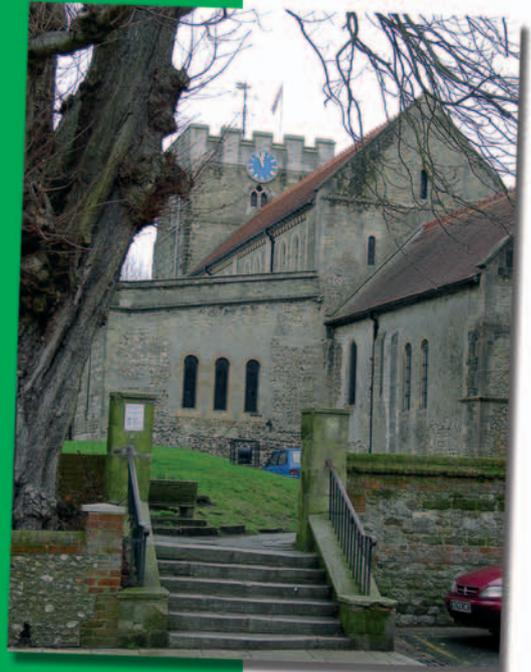


# East Hampshire District Council

Statement of  
accounts 2006/2007



EAST HAMPSHIRE



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# EAST HAMPSHIRE DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2006/07

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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](http://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 2006/07, set out on pages 18 to 44 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 2006/07, how services were paid for and the Council's assets and liabilities at the year end date of 31<sup>st</sup> March 2007.

The following statements are included. Those in italics are new statements required by the SORP:-

#### ***The Income & Expenditure Account*** (page 18)

*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). Therefore, the balance on the Income & Expenditure account is not the same as the revenue surplus reported.*

#### ***The Statement of Total Movements on the General Fund*** (page 18)

*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 the movement on the General Fund. This was previously shown as the bottom line on the old Consolidated Revenue Account.*

#### ***The Statement of Total Recognised Gains & Losses*** (page 19)

*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 31<sup>st</sup> March 2006 and 31<sup>st</sup> March 2007.*

#### **The Balance Sheet** (page 20)

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 21)**

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 42 to 44)**

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 for each. Council Tax receipts are allocated between the District and major precepting authorities. NNDR is self balancing within the account.

## **Council Spending**

East Hampshire District Council has 288.6 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 and 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](http://www.easthants.gov.uk)).

## **Review of the Year**

For the 2006/07 financial year, the Council agreed its budget for revenue spending on General Fund services at £14.127m. This budget was restated to £13.310m due to changes in accounting rules and the requirement to no longer include nominal capital charges in the accounts. This adjustment has no effect on expenditure or income as the total amount of capital charges applied was also shown as financing.

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 East Hampshire East Hampshire District Council services was set at £127.67 for band D properties.

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

	<b>Budget £000</b>	<b>Actual £000</b>	<b>Difference £000</b>
Net General Fund Spending	13,210	12,658	(552)
Earmarked Reserves	100	332	232
<b>General Fund</b>	<b>0</b>	<b>82</b>	<b>82</b>
<b>Total</b>	<b>13,310</b>	<b>13,072</b>	<b>(238)</b>
<b>Financed By:</b>			
Government Grant	956	956	0
Share of NNDR	4,954	4,960	6
Interest on investments	1,267	1,499	232
Council tax	5,953	5,953	0
Releases from Reserves	180	180	0
<b>Total</b>	<b>13,310</b>	<b>13,548</b>	<b>238</b>

The Council's actual net spending was £552k below the original budget. The main variances were as follows:

<b>Variances</b>	<b>£'000</b>
<b>Overspends/ Shortfall of Income</b>	
IT Services – this relates to software maintenance costs which were unbudgeted for in 2006/07. There is budget provision for 2007/08.	70
<b>Underspends/ Additional Income</b>	
Revenues & Benefits – this relates to higher grants and subsidies received than expected and better recovery performance than anticipated.	173
Planning Development – this relates to savings in printing costs, due to increased use of on-line facilities, and additional land search requests.	60
Waste Reduction (Environmental Services) – this relates to higher waste performance income and the delay in implementing the kerbside glass recycling scheme. The funds will be spent in 2007/08.	220
Community Projects – this relates to a number of Community Projects which have been delayed. The funds will be spent in 2007/08.	80
Corporate Management – this relates to expenditure on the Whitehill/Bordon opportunity. The MOD decision was delayed meaning that the funds will now be spent in 2007/08.	75

At the end of the year, the Council's General Fund Reserve stood at £1.5m. 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 2006/07 the Council was awarded £525k under the Government's Local Authority Business Growth Incentive Scheme (LABGI). This was because economic growth in the district (for the year ending December 2006) was higher than usual. The money has been earmarked for spending on Economic Development Projects throughout the district.

## 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 £1,648k.

Capital spending was financed by £875k of grants, contributions and revenue 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
Disabled Facilities Grants	801	592
Car Parks Annual Programme	197	177
Schemes funded by Developers Contributions	104	130
Alton Community Centre	100	42
New Accounting System	446	112
Replacement Boilers for Alton and Taro	43	43
Extension to Petersfield Rugby Club	150	146

## External Borrowing

The Council remained debt-free at 31<sup>st</sup> March 2007.

## Pension Costs

Information regarding assets, liabilities, income and expenditure of the Council's pension scheme is included on page 33. The Council's share of assets and liabilities of the pension fund show an estimated liability of £25 million at 31/3/07. 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 robust with investments of £26m available for future needs, a robust budget setting and forecasting process and good systems to ensure that significant cash inputs (Council Tax, NNDR, Government Grants) are available.

## STATEMENT ON INTERNAL CONTROL

East Hampshire District Council (EHDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, used economically, efficiently and effectively. EHDC 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, Councillors and senior officers are responsible for ensuring that proper arrangements exist for the governance of the council's affairs and stewardship of its resources.

### **The Internal Control Environment**

EHDC is responsible for the systems of internal control and for ensuring that these systems maintain the integrity of the accounting records and safeguard the authority's assets.

The purpose of the systems of internal control is to provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets and liabilities of the Council. No system of control can, however, provide absolute assurance against material misstatement, loss or error.

The principal elements underlying the Council's systems of internal control are;

#### **1. Corporate Planning & Performance Monitoring**

The Council's priorities, derived from the Community Plan and the Council's Strategy are the clear drivers for the Corporate Planning Process which culminates in the production of the annual budget and service Business Plans. This process continues to be used successfully and is reviewed and updated each year.

The Performance Monitoring information includes reporting on the achievement of the Council's priorities, business plans and risk management activities. Performance monitoring reports are considered by the Corporate Management Team and the Overview & Scrutiny Committee on a quarterly basis.

## **2. Financial Reporting**

There is a comprehensive annual budgeting process approved by the Council, which is specifically linked to directing funding towards the Council's priorities. Regular revenue and capital monitoring reports are produced and monthly meetings held with budget managers. Actual results are reported against budget. The Corporate Management Team and the Overview & Scrutiny Committee review results each quarter. During this year the Corporate Management team have reviewed specific high risk areas of the budget on a monthly basis.

## **3. Risk Management/ Business Continuity**

The Council continues to make progress in embedding risk management and forming robust business continuity plans. The Risk Management Group regularly reviews the Corporate Risk Register and Service Risk Registers. A new Risk Management System has been developed to enhance reporting capabilities.

## **4. Audit Committee/ Overview and Scrutiny Committee**

In April, 2006 Council devolved some Corporate Governance responsibilities to the Overview and Scrutiny Committee which will now meet as an Audit Committee 4 times per year. The Audit Committee now has the responsibility for monitoring and ensuring Risk Management arrangements are adequate. The committee is also responsible for arrangements with internal and external audit and their recommendations.

## **5. Other Governance Arrangements**

Other Governance arrangements include;

- *The Council Constitution* (a document which includes, roles, responsibilities, terms of reference and reporting arrangements of the Council and its committees).
- *The Monitoring Officer* – a statutory role which has a duty to monitor and review the operation of the constitution to ensure its aims and principles are given full effect.
- *The Section 151 Officer* – 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 Annual review of Reserves and Balances and the Constitution itself). A new Whistleblowing and Anti fraud & Corruption policy are now in place.
- *Internal Audit* – Internal Audit reports that give limited assurance are addressed as a matter of priority. An annual audit plan is in place, and strategic risk assessments are carried out.
- *Scheme of Delegation* – this enables Councillors to concentrate on policy and officers to operate within an approved framework.

## **6. Review of Effectiveness of Internal Control**

Production of the Statement on Internal Control is the culmination of a new process designed to identify any issues in providing reasonable assurance within the Internal Control Environment. Senior Corporate and Operational Managers have assessed Internal Control within the areas for which they are responsible and these assessments will be monitored and reviewed on an ongoing basis in order to ensure that officers are aware of and consistently apply the requirements of Internal Control.

The review of the effectiveness of the system of internal control is also informed by the work of the internal and external auditors also by comments made by other review agencies and inspectorates.

Internal Control Issues identified from the Annual Review of Effectiveness, Internal Audit Comments, External Audit Comments and other sources are identified below together with intended actions.

## **7 Internal Control Issues identified**

One of the recommendations arising from the 2006 External Auditors' review of EHDC's Use of Resources was the need to develop an "Assurance Framework". EHDC intend to develop this "framework" during 2007/08.

The areas of note from last year's statement of significant control issues have been addressed as part of this year's review. Last year's issues are resolved, planned for completion during the current year or reported as ongoing below.

### **7a) Business Continuity**

Progress on Business Continuity has continued during 2006/07, with the implementation of a specific Business Continuity System and further training and workshops. Business Critical Services have developed Business Continuity Plans and other services will develop their plans during 2007/08.

Non Critical services have highlighted business continuity planning as an issue. As outlined above, plans for non-business critical services will be developed during 2007/08.

## 7b) IT Systems & Resources

The review of effectiveness within services has identified some system issues:

Interfaces between the current Finance system and the Car Parking fines system are an issue. In order to solve this, an interface will be developed as part of the implementation of Agresso.

The 2005/06 review highlighted issues with the HR system. A new HR system was implemented in 2006/07.

Several services highlighted business continuity as an issue – as outlined above, plans for non-business critical services will be developed during 2007/08.

## 7c) Documentation of Business Critical Processes

During the 2005/06 review, a number of services identified issues relating to the documentation of core processes.

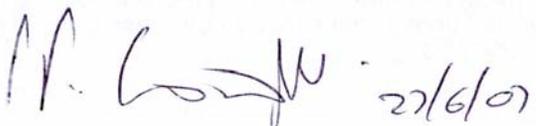
There have been some improvements in this area, with fewer services suggesting this is an issue. Financial Procedures have been reviewed and Core Systems audits have commented favourably on the improvement here.

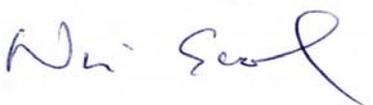
## 7d) Health & Safety Regulations

Funding is now in place to appoint a Corporate Health & Safety Officer, which was identified as an issue in the 2005/06 Statement.

## 8. 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.

 27/6/07  
**Councillor Ferris Cowper – Leader of the Council**

 27/6/07  
**Will Godfrey CPFA – Chief Executive**

# **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 2007 under the Audit Commission Act 1998, which 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 within them.

This report is made solely to 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 36 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 Chief Finance Officer and auditors**

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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 the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

We review whether the statement on internal control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the requirements of the Accounts and Audit Regulations 2003" issued in April 2004. We report if it does not comply with proper practices specified by CIPFA 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 statement on internal control covers all risks and controls. We are also not 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 only 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.

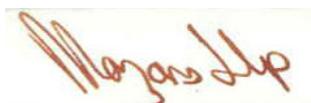
## **Basis of audit opinion**

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 applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.



Mazars LLP

Chartered Accountants and Registered Auditors  
Southampton

28 September 2007

## **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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a Best Value Performance Plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

## **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.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's Best Value Performance Plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making recommendations under section 7 of the Local Government Act 1999.

## **Conclusion**

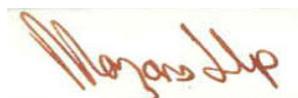
We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, East Hampshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

## **Best Value Performance Plan**

We issued our statutory report on the audit of the Authority's Best Value Performance Plan for the financial year 2006/07 on 27 November 2006. We did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

## **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.



### **Mazars LLP**

Chartered Accountants and Registered Auditors  
Southampton  
28 September 2007

## 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 Mrs P Bradford - 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').

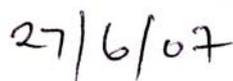
In preparing this statement of accounts the Section 151 Officer has;

- selected suitable accounting policies and then applied them consistently
- made judgements 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 31<sup>st</sup> March 2007.



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 2006 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 expenditure and income 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 of significant value have been estimated.

## DEFERRED CHARGES

Deferred charges represent 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 on the basis of 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 on the basis of open market value. In relation to properties valued on the basis of 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 them in subsequent letters. Other assets are held at historic cost, and depreciated as appropriate, to reflect the useful life of the asset.

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 a revaluation reserve termed the Fixed Asset Restatement Account. The next full revaluation will take place with an effective date of 1st April 2009.

4. *Disposals* - Income arising from the disposal of fixed assets is credited to the Usable Capital Receipts Reserve and accounted for on an accruals basis. 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 the Fixed Asset Restatement Account. Assets may be revalued prior to disposal, and any profits or losses on disposal are recognised in the Income and Expenditure Account.

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 calculation is on the basis of equal amounts each year over the assets' estimated useful life (i.e. straight line method).

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

<b>Asset Type</b>	<b>Typical Depreciation Period</b>
Buildings	30 to 65 years
Vehicles	4 to 7 years
Equipment	4 to 5 years
Intangible Assets	0 to 4 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.

## **INVESTMENTS**

Investments are recorded at the lower of cost or net realisable value.

## **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 costs of support services (e.g. Legal, Personnel, and Finance) and the operational management costs of services are charged to services using, in the main, fixed price contracts in line with expected usage as contained in Service Level Agreements.

The policy is to break even, and unplanned surpluses and deficits arising from the trading accounts are netted off and taken to a general fund reserve. 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 belong to the Local Government Pension Scheme administered by Hampshire County Council. Detailed regulations govern rates of contribution and scales of benefit.

## **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 with 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 24 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 fixed asset restatement account, capital financing 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

2005/06 Net Expenditure £,000	Income & Expenditure Account	2006/07		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
(Restated)	<b>General Fund Services - by Theme (refer p47 to 50)</b>			
1,890	Cultural & Related Services	2,155	(92)	<b>2,063</b>
4,255	Environmental Services	6,107	(1,647)	<b>4,460</b>
2,097	Planning and Development Services	4,686	(3,298)	<b>1,388</b>
103	Highways Roads & Transport	1,740	(1,520)	<b>220</b>
2,328	Housing Services	18,296	(15,891)	<b>2,405</b>
361	Central Services to the Public	4,997	(4,625)	<b>372</b>
250	Other	(64)	0	<b>(64)</b>
2,427	Corporate and Democratic Core	3,123	(555)	<b>2,568</b>
<b>13,711</b>	<b>Net Cost of Services</b>	<b>41,040</b>	<b>(27,628)</b>	<b>13,412</b>
64	(Profits)/Losses on Disposals of Assets		(144)	<b>(144)</b>
12	Interest costs	13		<b>13</b>
2,037	Precept by Parish / Town Councils	2,147		<b>2,147</b>
(1,365)	Interest and Investment Income		(1,512)	<b>(1,512)</b>
850	Pensions Interest Cost & Assets Return	630		<b>630</b>
<b>15,309</b>	<b>Net Operating Expenditure</b>	<b>43,830</b>	<b>(29,284)</b>	<b>14,546</b>
(7,813)	Collection Fund Precept			<b>(8,100)</b>
(13)	Transfers to/(from) Collection Fund			<b>21</b>
(2,189)	Revenue Support Grant			<b>(961)</b>
(3,182)	Non Domestic Rate Pool Grant			<b>(4,955)</b>
<b>2,112</b>	<b>Net Income &amp; Expenditure Account (surplus)/deficit</b>			<b>551</b>

2005/06 £,000	Statement of Total Movement on the General Fund	2006/07 £,000
(2,112)	Surplus/(Deficit) on the Income & Expenditure Account	(551)
2,420	<b>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)</b>	<b>258</b>
<b>308</b>	<b>General Fund Movement</b>	<b>(293)</b>
1,499	<b>General Fund Balance Brought forward</b>	<b>1,807</b>
<b>1,807</b>	<b>General Fund Balance Carried Forward</b>	<b>1,514</b>

Reconciliation of the General Fund Movement	2006/07 £,000
<b>Revenue Surplus for 2006/07</b>	<b>82</b>
Transfer to the Corporate Projects Fund	(375)
<b>General Fund Movement</b>	<b>(293)</b>

## Statement of Total Recognised Gains and Losses

The purpose of the Statement of Total Recognised Gains and Losses 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.

2005/06 £,000	<b>Statement of Total Recognised Gains and Losses</b>	2006/07 £,000
(2,112)	<b>Surplus/(Deficit) on the Income and Expenditure Account</b>	<b>(551)</b>
17	Surplus/(Deficit) arising on revaluation of Fixed Assets	<b>(3,709)</b>
1,170	Actuarial Gains/(Losses) on Pension Fund Assets/Liabilities	<b>(170)</b>
871	Other gains/(losses) required to be included in the Statement of Total Recognised Gains and Losses	<b>0</b>
(31)	<b>Collection Fund Balance</b>	<b>(31)</b>
<b>(85)</b>	<b>Total Recognised Gains/(Losses) for the year</b>	<b>(4,461)</b>

## Balance Sheet

2005/06 £,000	<b>Balance Sheet as at 31st March 2007</b>	2006/07	
		£,000	£,000
(Restated)*			
288	<b>Intangible Fixed Assets (Notes 15 and 16)</b> -Software Licences		334
	<b>Tangible Fixed Assets (Notes 15 and 16)</b>		
	<b>Operational Assets</b>		
19,307	-Land & Buildings		14,846
0	- Infrastructure Assets		0
562	-Vehicles, Plant, Furniture & Equipment		551
	<b>Non-Operational Assets</b>		
6,215	-Investment Properties		7,100
987	-Surplus Properties held for Disposal		1,003
<b>27,359</b>	<b>Total Fixed Assets</b>		<b>23,834</b>
21,872	Long Term Investments (Note 17)		17,271
544	Long Term Debtors (Note 18)		399
<b>49,775</b>	<b>Total Long Term Assets</b>		<b>41,504</b>
	<b>Current Assets</b>		
22	Stocks & Work in Progress	22	
5,525	Debtors (Note 19)	3,736	
1,313	Investments (Note 17)	8,731	
9	Cash & Bank	19	12,508
<b>56,644</b>	<b>Total Assets</b>		<b>54,012</b>
	<b>Current Liabilities</b>		
(3,574)	Creditors (Note 20)	(3,486)	
(731)	Bank Overdraft	(847)	(4,333)
<b>52,339</b>	<b>Total Assets less Current Liabilities</b>		<b>49,679</b>
(78)	Deferred Liabilities (Note 20)		(72)
(1,918)	Developers Contributions Deferred Account (Note 21)		(2,527)
(594)	Deferred Credits (Note 22)		(465)
(761)	Government Grants Deferred (Note 22)		(1,158)
(24,920)	Pension Asset Account (Note 23)		(25,850)
<b>24,068</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>19,607</b>
	<b>Financing</b>		
(15,798)	Fixed Asset Restatement Account (Note 24a)		(19,537)
54,134	Capital Financing Account (Note 24b)		54,397
4,683	Usable Capital Receipts Reserve (Note 24c)		4,442
(24,920)	Pension Reserve (Note 24d)		(25,850)
	<b>Fund Balances &amp; Reserves</b>		
4,202	Earmarked Reserves (Note 24e)	4,712	
1,807	Revenue Accounts (Statement of Total Movement on General Fund)	1,514	
(40)	Collection Fund	(71)	6,155
<b>24,068</b>	<b>TOTAL NET WORTH</b>		<b>19,607</b>

\* The restatement relates to the treatment of the Collection Fund Balance, which has now been split to represent the amount relating to EHDC as a fund balance and the amount relating to precepting authorities as a debtor/creditor. This split is detailed at Note 4 to the Collection Fund.

	27/6/07
W R Price CPFA - Section 151 Officer	Date

## Cashflow Statement

2005/06 £,000	The Cashflow Statement	2006/07 £,000	2006/07 £,000
	<b>Revenue Activities</b>		
	<b>Cash Outflows</b>		
(9,856)	Cash paid to and on behalf of employees	(10,143)	
(40,381)	Precept paid to Hampshire County Council	(42,348)	
(5,284)	Precept paid to Police	(5,555)	
(2,420)	Precept paid to Fire & Rescue Authority	(2,494)	
(2,037)	Precept paid to Parishes	(2,147)	
(22,588)	Contribution to National NDR Pool	(21,268)	
(13,962)	Other Operating costs	(12,421)	
(14,433)	Housing benefit paid	(15,171)	
(40)	Employee loans made	(31)	(111,578)
	<b>Cash Inflows</b>		
1,383	Rents after rebates	1,278	
55,684	Council Tax receipts	58,254	
20,859	Non Domestic rate income	22,204	
3,182	Non Domestic rate income from National Pool	4,955	
2,189	Revenue Support Grant	961	
18,201	DWP Grant for Housing Benefit	18,976	
441	DWP Housing Benefit Admin Grant	573	
852	Other Government revenue grants	457	
3,758	Cash received for goods & services	4,203	
1,263	Other operating cash receipts	1,524	
55	Employee loans repaid	49	113,434
<b>(3,134)</b>	<b>Net Cash inflow/(outflow)</b>		<b>1,856</b>
	<b>Returns on Investments and Servicing of Finance</b>		
	<b>Cash Inflows</b>		
1,290	Interest received		1,385
	<b>Cash Outflows</b>		
0	Interest Paid		2
<b>(1,844)</b>	<b>Total Revenue Activities (Note 27)</b>		<b>3,239</b>
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
(1,344)	Purchase of Fixed Assets	(736)	
(553)	(Increase)/Decrease in Long Term Investments	4,601	
(944)	Other Capital Cash Payments	(912)	2,953
	<b>Cash Inflows</b>		
225	Sale of fixed assets	201	
909	Capital grants received	919	1,120
<b>(3,551)</b>	<b>Net Cash inflow / (outflow) before financing</b>		<b>7,312</b>
	<b>Management of Liquid Resources</b>		
3,588	Net (Increase)/decrease in short term deposits		(7,418)
<b>37</b>	<b>Increase /(Decrease) in Cash /Cash equivalents (Note 28)</b>		<b>(106)</b>

## Index of Notes to the Core Financial Statements

### **Notes to the Income and Expenditure Account (Page 23 to 27)**

1. Note to the Statement of Total Movements on the General Fund
2. Prior Period Adjustment Note
3. Expenditure on Services
4. Local Authority (Goods & Services) Act 1970
5. Local Government Act 1986 (Section 5) – Publicity
6. European Single Currency
7. Schemes under the Transport Act 2000
8. Members Allowances
9. Officers Emoluments
10. Trading Services
11. Building Regulations Charging Account
12. Related Party Transactions
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14. Net Contributions to/from Earmarked Reserves

### **Notes to the Balance Sheet (Pages 28 to 39)**

15. Fixed Assets
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27. Reconciliation of Total Revenue Activities to the Income & Expenditure Account
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## Notes to the Core 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 have resulted in significant changes to the presentation of the primary financial statements of the organisation. The purpose of these changes are to bring Local Government accounts into line with UK Generally Accepted Accounting Policy. The key difference is in the presentation of the Income and Expenditure account, which replaces the Consolidated Revenue Account. Appropriations to and from reserves (i.e Pensions, Depreciation and Deferred Charges) are 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 and Deferred Charges. 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.

2005/06 £'000	Note to the Statement of Movements on the General Fund	2006/07 £'000
	<b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</b>	
(516)	Depreciation and Impairment of Fixed Assets	(523)
0	Amortisation of Government Grants Deferred	115
(944)	Write Down of Deferred Charges to be financed from Capital Resources	(912)
(64)	Net Gain/(Loss) on sale of Fixed Assets	144
(2,170)	Net charges made for retirements in accordance with FRS17	(2,250)
	<b>Amounts Not included in the Income &amp; Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.</b>	
1,200	Employers Contributions payable to the Local Govt Pension Scheme & retirement benefits payable direct to pensioners	1,490
	<b>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.</b>	
74	Net Transfer to/(from) Revenue reserves	1,678
<b>(2,420)</b>	<b>Net Additional Amount required to be added to the General Fund Balance</b>	<b>(258)</b>

## Notes to the Core Financial Statements

### 2. Prior Period Adjustment Note: Income & Expenditure Account

The Prior Period Adjustment Note reconciles the 2005/06 comparators in the Income & Expenditure Account back to the published 2005/06 Consolidated Revenue Account. The movements are caused by the abolition of notional capital charges from 2006/07, and the removal of the Asset Management Revenue Account. Profit/Loss on disposal is also now required to be disclosed. This impacts on the net cost of services, but is appropriated to the Balance Sheet in the Statement of Total Movements in the General Fund, so that the overall impact on the 2005/06 outturn is nil.

General Fund Services	Consolidated Revenue Account	Removal of Capital Charges	Relocation of Interest Charges	Recognition of Losses on Disposal	2005/06 Comparators
Cultural & Related Services	2,180	(290)			1,890
Environmental Services	4,314	(59)			4,255
Planning and Development Services	2,450	(353)			2,097
Highways Roads & Transport	308	(205)			103
Housing Services	2,363	(35)			2,328
Central Services to the Public	375	(14)			361
Other	250	0			250
Corporate and Democratic Core	2,436	(9)			2,427
<b>Impact on Net Cost of Services</b>	<b>14,676</b>	<b>(965)</b>			<b>13,711</b>
Losses on Disposal of Assets	0			64	64
Asset Management Revenue Account	(953)	965	(12)		0
Interest Costs	0		12		12
Precept to Parish/Town Councils	2,037				2,037
Interest/Investment Income	(1,365)				(1,365)
Pensions Interest Costs & Asset	850				850
<b>Impact on Net Operating Exp</b>	<b>15,245</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>15,309</b>

### 3. Expenditure on Services

Details of individual services income and expenditure are shown on pages 47 to 50. The analysis complies with the Best Value Accounting Code of Practice.

### 4. 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 2006/07 there were no transactions made under the above act. This compares with £6k paid to Whitehill Town Council in 2005/06.

### 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.

2005/06 £,000	Publicity Spending	2006/07 £,000
108	Advertising and Promotions	102
77	Partners Magazine	42
<b>185</b>	<b>Total publicity spending</b>	<b>144</b>

## Notes to the Core Financial Statements

### 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 chosen a replacement 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 £3,750, and a Special Responsibility Allowance, dependent on the Councillors' role in the Council.

2005/06 £,000	Members' Allowances	2006/07 £,000
209	Value of Members' Allowances Paid:	248

### 9. Officer's Emoluments

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

2005/06 Number of Employees	Remuneration Band	2006/07 Number of Employees
8	£50,000 - £59,999	7
2	£60,000 - £69,999	4
1	£70,000 - £79,999	0
0	£80,000 - £89,999	1
1	£90,000 - £99,999	0
0	£100,000 to £110,000	1
<b>12</b>	<b>Total</b>	<b>13</b>

### 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 47 to 50) where there is a complete list of all Council activities.

2005/06 Net Expenditure £,000	Trading Services	2006/07		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
(8)	Markets	58	(69)	(11)
(71)	Building Control	399	(488)	(89)
(115)	Land Charges	293	(373)	(80)
(426)	Car Parks	607	(1,231)	(624)
42	Licensing	297	(172)	125
219	Pest Control	204	(49)	155
(220)	Woolmer Industrial Estate	624	(948)	(324)
<b>(579)</b>	<b>Total</b>	<b>2,482</b>	<b>(3,330)</b>	<b>(848)</b>

## Notes to the Core Financial Statements

### 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.

2005/06 Total £,000	Building Regulations Charging Account	2006/07		
		Chargeable £,000	Non Chargeable £,000	Total £,000
453	Employees Costs	229	202	431
253	Other Expenses	158	69	227
<b>706</b>	<b>Total Expenditure</b>	<b>387</b>	<b>271</b>	<b>658</b>
477	Building Regulation Fee Income	495	0	495
31	Other Income	0	18	18
<b>508</b>	<b>Total Income</b>	<b>495</b>	<b>18</b>	<b>513</b>
<b>198</b>	<b>Net Expenditure/(income)</b>	<b>(108)</b>	<b>253</b>	<b>145</b>
<b>(198)</b>	<b>Surplus/(Deficit) for the year</b>			<b>(145)</b>

### 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 2006/07 are disclosed at Note 4 to the Cashflow Statement.

#### Precepting Authorities

Precepts paid to Parish Councils during 2006/07 are disclosed within the Collection Fund.

#### Housing Associations

The Council is entitled to nominate 2 Councillors to sit on the Management Board of Drum Housing Association. Grant payments of £54,640 were made to Drum Housing Association, including £50,440 for Disabled Facilities.

#### Citizens Advice Bureaux (CABs)

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 £239,505 to the CABs in 2006/07.

#### Members and Chief Officers

Members and Chief Officers are required to disclose relationships with related parties during the year. Transactions that the Council has undertaken with those related parties are disclosed below.

2005/06 Net Expenditure £,000	Related Party Transactions	2006/07		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
39	Grants & Funding	43	0	43
<b>39</b>	<b>Total</b>	<b>43</b>	<b>0</b>	<b>43</b>

## Notes to the Core Financial Statements

### 13. Audit Costs

The Council is required to disclose audit costs as follows:

2005/06 £,000	Audit Costs	2006/07 £,000
(Restated)		
76	Fees Payable to the Audit Commission with regard to external audit services carried out by the appointed Auditor	89
4	Fees payable to the Audit Commission in respect of Statutory Inspection by the appointed Auditor	6
28	Fees payable to the Audit Commission for the certification of grant claims and returns by the appointed Auditor	28
0	Fees Payable in respect of other services provided by the appointed Auditor	0
<b>108</b>	<b>Total</b>	<b>123</b>

### 14. Net Contributions to /(from) Earmarked Reserves

2005/06 £,000	Net Contributions	2006/07 £,000
<b>0</b>	<b>Maintenance Reserves</b>	
	<b>Total Contributions to/(from) Maintenance Reserves</b>	<b>0</b>
	<b>External Risk Provisions</b>	
33	Contribution to/from Corporate Planning Reserve	0
0	Contribution to/from External Support Reserve	208
25	Contribution to/from Interest Equalisation Account	0
<b>202</b>	<b>Total Contributions to/(from) General Reserves</b>	<b>208</b>
	<b>Service Specific Reserves</b>	
0	Contribution to/from Community Initiatives Fund	100
24	Contribution to Community Schools Debt Release Reserve	24
132	Contribution to Carry Forwards	349
13	Contribution to Collection Fund Deficit Reserve	(21)
0	Contribution to/from General Fund	(48)
<b>169</b>	<b>Total Contributions to/(from) Other Reserves</b>	<b>404</b>
	<b>Provisions</b>	
<b>0</b>	Contribution to Purchase Invoice Provision	<b>60</b>
	<b>Government Grants Deferred</b>	
<b>0</b>	Grants Received transferred to GGD	<b>631</b>
<b>227</b>	<b>Net Increase in Provisions &amp; Earmarked Reserves</b>	<b>1,303</b>
	<b>Capital Financing Reserve</b>	
(944)	Deferred Charges Written down	(912)
(516)	Depreciation	(523)
<b>(1,233)</b>	<b>Total Contributions</b>	<b>(132)</b>

## Notes to the Core Financial Statements

### Notes to the Balance Sheet

#### 15. Fixed Assets

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

	Infrastructure Assets £'000	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Intangible Software Assets £'000	Total Non- Operational Assets £'000	Total £'000
<b>Gross Book Value B/f</b>	<b>0</b>	<b>19,690</b>	<b>1,004</b>	<b>659</b>	<b>7,202</b>	<b>28,555</b>
Reclassification	0	(3,709)	0	0	(102)	(3,811)
Additions	0	299	270	167	0	736
Disposals	0	0	(39)	0	0	(39)
Revaluation	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
<b>Gross Book Value 31/3/07</b>	<b>0</b>	<b>16,280</b>	<b>1,235</b>	<b>826</b>	<b>7,100</b>	<b>25,441</b>
<b>Depreciation</b>						
Accumulated Depreciation	0	384	440	371	0	1,195
Reclassification	0	(101)	0	0	0	(101)
Charge for the Year	0	148	254	121	0	523
Disposals	0	0	(10)	0	0	(10)
<b>Total</b>	<b>0</b>	<b>431</b>	<b>684</b>	<b>492</b>	<b>0</b>	<b>1,607</b>
<b>Net Book Value 31/3/07</b>	<b>0</b>	<b>15,849</b>	<b>551</b>	<b>334</b>	<b>7,100</b>	<b>23,834</b>
Net Book Value 31/3/06	0	19,306	564	288	7,202	27,360

#### Notes

- a) Operational assets were valued on the basis of open market value for the existing use or, where this could not be assessed because no market exists for the subject asset, the Depreciated Replacement Cost.
- b) Non-operational assets were valued on the basis of open market value.
- c) 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.
- d) 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.
- e) Depreciation Rates applied are outlined in the Statement of Accounting Policies on page 14.
- f) Reclassifications represent an adjustment for leased assets that were originally held on the Authority's Balance Sheet. The Authority does not have full control of these assets, and therefore these assets are no longer included on the Balance Sheet.
- g) For properties valued on the basis of Depreciated Replacement Cost, regard was taken as to the prospect and viability of occupation continuing.
- h) 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 was £26,566,382. There were no revaluations during 2006/07.
- i) The Council had no contracted or committed works as at 31st March 2007.

## Notes to the Core Financial Statements

Number 2005/06	Analysis of Council Assets	Number 2006/07
	<b>Land &amp; Buildings</b>	
36	Car Parks	30
1	Lorry Parks	1
5	Cemeteries	5
2	Sport / Leisure Centres	2
0	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
	<b>Operational Buildings</b>	
1	Offices	2
	<b>Investment Properties - (Non operational)</b>	
7	Shops	7
1	Retail Centre	1
60	Industrial Estate Units	60

### Financing of Capital Expenditure

Capital Expenditure was financed as follows:

2005/06 £,000	Financing of Capital expenditure	2006/07 £,000	2006/07 £,000
	<b>Capital Expenditure</b>		
633	- Land & Buildings	299	
731	- Equipment & Intangible Assets	437	
944	- Deferred Charges	912	
<b>2,308</b>	<b>Total expenditure</b>		<b>1,648</b>
<b>2,308</b>			<b>1,648</b>
	<b>LESS</b>		
(333)	- Transfers to government grant deferred account	0	
0	- Kerbside Glass to Defra grant deferred account	(20)	
	<b>ADD</b>		
110	- Implementing Electronic Government Depreciation	110	
0	- Kerbside Glass Depreciation	5	
54	- Revenue contribution deferred to 2006/07	0	95
<b>2,139</b>	<b>Total to finance from capital resources</b>		<b>1,743</b>
	<b>Method of Finance</b>		
1,201	Capital receipts		774
460	Specific capital grants		494
251	Capital Contributions		233
227	Revenue Contributions		242
<b>2,139</b>	<b>Total resources used</b>		<b>1,743</b>

## Notes to the Core Financial Statements

### 16. Deferred Charges

Deferred charges represent Capital Spend on fixed assets that do not provide direct benefit to the Council. The deferred charges incurred during 2006/07 are detailed below.

Balance 01/04/06 £,000	Deferred Charges	Gross Expenditure £,000	Written down £,000	Balance 31/3/07 £,000
0	Renovation and Other Housing Grants	635	635	0
0	Developers Contributions & Other	131	131	0
0	Sports Deferred Charges	146	146	0
<b>0</b>	<b>Total</b>	<b>912</b>	<b>912</b>	<b>0</b>

### 17. Investments

Short term investments mature within one year, and long term investments mature after 1 year.

Balance 01/04/06 £,000	Investments	Net Movements £,000	Balance 31/3/07 £,000
	<b>Short Term Investments</b>		
1,313	Money Market Fund	2,168	3,481
0	Short Term Deposits	5,250	5,250
	<b>Long Term Investments</b>		
12,101	Investec	(12,101)	0
0	Long Term Deposits	7,500	7,500
9,771	European Investment Bank Bond	0	9,771
<b>23,185</b>	<b>Total Investments</b>	<b>2,817</b>	<b>26,002</b>

### 18. Long Term Debtors

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

Balance 01/04/06 £,000	Long Term Debtors	Additions £,000	Reductions £,000	Balance 31/3/07 £,000
24	Mortgages	0	17	7
31	Equity Shares	0	0	31
62	Employee Car Loans	31	49	44
458	Mill Chase Community School	0	110	348
<b>575</b>	<b>Total Long Term Debtors</b>	<b>31</b>	<b>176</b>	<b>430</b>
	<b>Provision for doubtful debts</b>			
(31)	Equity shares	0	0	(31)
<b>544</b>	<b>Total</b>	<b>31</b>	<b>176</b>	<b>399</b>

## Notes to the Core Financial Statements

### 19. Current Debtors

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

2005/06 £,000	Current Debtors	2006/07 £,000
(Restated)		
	<b>Amounts falling due within one year</b>	
	<b>Related Parties</b>	
1,019	Government departments	0
311	Other Local Authorities	295
3,860	Collection Fund General	2,303
	<b>Unrelated Parties</b>	
1,139	Debtors for services	1,548
67	Capital Debtors	0
112	HM Revenue & Customs (VAT)	323
<b>6,508</b>		<b>4,469</b>
<b>247</b>	<b>Collection Fund Balance due from precepting Authorities</b>	<b>439</b>
	<b>Provision for doubtful debts</b>	
(480)	General Fund	(567)
(750)	Collection Fund	(605)
<b>5,525</b>	<b>Total</b>	<b>3,736</b>

### 20. Creditors

Creditors are amounts owed by the Council at 31st March 2007.

2005/06 £,000	Creditors	2006/07 £,000
	<b>Amounts falling due within one year</b>	
	<b>Related Parties</b>	
36	Government departments	395
6	Inland Revenue	6
463	Other Local Authorities	280
1,439	Collection Fund	1,520
	<b>Unrelated Parties</b>	
0	Creditors in respect of Capital Spend	0
1,630	Creditors for goods and services	1,225
0	Provisions	60
<b>3,574</b>	<b>Total Creditors</b>	<b>3,486</b>
	<b>Amounts falling due over one year</b>	
78	Deferred liabilities	72
<b>3,652</b>	<b>Total</b>	<b>3,558</b>

## Notes to the Core Financial Statements

### 21. Developer's Contributions Deferred Account

The advances in 2006/07 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 01/04/06 £,000	<b>Developer's Contributions</b>	Contributions to Fund £,000	Releases from Fund £,000	Balance 31/3/07 £,000
1,918	Contributions from Developers	885	(276)	2,527
<b>1,918</b>		<b>885</b>	<b>(276)</b>	<b>2,527</b>

### 22. Deferred Credits

Deferred credits represent sums which are not available until they are repaid, or capital grants which are amortised as the asset is depreciated.

Balance 01/04/06 £,000	<b>Deferred Credits and Government Grants Deferred</b>	Advances / Contribution £,000	Transfer to other a/cs £,000	Balance 31/3/07 £,000
25	Housing sale receipts deferred	0	18	7
569	Hampshire County Council repayment for Mill Chase Community	0	111	458
<b>594</b>	<b>Total Deferred Credits</b>			<b>465</b>
312	Implementing Electronic Government Grant deferred	0	110	202
328	Local Authority Business Growth Incentive Grant	525	17	836
20	Defra Grant Deferred	72	30	62
101	Planning Delivery Grant (Capital) Deferred	35	78	58
<b>761</b>	<b>Total Government Grants Deferred</b>			<b>1,158</b>
<b>1,355</b>		<b>632</b>	<b>364</b>	<b>1,623</b>

## Notes to the Core Financial Statements

### 23. 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 earn their future entitlement.

The Council participates in the Local Government Superannuation Scheme, administered by Hampshire County Council. 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.

Further information can be found in the County Council's Superannuation Fund's 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](http://www.hants.gov.uk)

#### The Pension Asset Account

2005/06 £,000	<b>Pension Asset Account</b>	2006/07 £,000
(25,120)	Pension Asset Account Balance B/fwd	(24,920)
0	Unfunded Discretionary Benefits	0
(1,280)	Current Service Cost	(1,480)
(40)	Past Service Pension Costs	(140)
(3,020)	Interest Cost	(3,120)
(4,250)	Actuarial Changes	70
5,260	Return on investments	(60)
<b>(28,450)</b>	<b>Total</b>	<b>(29,650)</b>
2,170	Return on Assets	2,490
160	Actuarial Changes	(180)
1,020	Cash paid to Fund	1,310
180	Cash paid to Fund in respect of the unfunded liabilities	180
<b>(24,920)</b>	<b>Balance C/fwd</b>	<b>(25,850)</b>

The disclosures below relate to the Hampshire County Council Pension Fund (the Fund), which is part of the Local Government Pension Scheme, and certain unfunded pension arrangements where indicated. East Hampshire District Council participates in the Fund which provides defined benefits, based on members final pensionable salary. In accordance with FRS17 - Retirement Benefits, disclosure of certain information concerning assets, liabilities, income and expenditure relating to the pension scheme is required. The latest actuarial valuation of the Fund took place on 31st March 2004. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for FRS17 purposes were:

March 2006	<b>Financial Assumptions</b>	March 2007
4.9% pa	Discount rate for scheme liabilities	5.3% pa
4.9% pa	Discount rate for pension cost over following year	5.3% pa
4.5% pa	Rate of increase of salaries	4.7% pa
3.0% pa	Rate of increase in pensions in payment	3.2% pa
3.0% pa	Rate of increase to deferred pensions	3.2% pa
3.0% pa	Rate of Inflation	3.2% pa

## Notes to the Core Financial Statements

We have been informed that the market value of the assets of the Fund at 28th February 2007 was £2,846.39m. The assets as at 31st March 2007 have been estimated using index returns between 28th February 2007 and 31st March 2007. The asset values used as at the accounting date are set out below.

Value at 31/03/06 £m	Asset Valuation and expected Long Term Rate of Return	Long term rate of return expected at 31/3/06	Long term rate of return expected at 31/3/07	Estimated value at 31/03/07 £m
1,874	Equities	7.3% pa	7.7% pa	1,940
549	Bonds	4.3% pa	4.7% pa	597
106	Property	6.3% pa	6.7% pa	131
0	Corporate Bonds	4.9% pa	5.3% pa	77
138	Other assets	4.6% pa	5.6% pa	140
<b>2,667</b>	<b>Total</b>	<b>6.5% pa</b>	<b>6.9% pa</b>	<b>2,885</b>

### Analysis of Actuarial Gains to the Pension Scheme

This details the changes during the year on the Council's part of the Hampshire Pension Fund.

Actuarial Gains/Losses	2002/03 £,000	2003/04 £,000	2004/05 £,000	2005/06 £,000	2006/07 £,000
Actual return less expected return on pension scheme	(9,820)	3,350	750	5,260	(60)
Experience gains & losses arising on the scheme	130	(70)	800	160	(180)
Changes in assumptions underlying the present value	(60)	110	(10,220)	(4,250)	70
<b>Total actuarial gain/(loss)</b>	<b>(9,750)</b>	<b>3,390</b>	<b>(8,670)</b>	<b>1,170</b>	<b>(170)</b>

Actuarial Gains/Losses (percentage)	2002/03	2003/04	2004/05	2005/06	2006/07
Difference between expected and actual return on	36%	10.5%	2.3%	13.6%	-0.10%
Experience gains & losses arising on scheme liabilities	0.3%	0.1%	1.4%	0.3%	-0.30%
Changes in assumptions as a percentage of the	0.06%	0.2%	-17.9%	-6.7%	0.10%
<b>Total</b>	<b>12.1%</b>	<b>7.2%</b>	<b>-15.2%</b>	<b>1.8%</b>	<b>-0.30%</b>

### Changes to the Local Government Pension Scheme

Changes to the Local Government Pension Scheme permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6th April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the Council's Pension liabilities. This has been included within Non Distributed Costs on the face of the Income & Expenditure Account.

## Notes to the Core Financial Statements

### 24. Movements on Reserves

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 1/4/06 £'000	Net movement in year £'000	Balance 31/3/07 £'000	Note
Fixed Asset Restatement Reserve	To show the movements on Fixed Asset Balances as a result of revaluations.	(15,798)	(3,739)	(19,537)	24a
Capital Financing Account	Resources set aside to finance past capital expenditure.	54,134	263	54,397	24b
Usable Capital Receipts	Capital Receipts from fixed asset sales, available for future capital expenditure.	4,683	(241)	4,442	24c
Pensions Reserve	To show the extent of the Pension Liability on the Balance Sheet.	(24,920)	(930)	(25,850)	24d
General Fund	Resources available to meet future service costs.	1,807	(293)	1,514	STMGF, p18
Earmarked Reserves	Specific reserves created to meet future liabilities.	4,202	510	4,712	24e

#### 24a Fixed Asset Restatement Account

2005/06 £,000	Fixed Asset Restatement Account	2006/07 £,000
(15,405)	<b>Balance B/fwd</b>	(15,798)
(323)	Revaluation/Impairment of Assets	0
0	Reclassification of Leased Assets	(3,709)
(70)	Disposals	(30)
<b>(15,798)</b>	<b>Balance C/fwd</b>	<b>(19,537)</b>

## Notes to the Core Financial Statements

### 24b. Capital Financing 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.

2005/06 £,000	<b>Capital Financing Account</b>	2006/07 £,000	2006/07 £,000
53,560	Balance B/Fwd		54,134
	<b>Capital Financing:</b>		
1,201	Capital Receipts	773	
396	Revenue Contributions	239	
251	Capital Contributions	233	
460	Specific Capital Grant	403	
<b>2,308</b>	<b>Sub Total</b>		<b>1,648</b>
	<b>Adjustments to Capital Financing</b>		
0	Minimum Revenue Provision*	0	
64	Losses on Disposal	0	
54	Revenue contributions towards future project	(45)	
(333)	Transfer to government grant deferred account	(20)	
0	Kerbside Glass Depreciation Charges	5	
110	Implementing Electronic Government Depreciation Charges	110	
<b>(105)</b>	<b>Total Adjustments</b>		<b>50</b>
<b>2,203</b>	<b>Capital Financing for the year</b>		<b>1,698</b>
	<b>less</b>		
1,113	Write down of capital spending & Deferred Charges		912
516	Depreciation		523
<b>54,134</b>	<b>Balance C/fwd</b>		<b>54,397</b>

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

## Notes to the Core Financial Statements

### 24c. 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.

2005/06 £,000	<b>Usable Capital Receipts Reserve</b>	2006/07 £,000	2006/07 £,000
5,584	Balance B/Fwd		4,683
0	Social Housing Grant Receipt		0
	<b>Receipts from sales</b>		
221	Sale of Assets	201	
460	Grants / Contributions etc.	631	832
	<b>Less</b>		
1,582	receipts used for financing in year	1,073	1,073
<b>4,683</b>	<b>Balance C/fwd</b>		<b>4,442</b>

### 24d. Pension Reserve

2005/06 £,000	<b>Pension Reserve</b>	2006/07 £,000
(25,120)	Balance B/Fwd	(24,920)
0	Unfunded Discretionary Benefits	0
(4,250)	Actuarial Changes	(180)
5,260	Return on investments	(60)
(970)	Revenue account appropriation	(760)
<b>(25,080)</b>	<b>Total</b>	<b>(25,920)</b>
160	Actuarial Changes	70
<b>(24,920)</b>	<b>Balance C/fwd</b>	<b>(25,850)</b>

## Notes to the Core Financial Statements

### 24e. Earmarked Revenue & Capital Reserves

Balance 01/04/06 £,000	Specific Reserves	Revenue Transfers £,000	Other Transfers £,000	Balance 31/03/07 £,000
	<b>Maintenance Reserves</b>			
35	All Weather Pitch	0	0	35
286	Information Technology	40	0	326
260	Open Space Maintenance	(23)	0	237
50	Penns Place Maintenance	15	0	65
44	Car Park Maintenance	0	(23)	21
299	Capital Expenditure	(91)	0	208
<b>974</b>	<b>Maintenance Reserves</b>	<b>(59)</b>	<b>(23)</b>	<b>892</b>
	<b>External Risk Provisions</b>			
471	Corporate Planning	0	295	766
200	External Support Equalisation	208	0	408
86	Insurance	0	0	86
119	Redundancy Costs	0	0	119
364	Interest Equalisation	1	0	365
<b>1,240</b>	<b>External Risk Provisions</b>	<b>209</b>	<b>295</b>	<b>1,744</b>
	<b>Service Specific Reserves</b>			
179	Leisure Management	0	0	179
245	Community Initiatives	20	0	265
3	Enforcement	1	0	4
117	Implementing Electronic Government	(78)	0	39
222	Local Development framework	15	0	237
289	Planning Reserve	(89)	0	200
46	Second Homes Discount	23	0	69
24	Community Schools Debt Release	24	0	48
48	Thames Water	0	(48)	0
132	Carry Forwards	349	0	481
200	Department for Work & Pensions Reserve	0	0	200
155	Mobile Remote Scanning	(103)	0	52
13	Collection Fund Deficit Reserve	(13)	0	0
277	Service Expenditure Reserve	0	0	277
38	Active Lifestyles Fund	(13)	0	25
0	Housing Benefit System	0	0	0
<b>1,988</b>	<b>Service Specific Reserves</b>	<b>136</b>	<b>(48)</b>	<b>2,076</b>
<b>4,202</b>	<b>Total Earmarked Reserves</b>	<b>286</b>	<b>224</b>	<b>4,712</b>

## Notes to the Core Financial Statements

### 25. Contingent 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 of a potential £380k. 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.

### 26. Assets Acquired by way of Leasing

#### Finance leases

The Council has no finance leases.

#### Operational leases

The Council has obligations in respect of vehicles and land.

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

Period	Land & Buildings £,000	Vehicles £'000	Total £'000
Within 1 year	0	0	0
1 to 2 Years	0	0	0
2-5 years	13	0	13
Over 5 years	11	2	13

## Notes to the Core 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.

2005/06 £,000	Reconciliation of Revenue Activities	2006/07 £,000	2006/07 £,000
(2,112)	Balance on Income & Expenditure Account	(551)	
2,267	Statutory General Fund Movements	258	
155	General Fund Movement Surplus/(Deficit)		(293)
(133)	Collection Fund Surplus/(Deficit)		(376)
<b>22</b>	<b>TOTAL ACCRUAL BASIS</b>		<b>(669)</b>
3,685	Less Creditors B/fwd	3,574	
3,574	Add Creditors C/fwd	3,486	(88)
2,323	Add Debtors B/fwd	5,278	
5,278	Less Debtors C/fwd	3,539	1,739
17	Add Stock B/fwd	22	
22	Less Stock C/fwd	22	0
808	Capital Grants Received	919	
15	Movements in Deferred Liabilities	(6)	
396	Capital Spend funded from Revenue contributions	239	1,152
514	Transfer of reserves (to)/from Revenue	1,202	
(528)	Investment interest accrued	(96)	1,105
<b>(1,844)</b>	<b>Total Cash Basis</b>		<b>3,239</b>

#### 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 2006 £,000	Movement in Cash/Cash Equivalents	Movement in year £,000	Balance 31st March 2007 £,000
9	Cash in Hand and Bank Balance	10	19
(731)	Bank Overdraft	(116)	(847)
<b>(722)</b>		<b>(106)</b>	<b>(828)</b>

#### 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 19.

## Notes to the Core Financial Statements

### 30. Memorandum Item: Government Grants

2005/06 £,000	Analysis of Government Grants Received:	2006/07 £,000	2006/07 £,000
	<b>Revenue grants</b>		
2,189	Revenue support grant	961	
3,182	Non Domestic Rates Grant	4,955	
357	Planning Delivery grant	136	
67	Beacon Housing Grant	50	
0	Beacon Environment Grant	48	
87	Defra Waste Performance Grant	46	
3,747	Council Tax Benefits Subsidy	3,875	
14,454	Housing Benefit Subsidy	15,101	
441	Housing Benefit Admin grant	573	
92	Verification Framework Subsidy	0	
6	Housing Benefit Rent Rebate Subsidy	3	
21	Homelessness Grant	42	
54	Anti - Fraud Incentives	17	
11	Discretionary Housing Payments	21	
0	Anti-Smoking Grant	9	
0	Contaminated Land Grant	1	
157	Community Safety Grants	0	
<b>24,865</b>	<b>Total Revenue Grants</b>		<b>25,838</b>
	<b>Capital Grants</b>		
272	Disabled facilities Grants	300	
20	Defra Waste Performance Grant	47	
328	Local Authority Business Growth Incentive Grant	525	
139	Planning Delivery Grant	47	
150	Implementing Electronic Government	0	
<b>909</b>	<b>Total Capital Grants</b>		<b>919</b>
<b>25,774</b>	<b>Total Government Grants</b>		<b>26,757</b>

## Collection Fund

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 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.

2005/06 £,000	<b>Collection Fund Income and Expenditure Account</b>	2006/07 £,000
	<b>Income</b>	
20,859	Income from business ratepayers	22,204
52,244	Council Tax receivable (Net of Benefits)	54,670
3,706	Transfer from General Fund - Council Tax Benefits	3,834
<b>76,809</b>	<b>Total Income</b>	<b>80,708</b>
	<b>Expenditure</b>	
55,818	Precepts Paid (Note 3)	58,629
20,710	Contribution to National Non Domestic Rates pool	22,056
148	Costs of National Non Domestic Rates Collection	149
129	Provision for Uncollectable Council Tax	75
137	Bad Debts in respect of Council Tax	175
<b>76,942</b>	<b>Total Expenditure</b>	<b>81,084</b>
<b>(133)</b>	<b>Surplus/(Deficit) for the year</b>	<b>(376)</b>
(13)	Contribution to EHDC re previous years surplus/deficit	21
(67)	Contribution to Hampshire County Council re previous years surplus/deficit	111
(9)	Contribution to Hampshire Police Authority re previous years surplus/deficit	14
(4)	Contribution to Hampshire Fire & Rescue Authority re previous years surplus/deficit	7
<b>(226)</b>	<b>Total Movement on Collection Fund</b>	<b>(223)</b>
	<b>Appropriation Account</b>	
<b>(61)</b>	<b>Balance as at 1/4/06 B/Fwd</b>	<b>(287)</b>
(226)	Total movement on Collection Fund	(223)
<b>(287)</b>	<b>Balance as at 31/3/07 C/Fwd</b>	<b>(510)</b>

## Collection Fund

### Notes to the Collection Fund Income and Expenditure Account

#### 1. Council Tax base for 2006/07

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	House value as at 1st April 1991	Dwellings	Band D Equivalent Dwellings	Weighting
A	Up to £40,000	2,655	1,391.30	6/9
B	Over £40,000 & up to £52,000	4,838	3,129.50	7/9
C	Over £52,000 & up to £68,000	11,244	8,864.70	8/9
D	Over £68,000 & up to £88,000	9,662	8,855.11	1
E	Over £88,000 & up to £120,000	8,184	9,295.39	11/9
F	Over £120,000 & up to £160,000	5,513	7,496.63	13/9
G	Over £160,000 & up to £320,000	4,343	6,843.75	15/9
H	Over £320,000	610	1,121.26	18/9
		47,049	46,997.64	

The calculation of the tax base is made by adjusting for discounts and exemptions, to arrive at the equivalent dwellings (not shown). The equivalent dwellings are multiplied by the weighting shown in the table to determine the number of Band D equivalents shown.

The average Band D Council Tax charge for 2006/07 was: **£1,257.41**

#### 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 31/3/2007 was: **£62,352,057**

The standard multiplier for the year was: **43.3**

The Small Business Rate Relief Multiplier for the year was: **42.6**

#### 3. Precepting Authorities

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

Authority	2005/06 £,000	2006/07 £,000
Hampshire County Council	40,314	42,459
Hampshire Police Authority	5,275	5,569
Hampshire Fire & Rescue Authority	2,416	2,501
East Hampshire District Council	7,813	8,100
<b>Total Precepts Paid</b>	<b>55,818</b>	<b>58,629</b>

## 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	2005/06 £,000	2006/07 £,000
Hampshire County Council	207	368
Hampshire Police Authority	13	22
Hampshire Fire & Rescue Authority	27	49
East Hampshire District Council	40	71
<b>Total</b>	<b>287</b>	<b>510</b>

## General Information

2006	Area	2007
51,541	- Hectares	51,541
199	- Square Miles	199
39	Number of Parishes / Town Councils	39
109,916	<b>Population ( estimated June )</b>	110,870
5,948	Under 5	6,031
15,827	5 -15	15,728
69,858	16 - 64	70,497
18,283	65 and over	18,614
	<b>Density of Population</b>	
2	- per hectare	2
552	- per square mile	557

### Permanent Staffing Establishment

2005/06 Full Time Equivalents	Key Services	2006/07 Full Time Equivalents
12.0	Building Control	11.0
21.3	Communication & Policy	20.1
18.0	Community Team	18.6
11.2	Democratic Services	14.4
45.5	Environmental Services	45.9
9.1	Executive	8.3
14.7	Financial Services	12.7
23.1	Housing & Property	24.1
8.0	Facilities Management	6.6
12.4	Information Technology	13.2
5.9	Legal Services	5.4
4.5	Personnel Services	4.6
37.8	Planning Development	38.2
19.9	Planning Policy	20.5
43.8	Revenue & Benefits	45.0
<b>287.2</b>	<b>Total Staffing (FTE's)</b>	<b>288.6</b>

**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 excessive staff movements.

## General Information

### East Hampshire District Council's Decision Making Structure 2007/08

#### **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.

#### **Decision Conferencing**

As part of the Corporate Planning process, Councillors are invited to participate in a Decision Conferencing exercise. Councillors are presented with a number of options for Service Development. The purpose of the exercise is to prioritise the options in line with the Council's Priorities, the outcome of which is then passed to the Cabinet for decision. These priorities then form the basis for the budgeting process.

#### **Community Forums**

In order to give local people a greater say in council affairs, there are four Area Community Committees. 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 Area Community Committees 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 also has the power to sit as an Audit Committee. 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 Area Community Committees or Officers, where other councillors have "called in" these decisions. They will consider whether the decision is appropriate and they may recommend that the decision is 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; Protecting the Environment, Providing Good Quality Services and Building Successful Communities. They contain councillors from all political groups who are not in the Cabinet, from all areas of responsibility along with the relevant portfolio holder from the Cabinet. The Panels also have a role in advising and supporting the Overview and Scrutiny Committee as well as the Council and Area Community Committees. 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](http://www.easthants.gov.uk) or from the Democratic Services team on (01730) 234073

## 2006/07 Revenue Expenditure

2005/06 Net Expenditure £,000		Actual Expenditure 2006/07 £'000	Actual Income 2006/07 £'000	Actual Net 2006/07 £'000
	<b>Central Services to the Public</b>			
	<b>Local Tax Collection</b>			
538	Council Tax	588	97	491
(41)	Council Tax Benefits	3,817	3,875	(58)
(46)	National Non-Domestic Rates	108	155	(47)
	<b>Elections</b>			
0	Democratic Services	122	122	0
5	Elections	34	1	33
	<b>Emergency Planning</b>			
23	Emergency Planning	35	2	33
0	Emergency Costs	0	0	0
	<b>Land Charges</b>			
(118)	Land Charges	293	373	(80)
<b>361</b>	<b>Total Central Services to the Public</b>	<b>4,997</b>	<b>4,625</b>	<b>372</b>
	<b>Cultural &amp; Related Services</b>			
	<b>Culture &amp; Heritage</b>			
182	Heritage	334	130	204
	<b>Recreation &amp; Sport</b>			
650	Grants & Funding	699	7	692
586	Leisure Management	511	10	501
17	Active Lifestyle	44	27	17
0	Sports Development	9	0	9
0	Play Projects	18	0	18
0	East Hants Community Partnership	14	0	14
0	Deferred Charges (Sports)	0	(146)	146
	<b>Open Spaces</b>			
128	Countryside & Woodlands	128	1	127
218	Street Cleaning	271	59	212
	<b>Tourism</b>			
109	Economic Development & Tourism (part)	127	4	123
<b>1,890</b>	<b>Total Cultural &amp; Related Services</b>	<b>2,155</b>	<b>92</b>	<b>2,063</b>

## 2006/07 Revenue Expenditure

2005/06 Net Expenditure £,000		Actual Expenditure 2006/07 £'000	Actual Income 2006/07 £'000	Actual Net 2006/07 £'000
	<b>Environmental Services</b>			
	<b>Cemeteries, Cremation &amp; Mortuary Services</b>			
68	Cemeteries	270	109	161
	<b>Environmental Health</b>			
264	Food Safety	279	10	269
299	Environmental Protection	305	49	256
216	Pest Control	204	28	176
161	Health & Safety	213	20	193
5	Health Strategy	0	0	0
167	Animal Welfare	156	10	146
40	Licensing	297	172	125
187	Public Conveniences	221	12	209
	<b>Community Safety</b>			
30	Community Safety	66	27	39
0	Safer Stronger Communities	99	99	0
0	Anti Social Behaviour	25	0	25
	<b>Flood Defence &amp; Land Drainage</b>			
109	Drainage	85	0	85
	<b>Street Cleaning</b>			
667	Street Cleaning	812	177	635
	<b>Waste Collection</b>			
1,786	Refuse/Recycling Contract	1,945	94	1,851
70	Waste Reduction	324	243	81
0	Project Integra	84	83	1
177	Garden Waste	337	163	174
0	Deferred charges (Waste vehicles)	0	(17)	17
	<b>Service Management &amp; Support Services</b>			
0	Customer Services (Environmental Health)	283	283	0
9	Engineering Contracts	102	85	17
0	Customer Services (Contracts)	0	0	0
<b>4,255</b>	<b>Total Environmental Services</b>	<b>6,107</b>	<b>1,647</b>	<b>4,460</b>
	<b>Planning and Development Services</b>			
	<b>Building Control</b>			
(76)	Building Control Fee	399	488	(89)
264	Building Control Non-Fee	285	18	267
	<b>Development Control</b>			
174	Planning Development Fee	961	713	248
723	Planning Development Non Fee	744	66	678
256	Planning Enforcements	263	5	258
9	Planning Delivery Grant	211	216	(5)
198	Developer's Contributions (Deferred Charges)	0	(131)	131
	<b>Planning Policy</b>			
478	Planning Policy	450	2	448
100	Local Plan	2	0	2
81	Local Plan 3	106	8	98
	<b>Environmental Initiatives</b>			
27	Community Team	37	12	25
	<b>Economic Development</b>			
213	Economic Development & Tourism	246	8	238
7	Alton Economic Development Project	23	16	7
0	Whitehill Seeda Project	9	5	4
0	Hants & Isle of Wight Improvement Plan	0	0	0
0	Local Authority Business Growth Incentive Grant	0	525	(525)
(9)	Markets	58	69	(11)
(14)	Property Management	268	330	(62)
(334)	Woolmer Trading Estate	624	948	(324)
<b>2,097</b>	<b>Total Planning Services</b>	<b>4,686</b>	<b>3,298</b>	<b>1,388</b>

## 2006/07 Revenue Expenditure

2005/06 Net Expenditure £,000		Actual Expenditure 2006/07 £'000	Actual Income 2006/07 £'000	Actual Net 2006/07 £'000
	<b>Highways Roads &amp; Transport Services</b>			
	<b>Highways &amp; Roads (Routine)</b>			
48	Highway Services	142	117	25
73	Street Furniture	97	0	97
	<b>Street Lighting</b>			
69	Public Lighting	68	0	68
	<b>Parking Services</b>			
(627)	Car Parks	607	1,231	(624)
	<b>Public Transport</b>			
540	Concessionary Travel	826	172	654
<b>103</b>	<b>Total Highways Roads &amp; Transport</b>	<b>1,740</b>	<b>1,520</b>	<b>220</b>
	<b>Housing Services</b>			
	<b>General Fund Housing</b>			
	<b>Housing Strategy &amp; Advice</b>			
437	Housing Needs	477	16	461
163	Housing Enabling	172	0	172
	<b>Private Sector Housing Renewal</b>			
344	Private Sector Housing	350	2	348
746	Disabled Facilities Grants (Deferred Charges)	0	(635)	635
	<b>Homelessness</b>			
72	Housing Needs	78	3	75
3	Anti-Poverty	10	0	10
0	Homelessness Grants	41	41	0
	<b>Housing Benefits Payments</b>			
(85)	Rent Allowances	15,338	15,416	(78)
1	Non HRA Rent Rebates	3	3	0
	<b>Housing Benefits Administration</b>			
534	Benefits Administration	1,187	541	646
113	Benefits Investigations	195	55	140
	<b>Service Management &amp; Support Services</b>			
0	Beacon Council Housing Grant	47	47	0
0	Beacon Council Environment Grant	29	33	(4)
0	Housing Operations	139	139	0
0	Housing Support Team	230	230	0
<b>2,328</b>	<b>Total Housing Services</b>	<b>18,296</b>	<b>15,891</b>	<b>2,405</b>

## 2006/07 Revenue Expenditure

2005/06 Net Expenditure £,000		Actual Expenditure 2006/07 £'000	Actual Income 2006/07 £'000	Actual Net 2006/07 £'000
	<b>Corporate and Democratic Core</b>			
	<b>Democratic Representation and Management</b>			
1,304	Committee & Members Costs	1,429	1	1,428
0	Chairmans Budget	9	0	9
0	Democratic Services	330	330	0
510	Community Team	701	224	477
	<b>Corporate Management</b>			
613	Corporate Management	654	0	654
<b>2,427</b>	<b>Total Corporate &amp; Democratic Services</b>	<b>3,123</b>	<b>555</b>	<b>2,568</b>
	<b>Other Operating Income and Expenditure</b>			
	<b>Trading Accounts Surpluses &amp; Deficits</b>			
	<b>Other</b>			
68	Corporate Training Budget	35	0	35
7	Customer Care	0	0	0
79	Unapportionable Central O'head	83	0	83
65	Whitehill/Bordon Opportunity	16	0	16
31	Budget Savings	(198)	0	(198)
<b>250</b>	<b>Total Other Services</b>	<b>(64)</b>	<b>0</b>	<b>(64)</b>
<b>13,711</b>	<b>Net Service Expenditure</b>	<b>41,040</b>	<b>27,628</b>	<b>13,412</b>
	<b>Memorandum: Central &amp; Support Services</b>			
0	Corporate Management Team and Support	666	666	0
0	Communications	501	501	0
0	Policy & Performance Mgt	232	232	0
0	Implementing Electronic Government Recharges	70	70	0
0	Information Services	78	78	0
0	Information Services Recharges	48	48	0
0	Customer Services Centre Setup costs	7	7	0
0	Legal Services Group	451	451	0
0	Accountancy	395	395	0
0	Exchequer	260	260	0
0	Audit	63	63	0
0	Information Technology	1,046	1,046	0
0	IT Data Services	682	682	0
0	Personnel Services	280	280	0
0	Corporate Property	245	245	0
0	Building Services	769	769	0
0	Distribution	266	266	0
<b>0</b>	<b>Total Central &amp; Support Services</b>	<b>6,059</b>	<b>6,059</b>	<b>0</b>