase)/Decrease in Long Term Investments	(4,959)	
(1,284)	Other Capital Cash Payments	(1,343)	(7,651)
	Cash Inflows		
178	Sale of fixed assets	20	
740	Capital grants received	464	484
10,435	Net Cash inflow / outflow before financing		(6,278)
	Management of Liquid Resources		
(10,367)	Net (Increase)/decrease in short term deposits		6,970
68	Increase / (Decrease) in Cash / Cash equivalents (Note 28)		692

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4. General Government Grants
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6. European Single Currency
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NOTES TO THE FINANCIAL STATEMENTS

Notes to the Income & Expenditure Account

1. Note to the Statement of Movements on the General Fund

Amendments to the 2006/07 financial guidance resulted in significant changes to the presentation of the primary financial statements of the organisation. The purpose of these changes was to bring Local Government accounts into line with UK Generally Accepted Accounting Policy. The key difference was in the presentation of the Income and Expenditure account, which replaced the Consolidated Revenue Account. Appropriations to and from reserves (e.g. Pensions, Depreciation) were no longer included in the Income and Expenditure Account. Therefore the bottom line of the Income and Expenditure Account represents the excess of costs incurred over the income received from taxpayers and government grants.

It is important to note that the stated bottom line figure on the Income & Expenditure Account does not represent the revenue surplus/deficit for the year. There are costs included within the Income and Expenditure Account that are not borne by taxpayers, such as Depreciation. These are reconciled in the Statement of Movement on the General Fund. The General Fund Movement represents the true Revenue surplus/deficit for the year.

Below is a reconciliation of figures credited or debited to the General Fund in the year.

2007/08 £'000	Note to the Statement of Movements on the General Fund	2008/09 £'000
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.	
(518)	Depreciation and Impairment of Fixed Assets	(596)
168	Amortisation of Government Grants Deferred	185
(1,284)	Revenue Expenditure funded from Capital under statute	(1,343)
0	Net Gain/(Loss) on sale of Fixed Assets	20
(2,980)	Net charges made for retirements in accordance with FRS17	(2,300)
	Amounts Not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.	
0	Minimum Revenue Provision for Capital Financing	0
0	Capital Expenditure charged in year to the General Fund Balance	0
1,800	Employers' Contributions payable to the Local Govt Pension Scheme & retirement benefits payable direct to pensioners	2,040
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on General Fund Balance for the year.	
0	Voluntary Revenue Provision for Capital Financing	0
792	Net Transfer to/(from) Revenue reserves	1,711
(2,022)	Net Additional Amount required to be added to the General Fund Balance	(283)

2. Expenditure on Services

Details of individual services' income and expenditure are shown on pages 57 to 59. The analysis complies with the Best Value Accounting Code of Practice. Section 137 of the Local Government Act 1972, as amended by the Local Government Act 2000, empowers Local Authorities to make contributions to certain charitable funds, not for profit bodies providing public services in the United Kingdom and mayoral appeals. No such expenditure was incurred in 2008/09.

3. Local Authority (Goods & Services) Act, 1970

The authority is required to disclose the income and expenditure arising from arrangements entered into authorised by section 1 of the above Act. During 2008/09 there were no transactions made under the above act. This compares with no transactions made in 2007/08.

NOTES TO THE FINANCIAL STATEMENTS

4. General Government Grants

2007/08 £'000	General Government Grants	2008/09 £'000s
867	Revenue Support Grant	752
5,164	National Non Domestic Rates Grant	5,399
6,031	Total General Government Grants	6,151

5. Section 5 Local Government Act, 1986 - Publicity

Set out below, under the requirements of section 5(i) of the Local Government Act, 1986, is the Council's spending on publicity.

2007/08 £'000	Publicity Spending	2008/09 £'000
128	Advertising and Promotions	117
41	Partners Magazine	32
169	Total publicity spending	149

6. European Single Currency

The Council continues to review the practical implications of converting to the European Single Currency, so as to be able to move forward in the event of a positive decision. The Council has a Financial System which is Euro compliant.

7. Schemes under the Transport Act 2000

The Council is required to disclose any schemes under the Transport Act 2000. These relate to Road Charging Schemes and workplace charging levies. The Council does not operate any such schemes.

8. Members' Allowances

Members' Allowances consist of a Basic Allowance for all Councillors of £4,010 and a Special Responsibility Allowance, dependent on the Councillor's role in the Council.

2007/08 £'000	Members' Allowances	2008/09 £'000
267	Value of Members' Allowances Paid:	315

9. Officers' Emoluments

The table below reports the number of employees whose remuneration, excluding pension contributions was £50,000 or more, in bands of £10,000.

2007/08 Number of Employees	Remuneration Band	2008/09 Number of Employees
6	£50,000 - £59,999	9
6	£60,000 - £69,999	7
1	£70,000 - £79,999	1
1	£80,000 - £89,999	1
0	£90,000 - £99,999	0
1	over £100,000	1
15	Total	19

NOTES TO THE FINANCIAL STATEMENTS

10. Trading Services

The Council is required to disclose the nature, turnover and profits or losses of any trading operations. The list of activities below is extracted from the revenue expenditure (pages 57 to 59) where there is a complete list of all Council activities (whether regarded as trading or non-trading).

2007/08 Net Expenditure £'000	Trading Services	2008/09		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
(15)	Markets	674	957	(283)
(194)	Building Control	380	561	(181)
(12)	Land Charges	252	184	68
(709)	Car Parks	492	1,450	(958)
142	Licensing	332	199	133
175	Pest Control	187	21	166
(395)	Woolmer Trading Estate	674	957	(283)
(1,008)	Total	2,991	4,329	(1,338)

11. Building Regulations Charging Account

The Building Act 1984, and specifically, the Local Authority Building Control Charges Regulations [S 1998/3129] require that the income for Building Regulations shall not be more than the costs incurred in performing the service over a 3 year period. The levels of income and costs are analysed below.

2007/08 Total £'000	Building Regulations Charging Account	2008/09		
		Chargeable £'000	Non Chargeable £'000	Total £'000
484	Employees Costs	245	191	436
237	Other Expenses	135	87	222
721	Total Expenditure	380	278	658
589	Building Regulation Fee Income	561	0	561
35	Other Income	0	35	35
624	Total Income	561	35	596
97	Net Expenditure/(income)	(181)	243	62
97	(Surplus)/Deficit for the year			62

NOTES TO THE FINANCIAL STATEMENTS

12. Related Party Transactions

Definition

Related Party transactions involve the transfer of assets, liabilities and/or services to parties that can influence, or be influenced by, the Council. Related Parties include the following:

Central Government

Central Government determines the statutory framework within which the Council operates, and provides a significant amount of funding. Government Grants paid during 2008/09 are disclosed at Note 4 to the Cashflow Statement.

Precepting Authorities

Precepts paid to Parish Councils during 2008/09 are disclosed within the Collection Fund.

Housing Associations

The Council is entitled to nominate two Councillors to sit on the Management Board of Drum Housing Association. The Council paid Disabled Facilities Grants totalling £25,511 to Drum Housing in 2008/09

Citizens Advice Bureaux

The Council is entitled to nominate Councillors to sit on the Management Boards of Alton, Petersfield, Havant & District and Whitehill CABs. The Council paid grants totalling £280,801 to the CABs in 2008/09.

Members and Chief Officers

Members and Chief Officers are required to disclose relationships with related parties during the year. Transactions with related parties are disclosed below.

2007/08 Net Expenditure £'000	Related Party Transactions	2008/09		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
91	Grants & Funding	42	0	42
91	Total	42	0	42

13. Audit Costs

The Council is required to disclose the following audit costs.

2007/08 £'000	Audit Costs	2008/09 £'000
90	Fees Payable to the Audit Commission with regard to external audit services carried out by the appointed Auditor	100
6	Fees payable to the Audit Commission in respect of Statutory Inspection	7
29	Fees payable to the Audit Commission for the certification of grant claims and returns	27
7	Fees Payable in respect of other services provided by the appointed Auditor	0
132	Total	134

NOTES TO THE FINANCIAL STATEMENTS

14. Net Contributions to /(from) Earmarked Reserves

2007/08 £'000	Net Contributions	2008/09 £'000
	Maintenance Reserves	
0	Contribution to/from Information Technology Fund	0
0	Contribution to/from Open Space Maintenance Fund	(35)
0	Contribution to/from Asset Management Maintenance Fund	(15)
0	Total Contributions to/(from) Maintenance Reserves	(50)
	External Risk Provisions	
229	Contribution to/from Corporate Projects Reserve	(163)
0	Contribution to/from Insurance Reserve	(12)
0	Contribution to/from Interest Equalisation Account	(61)
229	Total Contributions to/(from) External Risk Provisions	(236)
	Service Specific Reserves	
0	Contribution to/from Community Initiatives Fund	(25)
(31)	Contribution to/from Community Schools Debt Release Reserve	39
286	Contribution to/from Carry Forwards	(195)
(29)	Contribution to/from General Fund	387
0	Contribution to/from Enforcement Provision	(3)
0	Contribution to/from Planning Reserves	(34)
0	Contribution to/from Second Homes Discount Reserve	15
0	Contribution to/from Local Authority Business Growth Incentive Grant Reserve	434
0	Contribution to/from Lottery Play Strategy Reserve	48
0	Contribution to/from Waste to Resources Action Plan Reserve	89
0	Contribution to/from Web Development Reserve	57
0	Contribution to/from Heatherlands Football Pitch Reserve	13
0	Contribution to/from Headstone Testing Reserve	58
0	Contribution to/from Concessionary Travel Reserve	205
0	Contribution to/from Implementing Electronic Government Reserve	(77)
0	Contribution to/from Community Planning Grants Reserve	20
0	Contribution to/from Business Enterprise Regulatory Reform Reserve	70
0	Contribution to/from Climate Change Reserve	(23)
226	Total Contributions to/(from) Service Specific Reserves	1,078
	Provisions	
(60)	Contribution to/(from) Provisions	70
	Government Grants Deferred	
659	Grants Received transferred to Government Grants Deferred	44
1,054	Net Increase in Provisions & Earmarked Reserves	906
	Capital Reserve Transfers	
(1,284)	Revenue Expenditure financed from Capital under Statute	(1,343)
(518)	Depreciation and Write down of capital expenditure	(590)
(748)	Total Contributions	(1,027)

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Balance Sheet

15. Fixed Assets

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

	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Intangible Software Assets £'000	Surplus Assets £'000	Total Non-Operational Assets £'000	Total £'000
Gross Historic Cost At 01/04/2008	15,698	1,459	1,032	1,007	7,100	26,296
Reclassification	14	0	0	(14)	0	0
Additions	128	308	32	0	881	1,349
Write Downs	(5)	0	0	0	0	(5)
Disposals	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Gross Book Value 31/03/2008	15,835	1,767	1,064	993	7,981	27,640
Depreciation						
Accumulated	580	901	638	6	0	2,125
Charge for the Year	164	272	152	2	0	590
Disposals	0	0	0	0	0	0
Total	744	1,173	790	8	0	2,715
Net Book Value 31/03/2009	15,091	594	274	985	7,981	24,925
Historic Cost of Assets 01/04/2008	15,118	558	394	1,001	7,100	24,171

Notes

a) The asset values in the accounts are based upon a valuation certificate dated 15th October 2004 by the Independent Valuers, Wadham & Isherwood. All assets were valued in accordance with Royal Institute of Chartered Surveyors rules. The total valuation of land & buildings at 15th October 2004 was £26,566,382. Accounting requirements changed in 2007, and required the Council to deem operational and non operational asset values at historic cost as at 31st March 2008. Following the downturn in the property market in 2008, the Council considered the need to impair its assets. Valuation advice obtained from Wadham and Isherwood and the Audit Commission showed a fall in asset values to 2004 levels. As there has been no upward revaluation in Council assets since 2004, no impairments have been made.

b) Community Assets are assets that the Council holds in perpetuity, that have no determinable useful life, and that may have restrictions on disposal. Examples of Community Assets include parks, and historic buildings. The net book value of any Community Assets held by EHDC is zero.

c) Infrastructure assets are assets required in order to enable other developments to take place, for example, roads. Coastal defences and other similar environmental works are also classed as infrastructure assets. The net book value of any such infrastructure assets held by EHDC is zero.

d) Depreciation Rates applied are outlined in the Statement of Accounting Policies on page 19.

e) For properties valued on the basis of Depreciated Replacement Cost, regard was taken as to the prospect and viability of occupation continuing.

f) The Council had no contracted or committed works as at 31st March 2009.

NOTES TO THE FINANCIAL STATEMENTS

Number 2007/08	Analysis of Council Assets	Number 2008/09
	Land & Buildings	
30	Car Parks	30
1	Lorry Parks	1
5	Cemeteries	5
2	Sport / Leisure Centres	2
1	Shopmobility Centre	1
8	Purpose Built Community Buildings	8
4	Other Community Buildings	4
178	Public open spaces and amenity land sites	178
2	Allotment sites	2
9	Public Conveniences	9
15	Bus Shelters	15
	Operational Buildings	
2	Offices	2
	Investment Properties - (Non operational)	
7	Shops	7
1	Retail Centre	1
60	Industrial Estate Units	61

Financing of Capital Expenditure

Capital Expenditure was financed as follows:

2007/08 £'000	Financing of Capital expenditure	2008/09 £'000	2008/09 £'000
	Capital Expenditure		
444	- Land & Buildings	128	
430	- Equipment & Intangible Assets	341	
1,284	- Revenue Expenditure funded from Capital under statute	1,343	
2,158	Total expenditure		1,812
	LESS		
(4)	- Implementing Electronic Government to government grant deferred account	0	
(63)	- Kerbside Glass to Defra grant deferred account	0	
(35)	- Planning Delivery Grant to deferred account	(59)	
(22)	- Benefits Admin grant to deferred account	0	
0	- Right to Buy Receipts to deferred account	(20)	
	ADD		
111	- Implementing Electronic Government Depreciation charges	112	
17	- Kerbside Glass Depreciation charges	17	
31	- Planning Delivery Grant Depreciation Charges	44	
0	- Right to Buy Depreciation Charges	4	
7	- Benefits Admin Grant Depreciation Charges	7	105
2,200	Total to finance from capital resources		1,917
	Method of Finance		
1,075	Capital Receipts		632
488	Specific Capital Grants		603
533	Capital Contributions		397
104	Revenue Contributions		285
2,200	Total resources used		1,917

NOTES TO THE FINANCIAL STATEMENTS

16. Financial Instruments

The borrowings & Investments disclosed in the balance sheet are made up of the following categories of Financial Instruments.

	Long Term 2007/08	Long Term 2008/09	Current 2007/08	Current 2008/09
Financial Liabilities at amortised cost				
Car Loans	0	0	30	48
Rent Deposits	126	125	0	0
Financial Assets at amortised cost				
Loans & Receivables	7,727	12,686	9,350	12,552
Available for Sale Financial Instruments	0	0	10,172	0
Total Investments	7,727	12,686	19,522	12,552

The Councils' current liabilities relate to Commercial Rent Deposits and Employee Car Loans. The Council is obliged to repay the rent deposits at the end of the Tenancy, providing all rent due has been paid. There were no impairments in the Council's financial instruments during 2007/08 or 2008/09. All outstanding debt is pursued until such time as it becomes uneconomic or disproportionate to the administrative effort required.

Financial Instruments Gains/Losses

The Gains & Losses recognised in the Income & Expenditure Account and Statement of Recognised Gains & Losses in relation to financial instruments are made up as follows:

Financial Assets & Liabilities 2007/08	Financial liabilities	Financial Assets		Total
		Loans & Receivables	Available for Sale assets	
Interest on Internal Funds	(12)			(12)
Interest Payable				0
Interest Income		1,366	450	1,816
Gains on revaluation			402	402
Total	(12)	1,366	852	2,206

Financial Assets & Liabilities 2008/09	Financial liabilities	Financial Assets		Total
		Loans & Receivables	Available for Sale assets	
Interest on Internal Funds	(7)			(7)
Interest Payable	(8)			(8)
Interest Income		1,472	450	1,922
Gains on revaluation			0	0
Total	(15)	1,472	450	1,907

NOTES TO THE FINANCIAL STATEMENTS

Valuation of Assets Carried at Fair Value

Investment transactions during 2008/09 included the maturity of a European Investment Bank Bond, which was been recorded at market value. It was replaced by fixed rate cash deposits in October 2008. All fixed term deposits are recorded at cost. Where interest is due, but not physically received in 2008/09, the interest due has been included within the fair value calculation below. The Council set up a number of forward deals on fixed and variable rate deposits during 2007/08, which came into effect during 2008/09. There are no forward deals open at 31st March 2009. The Council also operates a money market fund for overnight balances.

Fair Value of Assets & Liabilities Carried at Amortised Cost

Financial Assets & Liabilities represented by loans & receivables are carried in the Balance Sheet at amortised cost. Their value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

	31st March 09		31st March 08	
	Carrying Amt £'000s	Fair Value £'000s	Carrying Amt £'000s	Fair Value £'000s
Financial Assets				
Available for Sale Assets	0	0	10,172	10,172
Deposits >1yr	12,686	12,686	7,703	7,703
Deposits <1yr	12,552	12,552	9,350	9,350
Gains on Forward Deals	0	0	24	24

Disclosure of the Nature & Extent of Risks arising from Financial Instruments

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

1. Credit Risk - the possibility that other parties might fail to pay amounts due to the Authority
2. Liquidity Risk - the possibility that the Authority might not have funds available to meet its commitments to make payments.
3. Market Risk - the possibility that financial loss may arise for the authority as a result of changes in interest rates

The Authority's Risk management Programme focuses on the unpredictability of financial markets and seeks to minimise the adverse effects of market movements on the resources available to fund services. The Council considers this risk when setting the annual Treasury Management Strategy, and the Prudential Indicators contained in the Strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and Financial Institutions unless they are independently rated and contained on the Council's Lending List. The Council may also lend to other local authorities and Parish Councils. No more than £2.5m is invested with any single financial institution at any one time.

The Council also receives income from Council Tax, National Non Domestic Rates, and Housing Benefit Overpayments. These are statutory debts, and while every effort to collect this income is made, the Council cannot choose who its counterparties are.

	Amount at 31/03/09 £'000s	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31/03/08 %	Estimated Maximum Exposure £'000s
Deposits with Banks & Building Societies	20,000	0.0%	0.0%	0
Customers	535	1.0%	10.0%	54
Council Tax	958	17.3%	20.0%	192
Business Rates	410	15.0%	20.0%	82
Housing Benefit Debtors	444	20.8%	20.0%	89

NOTES TO THE FINANCIAL STATEMENTS

No credit limits were exceeded in the reporting period and the authority does not expect any losses from non performance by any counterparts in relation to deposits & bonds.

The following table shows an aged analysis of Trade Debtors and Mortgage Debtors. The Council does not renegotiate debt. The Authority does not generally allow credit for customers. However, of the £535k debtors, £273k is beyond the due date for payment.

Age	2007/08 Total £	2008/09 Total £
0-28 Days	437,432	263,505
29-42 Days	24,243	153,266
43-90 Days	35,338	20,150
91-180 Days	48,303	25,214
Over 180 Days	274,504	73,306
Grand Total	819,820	535,441

Liquidity Risk

The Council is a 'debt -free' Authority and does not have any long term loans. However, short term loans may be entered into from time to time to cover cashflow shortages. The Council has access to borrow through the Public Works Loan Board, and through banks & Building Societies. The risk of borrowing is that the Council is bound to repay at potentially unfavourable interest rates, and this risk is minimised through close cashflow management, avoiding the need to borrow wherever possible.

At the Balance Sheet date, the Council had no long or short term loans outstanding.

Market Risk

The Authority is exposed to a degree of risk in terms of its exposure to interest rate movements. For example, a rise in rates would have the following impact:

1. Borrowing - The Council has no loans and therefore a rates rise would have no impact. However, if the Council were to take out a loan, the cost of borrowing would be higher.
2. Variable Rate Investments - Interest income credited to the Income & Expenditure Account would rise.
3. Fixed Rate Investments - The fair value of long term fixed rate investments would fall, as the return on the investment would become less favourable. Where fixed rate investments have short maturities, the effect will be as for variable rate investments, as the replacement investments would generate increased interest returns.

The Authority has a number of strategies for dealing with interest rate risk. Variable rate investments are limited in the Treasury Management Strategy to 65% of total investments between 2008/09 and 2009/10. The authority also aims to maintain its long term maturity profile so that substantial re-investments are not made at a time when interest rates are low.

The Treasury Management function produces monthly reports on interest returns, maturities, reinvestments and sensitivity analysis.

According to this strategy, if average interest rates over the financial year 2008/09 are 1% higher than forecast, the financial effect would have been an increase in interest returns of £65k. A fall of 1% would cause a fall in interest receipts of £65k.

Price Risk

The Authority does not invest in equity shares, and therefore is not exposed to equity price risk. The Council holds £7.9m of property investments on its Asset Register. These properties will be subject to price risks in the property markets, if the Council decided to sell at the current time.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to losses arising from exchange rate movements.

NOTES TO THE FINANCIAL STATEMENTS

17. Long Term Debtors

Long Term Debtors are amounts owed to the Council that are due after the next financial year end.

Balance 01/04/08 £'000	Long Term Debtors	Additions £'000	Reductions £'000	Balance 31/3/09 £'000
2	Mortgages	0	1	1
31	Equity Shares	0	0	31
30	Employee Car Loans	38	20	48
1	Deposits owing to the Council	0	0	1
237	Mill Chase Community School	0	111	126
301		38	132	207
	Provision for doubtful debts			
(31)	Equity shares	0	0	(31)
270	Total	38	132	176

18. Current Debtors

Current Debtors are amounts owed to the Council that are due during the next financial year.

2007/08 £'000	Current Debtors	2008/09 £'000
	Amounts falling due within one year	
	Related Parties	
827	Government departments	683
67	Other Local Authorities	232
1,247	Collection Fund General	1,369
	Unrelated Parties	
1,841	Debtors for services	1,649
0	Capital Debtors	0
238	HM Revenue & Customs (VAT)	879
4,220		4,812
735	Collection Fund Balance due from precepting Authorities	656
	Provision for doubtful debts	
(515)	General Fund	(565)
(505)	Collection Fund	(547)
3,935	Total	4,356

NOTES TO THE FINANCIAL STATEMENTS

19. Creditors

Creditors are amounts owed by the Council at 31st March 2009.

2007/08 £'000	Creditors	2008/09 £'000
	Amounts falling due within one year	
	Related Parties	
764	Government departments	378
0	Her Majesty's Revenues & Customs	0
303	Other Local Authorities	38
988	Collection Fund	2,271
	Unrelated Parties	
0	Creditors in respect of Capital Spend	0
2,681	Creditors for goods and services	1,994
4,736	Total Creditors	4,681
	Provisions	
25	Provisions	101
	Amounts falling due over one year	
126	Deferred liabilities	126
4,887	Total	4,908

20. Developers' Contributions Deferred Account

The advances in 2008/09 represents Developers' Contributions towards schemes which have yet to take place. The transfers represent the use of Contributions either on EHDC schemes or third party schemes.

Balance 01/04/08 £'000	Developers' Contributions	Contributions to Fund £'000	Releases from fund £'000	Balance 31/03/09 £'000
3,010	Contributions to/from Developers	682	435	3,257
3,010		682	435	3,257

21. Deferred Credits

Deferred credits represent sums which are anticipated for future periods, or capital grants which are amortised as the asset is depreciated.

Balance 01/04/08 £'000	Deferred Credits and Government Grants Deferred	Advances / Contribution £'000	Transfer to other a/cs £'000	Balance 31/03/09 £'000
3	Housing sale receipts deferred	0	1	2
347	Hampshire County Council repayment for Mill Chase Community	0	111	236
350	Total Deferred Credits			238
97	Implementing Electronic Government Grant deferred	0	111	(14)
941	Local Authority Business Growth Incentive Grant	0	941	0
66	Defra Grant Deferred	0	18	48
28	Revenues & Benefits Grant	0	7	21
70	Planning Delivery Grant (Capital) Deferred	59	43	86
25	Safer Stronger Communities Fund Grant	0	0	25
0	Right to Buy Receipts Deferred	15	0	15
1,227	Total Government Grants Deferred			181
1,577		74	1,232	419

NOTES TO THE FINANCIAL STATEMENTS

22. Pension Asset Account

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments into the Pension Scheme to ensure that employees receive their future entitlement.

The Council participates in the Local Government Superannuation Scheme, administered by Hampshire County Council (HCC). It is a funded scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Council pays additional contributions in respect of early and efficiency retirements and this is known as the unfunded element.

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on cash payable in the year. The adjustments shown in the pension asset account and the pension reserve (note 24d) reflect this.

Changes in accounting regulations resulted in a change to the valuation methods used and as a result, 2007/08 figures in this note have been restated, however the balance sheet value was adjusted in the 2008/09 financial year.

Further information can be found in the County Council's Superannuation Fund Annual Report which is available upon request from the County Treasurer at Hampshire County Council:

County Treasurer
Hampshire County Council
The Castle
Winchester
Hampshire
SO23 8UJ
www.hants.gov.uk

The Pension Asset Account

2007/08 £'000	Pension Asset Account	2008/09 £'000
(25,850)	Pension Asset Account Balance B/fwd	(18,980)
0	Restatement of Opening Balances	(80)
0	Unfunded Discretionary Benefits	0
(1,480)	Current Service Cost	(940)
(750)	Past Service Pension Costs	(10)
(3,530)	Interest Cost	(4,200)
9,770	Actuarial Changes	530
(70)	Return on investments	0
(21,910)	Total	(23,680)
2,780	Return on Assets	2,850
(1,650)	Actuarial Changes	(11,670)
2,070	Cash paid to Fund	1,850
(450)	Contributions from Participants	(510)
180	Cash paid to Fund in respect of the unfunded liabilities	190
(18,980)	Balance C/fwd	(30,970)

NOTES TO THE FINANCIAL STATEMENTS

The disclosures below relate to the funded liabilities within the Hampshire County Council Pension Fund (the Fund), which is part of the Local Government Pension Scheme (LGPS). East Hampshire District Council participates in the Fund which provides defined benefits, based on members' final pensionable salary. In accordance with Financial Reporting Standard No.17 - Retirement Benefits (FRS17), disclosure of certain information concerning assets, liabilities, income and expenditure relating to the pension scheme is required. The Employer's regular contributions to the Fund for the accounting period to 31st March 2010 are estimated to be £1.43m. In addition, Strain on Fund Contributions may be required. The latest actuarial valuation of the Fund took place on 31st March 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for FRS17 purposes were:

Financial Assumptions	March 2007	March 2008	March 2009
Rate of Inflation	3.2% pa	3.7% pa	3.4% pa
Rate of general increase of salaries	4.7% pa	5.2% pa	4.9% pa
Rate of increase to pensions in payment	3.2% pa	3.7% pa	3.4% pa
Rate of increase to deferred pensions	3.2% pa	3.7% pa	3.4% pa
Discount rate for scheme liabilities	5.3% pa	6.8% pa	6.7% pa

Principal Demographic Assumptions	31st March 2008	31st March 2009
Male		
Base Table in 2007	PNMA00 with allowance for MC Improvement factors to 2007	PNMA00 with allowance for MC Improvement factors to 2007
Scaling to above base table rates	110%	110%
Cohort Improvement factors (from 2007)	100% of MC	80% of LC
Minimum underpin to improvement factors	1.00%	1.25%
Future lifetime from age 65 (currently aged 65)	21.3	22.2
Future lifetime from age 65 (currently aged 45)	23.2	24.5
Female		
Base Table in 2007	PNFA00 with allowance for MC Improvement factors to 2007	PNFA00 with allowance for MC Improvement factors to 2007
Scaling to above base table rates	110%	110%
Cohort Improvement factors (from 2007)	100% of MC	60% of LC
Minimum underpin to improvement factors	0.50%	1.25%
Future lifetime from age 65 (currently aged 65)	23.4	24.2
Future lifetime from age 65 (currently aged 45)	24.6	26.4

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS17.

A building block approach is employed when determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the Fund at 31st March 2009.

	Long term expected rate of return at 31/3/07 (%)	Asset split as at 31/3/07 (%)	Long term expected rate of return at 31/3/08 (% pa)	Asset split as at 31/3/08 (%)	Long term expected rate of return at 31/3/09 (% pa)	Asset split as at 31/3/09 (%)
Equities	7.7	67.2	7.6	61.9	7.0	55.2
Property	6.7	4.5	6.6	5.8	6.0	7.3
Government Bonds	4.7	20.7	4.6	26.6	4.0	27.4
Corporate Bonds	5.3	2.7	6.8	0.0	5.8	3.9
Cash/Other	5.6	4.9	6.0	5.7	1.6	6.2
Total	6.9	100.0	6.7	100.0	5.7	100.0

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Funded status to the Balance Sheet

The funded status of the Council's pension fund compares the notional value of assets, and the present value of all committed liabilities to give the overall funding deficit. The net pension liability is represented by the pension asset account on the balance sheet.

	Value as at 31/3/2007 £'m	Value as at 31/3/2008 £'m	Value as at 31/3/2009 £'m
Notional Value of Fund Assets	40.79	43.41	33.99
Total Pension Assets	40.79	43.41	33.99
Present Value of Liabilities (Funded)	63.51	59.53	61.94
Present Value of Liabilities (Unfunded)	3.19	2.94	3.02
Total Pension Liability	66.70	62.47	64.96
Total Net Pension Liability	25.91	19.06	30.97

Analysis of Income & Expenditure Charge

The income and expenditure charge reconciles the current year costs recognised within the cost of services on the Income and Expenditure account. This is offset by the expected interest return on assets to provide the overall charge for the year.

	Period Ending 31st March 2008 £m	Period Ending 31st March 2009 £m
Current Service Costs	1.48	0.94
Past Service Costs	0.75	0.01
Interest costs	3.53	4.20
Expected Return on Assets	(2.78)	(2.85)
Curtailment Cost	0.00	0.00
Settlement Cost	0.00	0.00
Expense Recognised	2.98	2.30

Changes to the Present Value of Liabilities during the Accounting Period

This table reconciles the movement in the overall pension liability for the year. There were no significant changes in 2008/09.

	Period Ending 31st March 2008 £m	Period Ending 31st March 2009 £m
Opening Present Value of Liabilities	66.70	62.47
Current Service Costs	1.48	0.94
Interest cost	3.53	4.20
Contributions by Participants	0.45	0.51
Actuarial Gains/Losses on Liabilities	(8.11)	(0.53)
Net Benefits Paid out	(2.33)	(2.64)
Past Service Cost	0.75	0.01
Net increase in liabilities from Disposals & Acquisitions	0.00	0.00
Curtailments	0.00	0.00
Settlements	0.00	0.00
Closing Present Value of Liabilities	62.47	64.96

NOTES TO THE FINANCIAL STATEMENTS

Changes to the Fair Value of Assets during the Accounting Period

This table reconciles the movement in the fair value of pension assets for the year. There was a significant change on actuarial gains/losses in 2008/09, which have arisen as a result of the financial market downturn in 2008/09.

	Period Ending 31st March 2008 £m	Period Ending 31st March 2009 £m
Opening Fair Value of Assets	40.79	43.41
Expected return on Assets	2.78	2.85
Actuarial Gains/Losses on assets	(0.08)	(11.67)
Contributions by the Employer	1.62	1.34
Contributions by Participants	0.45	0.51
Net Benefits Paid out	(2.15)	(2.45)
Net increase in assets from Disposals and Acquisitions	0.00	0.00
Settlements	0.00	0.00
Closing Present Value of Liabilities	43.41	33.99

History of Asset Values

This table provides a history of pension fund asset values for the last five accounting periods. In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid market value for periods ending 2008 and 2007 have been re-measured for this purpose. Asset values for periods ending 2006 and 2005 are shown at mid market value, and have not been re-measured as permitted by FRS17 (as revised).

	Period Ending 31st March 2005	Period Ending 31st March 2006 £m	Period Ending 31st March 2007	Period Ending 31st March 2008 £m	Period Ending 31st March 2009
Fair Value of Assets	32.07	38.75	40.79	43.41	33.99
Present Value of Liabilities - Funded	(54.07)	(60.51)	(63.51)	(59.53)	(61.94)
Present Value of Liabilities - Unfunded	(3.12)	(3.16)	(3.19)	(2.94)	(3.02)
Surplus / (Deficit)	(25.12)	(24.92)	(25.91)	(19.06)	(30.97)

Actual Return on Assets

This table shows the total return on pension fund assets. This includes the impact of any changes in assumptions made by the actuary.

	Period Ending 31st March 2008 £m	Period Ending 31st March 2009 £m
Expected Return on Assets	2.78	2.85
Actuarial Gains / (Losses)	(0.08)	(11.67)
Actual Return on Assets	2.70	(8.82)

History of Experience Gains & Losses

In accordance with paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6th April 2007. The history of experience gains/losses on liabilities shown has not been restated for periods ending 2007, 2006 and 2005 and includes the experience relating to unfunded liabilities.

Experience Gains / Losses	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m
Experience Gains / (Losses) - Assets	0.75	5.26	(0.06)	(0.08)	(11.67)
Experience Gains / (Losses) - Funded Liabilities	0.80	0.16	(0.18)	(1.65)	(0.34)
Experience Gains / (Losses) - Unfunded Liabilities				(0.01)	(0.06)
Total Experience Gains / (Losses)	1.55	5.42	(0.24)	(1.74)	(12.07)

NOTES TO THE FINANCIAL STATEMENTS

23. Movements on Reserves and Balances

The Council keeps a number of reserves in the Balance Sheet. Some of these reserves are statutory, and others are created to ensure resources are available to meet future spending needs. The Council reviews its reserves regularly.

Reserve	Purpose of the reserve	Balance 1/04/08 £'000	Net movement in year £'000	Balance 31/03/09 £'000	Note
Revaluation Reserve	To show the movements on Fixed Asset Balances as a result of revaluations and temporary impairments.	0	0	0	23a
Capital Adjustment Account	Resources set aside to finance past capital expenditure.	35,263	(41)	35,222	23b
Usable Capital Receipts	Capital Receipts from fixed asset sales, available for future capital expenditure.	3,929	(663)	3,266	23c
Pensions Reserve	To show the extent of the Pension Liability on the Balance Sheet.	(18,980)	(11,990)	(30,970)	23d
Financial Instruments Adjustment Account	The Financial Instruments Adjustment Account shows the unrealised gains/losses on financial assets & liabilities.	23	(23)	0	STRGL, p25
Available for Sale Financial Instruments Reserve	The Financial Instruments Adjustment Account shows the unrealised gains/losses on tradable financial assets & liabilities	402	(402)	0	STRGL, p25.
General Fund	Resources available to meet future service costs.	1,793	(20)	1,773	STMGF, p24
Collection Fund	Surplus or deficit on the Collection fund relating to EHDC.	(119)	20	(99)	Collection Fund note 4
Earmarked Reserves	Specific reserves created to meet future liabilities.	5,082	845	5,927	23e

23a Revaluation Reserve

The Revaluation Reserve was created as at 1st April 2007, and replaced the old Fixed Asset Restatement Reserve. Under the CIPFA SORP 2007 guidance, all assets are valued at historic cost at 1st April 2007. The purpose of this change is to bring Local Authority fixed asset accounting into line with UK Generally Accepted Accounting Policies. The balance of the old Fixed Asset Restatement has been debited to the Capital Adjustment Account.

2007/08 £'000	Revaluation Reserve	2008/09 £'000
0	Opening Balance	0
0	Revaluation of Assets	0
0	Impairment of Assets	0
0	Disposals	0
0	Balance C/fwd	0

NOTES TO THE FINANCIAL STATEMENTS

23b. Capital Adjustment Account

The Capital Financing Account contains the amount of capital expenditure financed from revenue and capital receipts. It also contains the amounts provided for depreciation. The Council is required, by statute, to set aside capital receipts for the repayment of external loans, however as the Council has no external loans there are no receipts set aside for repayments.

2007/08 £'000	Capital Adjustment Account	2008/09 £'000	2008/09 £'000
0	Opening Balance		35,244
(19,546)	Balance on Fixed Asset Restatement Account		0
54,406	Balance on Capital Financing Account		0
34,860	Balance Brought Forward to Capital Adjustment Account		35,244
0	Capital Receipts Set aside		0
	Capital Financing		
1,075	Capital Receipts	631	
104	Revenue Contributions	285	
533	Capital Contributions	397	
446	Specific Capital Grants	499	
2,158	Sub Total		1,812
	Adjustments to Capital Financing		
0	Minimum Revenue Provision*	0	
0	Losses on Disposal	0	
(4)	Implementing Electronic Government Transfer to deferred grant account	0	
(63)	Kerbside Glass Grant to Deferred Account	0	
(22)	Planning Delivery Grant to Deferred Account	(59)	
(35)	Benefits Admin Grant to Deferred Account	0	
0	Right to Buy Receipts to Deferred Account	(20)	
7	Benefits Admin Depreciation Charges	7	
31	Planning Delivery Grant Depreciation Charges	44	
17	Kerbside Glass Depreciation Charges	17	
115	Implementing Electronic Government Depreciation Charges	112	
0	Right to Buy Depreciation Charges	4	
46	Total Adjustments		105
2,204	Capital Financing for the year		1,917
	less		
1,284	Revenue Expenditure financed from Capital under Statute		1,343
518	Depreciation and Write Down of Capital Expenditure		596
18	Disposal of Fixed Assets		0
35,244	Balance C/fwd		35,222

*There is no Minimum Revenue Provision in respect of the General Fund as the Council does not borrow money to finance Capital Expenditure.

NOTES TO THE FINANCIAL STATEMENTS

23c. Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

2007/08 £'000	Usable Capital Receipts Reserve	2008/09 £'000	2008/09 £'000
4,442	Balance B/Fwd		3,946
	Receipts from sales		
183	Sale of Assets	21	
760	Grants and Contributions	802	
0	Capital growth on European Investment Bond	230	1,053
	Less		
1,439	receipts used for financing in year	1,733	1,733
3,946	Balance C/fwd		3,266

23d. Pension Reserve

2007/08 £'000	Pension Reserve	2008/09 £'000
(25,850)	Balance B/Fwd	(18,980)
0	Restatement of Brought Forward asset values	(80)
0	Unfunded Discretionary Benefits	0
(80)	Actuarial Changes - Assets	(11,670)
8,110	Actuarial Changes - Liabilities	530
450	Contributions from participants	(510)
(1,610)	Revenue account appropriation	(260)
(18,980)	Total	(30,970)
0	Actuarial Changes	0
(18,980)	Balance C/fwd	(30,970)

NOTES TO THE FINANCIAL STATEMENTS

23e. Earmarked Revenue & Capital Reserves

Balance 01/04/08 £'000	Specific Reserves	Additions £'000	Reductions £'000	Balance 31/03/09 £'000
	Maintenance Reserves			
35	All Weather Pitch	0	0	35
357	Information Technology	0	176	181
214	Open Space Maintenance	0	29	185
590	Asset Management Maintenance Fund	135	169	556
10	Forest Centre Integration Maintenance Reserve	0	0	10
1,206	Maintenance Reserves	135	374	967
	External Risk Provisions			
344	Corporate Planning	277	253	368
708	External Support Equalisation	0	61	647
(10)	Insurance	278	174	94
194	Redundancy Costs	0	0	194
1,236	External Risk Provisions	555	488	1,303
	Service Specific Reserves			
179	Leisure Management	0	0	179
159	Community Initiatives	116	30	245
4	Enforcement	10	14	0
34	Implementing Electronic Government	43	77	0
237	Local Development framework	0	0	237
356	Planning Reserve	0	62	294
92	Second Homes Discount	23	18	97
79	Community Schools Debt Release	40	0	119
195	Carry Forwards	0	195	0
200	Department for Work & Pensions Reserve	0	0	200
38	Mobile Remote Scanning	0	38	0
(8)	Collection Fund Deficit Reserve	8	0	0
(8)	Housing Reserve	13	8	(2)
28	Active Lifestyles Fund	0	0	28
20	Management Development Training Reserve	0	0	20
27	Dept for Environment, Food & Rural Affairs Grants Reserve	0	0	27
5	Housing Benefit Admin Grant	0	0	5
62	Planning Delivery Capital Grant	0	31	31
0	Lottery - Play Strategy	97	49	48
0	Concessionary Fares Special Grant	205	0	205
0	Business Enterprise Regulatory Reform	128	58	70
0	Headstone Testing Reserve	57	0	57
0	Waste to Resources Action Plan Reserve	89	0	89
0	Climate Change Grant Reserve	23	0	23
0	Area Based Grants Capital Reserve	25	25	0
0	Heatherlands Football Pitch	12	0	12
0	Performance Reward Reserve	90	0	90
0	Community Planning Grants Reserve	20	0	20
0	Website Development Reserve	52	0	52
0	Right to Buy Receipts Reserve	202	67	135
0	Local Authority Business Growth Incentive Grant	1,401	25	1,376
1,699	Service Specific Reserves	2,654	697	3,657
4,141	Total Earmarked Reserves	3,344	1,559	5,927

NOTES TO THE FINANCIAL STATEMENTS

24. Contingent Assets and Liabilities

There is an issue surrounding the ownership of land that was subject to a compulsory purchase order in the late 1980s. This could result in a claim on the Council in the order of £259k. A risk assessment has assessed the likelihood of this happening as being low. The Council currently has no provision in the accounts for this item.

The Council has submitted a Value Added Tax (VAT) claim on fuel expenses and travel claims made by employees between 1974 and 1997. The Council's Auditors, Deloitte & Touche, have prepared the claim on the Council's behalf, and submitted in January 2008. The total income potentially due to the Council, after fees to Deloitte's have been deducted, is £56k excluding interest. The HMRC is considering the claim, but because the outcome is uncertain, there has been no adjustment in the accounts.

The Council was also subject to a VAT assessment during 2008/09, which resulted in HMRC withholding VAT repayments between April 2008 and January 2009. Officers investigated the claim and as a result a significantly smaller assessment was received on 6th April 2009. However, the VAT repayments had not been confirmed at the time of publication.

25. Assets Acquired by way of Leasing

Finance leases

The Council has no finance leases.

Operational leases

The Council has obligations in respect of vehicles, equipment and land.

The following table identifies the extent of these obligations by expiry date of the lease.

Period	Land & Buildings	Vehicles & Equipment	Total
Within 1 year	3	0	3
1 to 2 Years	0	0	0
2-5 years	0	0	0
Over 5 years	10	3	13

26. Approval of the Statement of Accounts

The Statement of Accounts will be approved by full Council on 24th June 2009, and this is the date up to which Post Balance Sheet events have been considered for inclusion in the Accounts.

NOTES TO THE FINANCIAL STATEMENTS

Cash Flow Notes

27. Reconciliation of Total Revenue Activities to the Income & Expenditure Account

This reconciles the cash movements reported in the Cashflow statement to the Income & Expenditure Account, which is prepared on an accruals basis.

2007/08 £'000	Reconciliation of Revenue Activities	2008/09 £'000	2008/09 £'000
(1,743)	Balance on Income & Expenditure Account	(291)	
2,022	Statutory General Fund Movements	283	
279	General Fund Movement Surplus/(Deficit)		(8)
(477)	Collection Fund Surplus/(Deficit)		(276)
(198)	TOTAL ACCRUALS BASIS		(284)
3,486	Less Creditors B/fwd	4,736	
4,736	Add Creditors C/fwd	4,681	(55)
3,539	Add Debtors B/fwd	3,935	
3,935	Less Debtors C/fwd	4,356	(421)
22	Add Stock B/fwd	39	
39	Less Stock C/fwd	57	(18)
760	Capital Grants Received	499	
54	Movements in Deferred Liabilities	0	
104	Capital Spend funded from Revenue contributions	285	784
792	Transfer of earmarked reserves (to)/from Revenue	1,027	
(219)	Investment interest accrued	(144)	883
2,130	Total Cash Basis		889

NOTES TO THE FINANCIAL STATEMENTS

28. Increase / (Decrease) in Cash / Cash Equivalents

This reconciles the balance on the Cashflow Statement to the cash movement during the year.

Balance 1st April 2008 £'000	Movement in Cash/Cash Equivalents	Movement in year £'000	Balance 31st March 2009 £'000
14	Cash in Hand and Bank Balance	(13)	1
(774)	Bank Overdraft	705	(69)
(760)		692	(68)

29. Financing & Management of Liquid Resources

Liquid resources are current asset investments that can easily be converted back into cash and relates to the short term money market deposits performed within the Treasury Management section. They are disclosed at note 16.

30. Memorandum Item: Government Grants

2007/08 £,000	Analysis of Government Grants Received:	2008/09 £,000	2008/09 £,000
	Revenue grants		
867	Revenue Support Grant	752	
5,164	National Non Domestic Rates Grant	5,399	
291	Planning Delivery Grant	68	
175	Beacon Environment Grant	0	
0	Air Quality Grant	7	
0	Council Tax Billing Grant	10	
0	Business Enterprise Regulatory Reform Grant	41	
0	Non Domestic Rates Section 31 Grant	4	
0	Lottery Grant	87	
49	DEFRA Waste Performance Grant	0	
3,956	Council Tax Benefits Subsidy	4,396	
15,734	Housing Benefit Subsidy	17,270	
618	Housing Benefit Admin Grant	581	
6	Housing Benefit Rent Rebate Subsidy	11	
0	Non Domestic Rates Cost of Collection	154	
48	Homelessness Grant	100	
0	Community Safety Grant	92	
0	Employment Support Allowance	22	
0	Climate Change Grant	23	
43	Anti-Smoking Grant	0	
0	Contaminated Land Grant	0	
68	Safer Stronger Communities Grant	0	
182	Local Authority Business Growth Incentive Grant	643	
27,201	Total Revenue Grants		29,660
	Capital Grants		
395	Disabled facilities Grants	420	
49	DEFRA Waste Performance Grant	0	
97	Planning Delivery Grant	44	
541	Total Capital Grants		464
27,742	Total Government Grants		30,124

COLLECTION FUND

2007/08	Collection Fund Income & Expenditure Account	2008/09
£'000		£'000
	Income	
22,972	Income from Business Ratepayers	25,219
57,613	Council Tax	60,499
3,956	Council Tax Benefits	4,339
84,541	Total Income	90,057
	Expenditure	
61,796	Precepts paid	64,989
22,823	Contribution to National Non Domestic Rates Pool	25,067
148	Cost of National Non Domestic Rates Collection	152
79	Provision for Uncollectible Council Tax	11
172	Bad Debts in Respect of Council Tax	114
85,018		90,333
477	(Surplus) / Deficit for the year	276
(18)	Contribution to EHDC re Previous years deficit	(50)
(97)	Contribution to Hampshire County Council re Previous years deficit	(273)
(13)	Contribution to Hampshire & Isle of Wight Police Authority re Previous years deficit	(36)
(6)	Contribution to Hampshire Fire Authority re Previous years deficit	(16)
343	Net Income & Expenditure Account (Surplus) / Deficit	(99)
	Appropriation Account	
510	Deficit Brought Forward	853
343	Total movement on Collection Fund	(99)
853	Deficit Carried Forward	754

This account details all monies due from Council Tax and National Non Domestic Rates (NNDR/Business Rates), and payments made to Hampshire County Council, Hampshire & Isle of Wight Police Authority, Parish Councils and the District Council. All Business Rates, less a deduction for collection costs, are paid to a Central Government pool and redistributed to local authorities by formula. The Collection Fund is incorporated within the Balance Sheet and the Cash Flow Statement.

NOTES TO THE COLLECTION FUND

1. Council Tax base for 2008/09

The Council Tax is a product of a charge per Band D equivalent property and the tax base expressed in number of Band D Properties. The tax base is shown below:

Tax Band		Dwellings	Band D Equivalents	Weighting
A	Up to £40,000	2,647	1,382.12	6/9
B	Over £40,000 & up to £52,000	4,935	3,194.10	7/9
C	Over £52,000 & up to £68,000	11,340	8,958.80	8/9
D	Over £68,000 & up to £88,000	9,747	8,939.92	1
E	Over £88,000 & up to £120,000	8,223	9,363.55	11/9
F	Over £120,000 & up to £160,000	5,568	7,536.39	13/9
G	Over £160,000 & up to £320,000	4,344	6,854.60	15/9
H	Over £320,000	613	1,122.92	18/9
		47,417	47,352.40	

The calculation of the tax base is made by multiplying the total dwellings by the weightings shown above to give the basic Band D equivalent figures (not shown). These are then adjusted for discounts and exemptions, to arrive at the Band D equivalents shown above.

The average Band D Council Tax charge for 2008/09 was: **£1,372.47**

2. Non Domestic Rateable Value and Multiplier

National Non Domestic Rates (Business rates) are collected by EHDC on behalf of the Government. It is subsequently redistributed to local authorities on the basis of population. The rates are calculated by multiplying assessed rateable value by a fixed multiplier set by Central Government.

The Rateable Value of Non Domestic Properties as at 31/03/09 was: **£63,025,382**

The standard multiplier for the year was: **46.2**

The Small Business Rate Relief Multiplier for the year was: **45.8**

3. Precepting Authorities

Precepts for the year were paid to the following Authorities :-

Authority	2007/08 £'000	2008/09 £'000
Hampshire County Council	44,957	47,305
Hampshire and Isle of Wight Police Authority	5,898	6,418
Hampshire Fire & Rescue Authority	2,638	2,757
East Hampshire District Council	8,303	8,509
Total Precepts Paid	61,796	64,989

NOTES TO THE COLLECTION FUND

4. Allocation of Surplus/Deficit between Precepting Authorities

The balance on the Collection Fund is split between the major Precepting Authorities. The split is determined by the size of the precept payable as a percentage of the overall Council Tax income. Balances payable to other authorities are included as debtors/creditors on the Balance Sheet, and EHDC's balance is held as a fund balance in the bottom half of the Balance Sheet.

Authority	2007/08 £'000	2008/09 £'000
Hampshire County Council	617	549
Hampshire Fire & Rescue Authority	36	32
Hampshire & Isle of Wight Police Authority	81	74
East Hampshire District Council	119	99
Total	853	754

GENERAL INFORMATION

2008	Area	2009
51,541	Hectares	51,541
199	Square Miles	199
39	Number of Parishes / Town Councils	39
112,185	Population (estimated June)	113,258
6,608	Under 5	6,642
15,706	5 -15	15,802
70,874	16 - 64	71,315
18,997	65 and over	19,499
	Density of Population	
2	Per hectare	2
563	Per square mile	569

Permanent Staffing Establishment

2007/08 Full Time Equivalents	Key Services	2008/09 Full Time Equivalents
39.9	Communications, Customer & IT Services	41.3
31.0	Community & Democratic Services	41.0
6.7	Executive team	8.6
44.4	Environmental Services	46.7
13.6	Financial Services	13.0
31.2	Housing, Property and Facilities Management	27.9
6.4	Legal Services	9.4
4.4	Human Resources	4.9
72.6	Planning Services	58.8
3.7	Policy & Performance	3.7
40.1	Revenue & Benefits	38.6
294.0	Total Staffing (FTE's)	293.9

Note
This analysis is the budgeted staff numbers for the year rather than the actual staff in post, as this provides a better comparison year on year, and avoids distortions caused by staff movements.

GENERAL INFORMATION

East Hampshire District Council's Decision Making Structure 2008/09

The Council's Constitution

The Constitution sets out how the Council operates, how decisions are made and the procedures which ensure that these are efficient, transparent and accountable to local people. The Constitution reflects the Council's decision making arrangements required by the Local Government Act 2000.

Full Council

The Council is composed of 44 councillors elected every four years. The Council is responsible for deciding overall policy and budget setting. Councillors are democratically accountable to the residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them. Councillors have to agree to a code of conduct which will ensure high standards are maintained. The Standards Committee will train and advise them on the code of conduct. All councillors meet together as the Council. Meetings of the Council are normally open to the public.

Cabinet

The Cabinet is responsible for most day-to-day decisions. The Cabinet can include up to 10 councillors who are appointed by the Council. When major decisions are to be discussed or made, these are published in the Council's forward plan in so far as they can be anticipated. If these major decisions are to be discussed with council officers at a meeting of the Cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Community Forums

In order to give local people a greater say in council affairs, there are four area based Community Forums. These cover the North East, North West, Central and South areas of the district. They are responsible for a range of area based decisions and advising the Cabinet and the Council of local people's aspirations, in order that they can help inform the decision making process. A detailed breakdown of the responsibilities of the Community Forums is included within the Constitution. They involve councillors for each particular area and the meetings are held in public.

Overview and Scrutiny

The Overview and Scrutiny Committee monitors the decisions of the Cabinet. It can 'call-in' a decision which has been made by the Cabinet but not yet implemented. It can also examine decisions made by the Community Forums or Officers, where other councillors have "called in" these decisions. It considers whether the decision is appropriate and may recommend that the decision be reconsidered. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy. The Overview and Scrutiny Committee supports the work of the Cabinet and the Council as a whole. It can also allow residents to have a greater say in Council matters by holding public inquiries into matters of local concern when appropriate. These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery.

Panels

The Council is committed to developing and formulating policy on an inclusive basis wherever this is possible. The Cabinet is advised and supported in its policy formulation role by Panels. The Panels have been structured to reflect the Council's three Priorities; Intensify our Protection of the Built and Natural Environment, Safer and More Vibrant Communities and Improve our Focus on Special Community Groups. They contain councillors from all political groups, with cross representation from the Cabinet. The Panels also have a role in advising and supporting the Overview and Scrutiny Committee as well as the Council and Community Forums. The panels can establish 'Task and Finish' groups to look at specific issues. The Cabinet is also able to set up ad hoc Panels to perform particular tasks.

The Council's Constitution and terms of reference for committees are available from www.easthants.gov.uk or from the Democratic Services team on (01730) 234073

2008/09 REVENUE EXPENDITURE

2007/08		2008/09		
Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Net Expenditure on Council Services			
	Cultural & Related Services			
	Culture & Heritage			
242	Heritage	324	129	195
	Recreation & Sport			
782	Grants & Funding	842	14	828
555	Leisure Management	556	(7)	563
33	Active Lifestyle	81	28	53
8	Sports Development	93	34	59
(3)	Play Projects	98	82	16
7	East Hants Community Partnership	12	3	9
	Open Spaces			
148	Countryside & Woodlands	154	11	143
213	Street Cleaning	287	62	225
	Tourism			
65	Economic Development & Tourism	217	18	199
2,050	Total Cultural & Related Services	2,664	374	2,290
	Environmental Services			
	Cemeteries, Cremation & Mortuary Services			
189	Cemeteries	267	153	114
	Environmental Health			
303	Food Safety	284	3	281
307	Environmental Protection	348	43	305
175	Pest Control	187	21	166
220	Health & Safety	239	57	182
161	Animal Welfare	154	5	149
142	Licensing	332	199	133
218	Public Conveniences	222	11	211
	Community Safety			
68	Community Safety	222	136	86
83	Drainage	64	0	64
	Street Cleaning			
643	Street Cleaning	861	185	676
	Waste Collection			
1,835	Refuse/Recycling Contract	1,994	181	1,813
336	Waste Reduction	475	183	292
157	Garden Waste	329	194	135
	Service Management & Support Services			
49	Customer Services (Env Health)	380	436	(56)
36	Engineering Contracts	113	85	28
4,922	Total Environmental Services	6,471	1,892	4,579

2008/09 REVENUE EXPENDITURE

	Planning & Development Services			
	Building Control			
(194)	Building Control (Fee Earning)	380	561	(181)
308	Building Control (Non-Fee Earning)	261	18	243
	Development Control			
311	Planning Development (Fee Earning)	581	557	24
691	Planning Development (Non-Fee Earning)	661	58	603
298	Planning Enforcement	270	5	265
(378)	Planning Delivery Grant	139	111	28
533	Developers Contributions (Deferred Charge)	397	0	397
	Planning Policy			
538	Planning Policy	376	8	368
30	Local Plan	3	0	3
120	Local Development Framework	88	1	87
	Environmental Initiatives			
30	Community Team	142	74	68
	Economic Development			
126	Economic Development & Tourism	421	36	385
13	Alton Economic Development Project	0	0	0
26	Whitehill SEEDA Project	0	0	0
2	Hants & IOW Improvement Plan	17	31	(14)
2	Local Authority Business Growth Incentive Grant	(257)	276	(533)
(15)	Markets	58	72	(14)
(23)	Property Management	448	382	66
(395)	Woolmer Trading Estate	674	957	(283)
2,023	Total Planning & Development Services	4,659	3,147	1,512
	Highways, Roads & Transport Services			
	Highways & Roads (Routine)			
34	Highway Services	102	108	(6)
83	Street Furniture	72	2	70
	Street Lighting			
68	Street Lighting	51	0	51
	Parking Services			
(709)	Car Parks	492	1,450	(958)
	Public Transport			
751	Concessionary Travel	912	378	534
227	Total Highways, Roads & Transport	1,629	1,938	(309)
	General Fund Housing Services			
	Housing Strategy & Advice			
493	Housing Needs	374	23	351
184	Housing Enabling	163	(1)	164
	Private Sector Housing Renewal			
331	Private Sector Housing	259	3	256
291	Disabled Facilities Grants (Deferred Charge)	946	420	526
	Homelessness			
81	Housing Needs	62	4	58
2	Anti Poverty	29	11	18
(1)	Homelessness Grants	36	38	(2)
	Housing Benefits Payments			
(91)	Rent Allowances	17,422	17,485	(63)
0	Non Housing Revenue Account Rent Rebates	10	9	1
	Housing Benefits Admin			
645	Benefits Administration	977	572	405
131	Benefits Investigations	180	70	110
	Service Management & Support Services			
2	Beacon Council Housing Grant	34	37	(3)
2	Beacon Council Environment grant	78	80	(2)
(23)	Housing Operations	15	121	(106)
(3)	Housing Support Team	260	321	(61)
2,044	Total General Fund Housing Services	20,845	19,193	1,652

2008/09 REVENUE EXPENDITURE

	Central Services to the Public			
	Local tax Collection			
521	Council Tax	568	94	474
(60)	Council Tax Benefits	4,339	4,397	(58)
(38)	National Non-Domestic Rates	99	169	(70)
	Elections			
3	Democratic Services	105	124	(19)
87	Elections	30	8	22
	Emergency Planning			
49	Emergency Planning	34	17	17
0	Emergency Costs	0	0	0
	Land Charges			
(12)	Land Charges	252	184	68
550	Total Central Services	5,427	4,993	434
	Corporate & Democratic Core			
	Democratic Representation & Management			
1,410	Committee & Members Costs	1,644	0	1,644
10	Chairmans Budget	10	0	10
8	Democratic Services	283	336	(53)
562	Community Team	1,103	870	233
	Corporate Management			
675	Corporate Management	351	0	351
6	Income Generation	171	132	39
	Other			
99	Corporate Training Budget	77	0	77
180	Unapportionable Central Overheads	320	(1)	321
170	Whitehill/Bordon Opportunity	650	413	237
(121)	Budget Savings	1	3	(2)
2,999	Total Corporate & Democratic Core	4,610	1,753	2,857
14,815	Net Service Expenditure	46,305	33,290	13,015
	Memorandum - Central & Support Services			
	Memorandum Items			
0	Corporate Management Team & Support	647	647	0
0	Communications	545	545	0
0	Policy & Performance Management	211	211	0
0	Implementing Electronic Government	0	0	0
0	Implementing Electronic Government Recharges	0	0	0
0	Information Services	0	0	0
0	Information Services Recharges	39	39	0
0	Legal Services Group	495	495	0
0	Accountancy	471	471	0
0	Exhequer	278	278	0
0	Audit	66	66	0
0	Information Technology	991	991	0
0	Information Technology Recharges	4	4	0
0	Information Technology Data Services	848	848	0
0	Personnel Services	318	318	0
0	Corporate Property	222	222	0
0	Building Services	756	756	0
0	Printing and Distribution	298	298	0
0	Total Support Services	6,189	6,189	0