

East Hampshire District Council

Statement of
accounts 2007/2008



EAST HAMPSHIRE



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EAST HAMPSHIRE DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2007/08

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Further Information

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

EXPLANATORY FOREWORD

Introduction to the Statement of Accounts

The accounts for 2007/08, set out on pages 21 to 48 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 2007/08, how services were paid for and the Council's assets and liabilities at the year end date of 31st March 2008.

The following statements are included:

The Income & Expenditure Account (page 21)

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

The Statement of Total Movements on the General Fund (page 21)

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

The Statement of Total Recognised Gains & Losses (page 22)

The Statement of Total Recognised Gains & Losses determines the movement in net worth on the Balance Sheet. It does this by reconciling the Income and Expenditure Account to the movement on the Balance sheet between 31st March 2007 and 31st March 2008.

The Balance Sheet (page 23)

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 24)

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 46 to 47)

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 294.0 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).

Review of the Year

For the 2007/08 financial year, the Council agreed its budget for revenue spending on General Fund services at £13,837,000. The budget was restated to £14,465,000 due to projects which had slipped from the previous financial year and one-off projects agreed to be funded from reserves.

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 District Council services was set at £127.67 for band D properties. There was no increase in the Council Tax charge between 2006/07 and 2007/08.

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

	Budget £000	Actual £000	Difference £000
Net General Fund Spending	14,465	14,421	(44)
Financed By:			
Government Grant	6,031	6,031	0
Depreciation	503	503	0
Interest on investments	1,229	1,772	543
Council tax	6,006	5,987	(19)
Releases from Reserves	696	710	14
Total	14,465	15,003	(538)

The Council's actual net spending was £44,000 below the original budget. The main variances were as follows:

Variances	£'000
Overspends/Shortfalls of Income	
Rural rate Relief higher than budget. There is budget provision for 2008/09	58
Legal Services overspends including Equalities and Diversities training and the role of the Monitoring Officer	63
Some budgeted efficiencies not achieved but this is offset by other savings across the council	180
Under spends/ Additional Income	
Over recovery on housing benefit subsidy due to lower error rates plus increased debt recovery	150
Savings in maintenance, utilities and security contracts	71
Environmental Services – increased recycling income due to higher levels	144

At the end of the year, the Council's General Fund Reserve stood at £1.793m. This includes committed balances of £570,000 which will bring the reserve back into tolerance of £1.3m. 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 2007/08 the Council received £182,000 under the Government's Local Authority Business Growth Incentive Scheme (LABGI). This was because economic growth in the district (for the year ending December 2007) was higher than usual. The money has been earmarked for spending on Economic Development Projects throughout the district. A further £280,000 relating to 2007/08 is expected during 2008/09.

Capital Spending and Receipts

Capital expenditure is that which generates an asset that has a useful life of more than one year. The expenditure in the year amounted to £2,157,000.

Capital spending was financed by £1,085,000 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
Public Conveniences	324	366
Building & Equipment	984	461
Sports Projects	239	43
Housing grants & improvements	1,250	746
Developers Contributions	173	497

External Borrowing

The Council remained debt-free at 31st March 2008.

Pension Costs

Information regarding assets, liabilities, income and expenditure of the Council's pension scheme is included on page 38. The Council's share of assets and liabilities of the pension fund show an estimated liability of £19 million at 31/3/08. 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.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

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

East Hampshire District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website at www.easthants.gov.uk or can be obtained from the Financial Services Department, Council Offices, Penns Place, Petersfield, Hampshire, GU31 4EX. This statement explains how East Hampshire District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts & Audit Regulations 2003 as amended by the Accounts & Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on Internal Control.

The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Hampshire District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at East Hampshire District Council for the year ended 31st March 2008 and up to the date of approval of the Statement of Accounts.

The Governance Framework covers the following areas:

1. Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens/service users
2. Reviewing the vision and its implications for Corporate Governance
3. Measuring the quality of services for users, ensuring delivery in accordance with objectives, and representing best use of resources.
4. Defining and documenting the role and responsibility of the senior executive, scrutiny and officer functions, clear delegation arrangements and protocols for effective communication
5. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members of staff
6. Reviewing and updating standing orders, financial instructions, scheme of delegation, supporting procedure manuals, the decision making process and the processes/controls to manage risk
7. Ensuring compliance with relevant laws, regulations, internal policy and procedure, and that expenditure is lawful.
8. Whistleblowing and receiving and investigating complaints from the public.
9. Identifying development needs of Members and Senior Officers in relation to their strategic roles, supported by appropriate training.
10. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
11. Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission report on the governance of partnerships and reflecting them in the authority's overall governance arrangements.

Review of Effectiveness

East Hampshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the Governance Group (which includes the Chief Executive, the S151 Officer, the Monitoring Officer, the Financial Services Manager, the Policy & Performance Manager and the Accountant for Finance & Governance), the Annual Internal Audit report, External Audit comments, and annual Internal Control Questionnaires completed by operational managers, internal and external audit liaison managers.

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

The Council's Overview & Scrutiny Committee meets four times per year as the Audit Committee. The Audit Committee is responsible for monitoring and ensuring Risk Management arrangements are adequate, to receive reports from Internal and External Audit, and to ensure that the Internal and External Audit reports are robust.

The Council's Standards Committee provides training and advice on the Code of Conduct. It regularly reviews the Codes of Conduct and is available to investigate cases where the Code is broken.

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

Other governance arrangements include:

- **The Council Constitution.** This is a document which includes the roles, responsibilities, terms of reference and reporting arrangements of the Council and its committees.
- **The Monitoring Officer** – This is a statutory role which has a duty to monitor and review the operation of the constitution to ensure its aims and principles are given full effect.
- **The Section 151 Officer** – This is a statutory role which has a duty to make arrangements for the proper financial administration of the council

- **Policies and Procedures** – key areas of the Council's Administration are covered by specifically approved policies which are reviewed appropriately. These include Treasury Management Policies and Practices and Annual review of Reserves and Balances and the Constitution itself.
- **Corporate Governance Group** – *This group meets on a quarterly basis to monitor and implement Corporate Governance issues identified during the annual review of the effectiveness of Internal Control.*
- **Scheme of Delegation** – this enables Councillors to concentrate on policy and officers to operate within an approved framework.

Significant Governance Issues

The 2006/07 Statement on Internal Control highlighted a number of issues to address during 2007/08. The following actions have been undertaken during 2007/08.

1. Business Continuity for Non Critical Services. Non Critical services have continued to develop plans to ensure that services remain available in the event of a disaster. Further development around Succession Planning is also recommended.

2. IT systems & Resources. In the 2006/07 review, an issue with the interface between the Car parking fines system and the old Financial Information system was raised. This has been addressed as part of the implementation of a new financial information system.

3. Corporate Health & Safety. During 2006/07, funding was secured for a Corporate Health & Safety Advisor. This post has now been combined with Business Continuity and has been recruited.

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

1. Purpose & Vision

- To develop Partnership Protocols to ensure that Partnerships are underpinned by a common vision.
- To review Performance Management information to ensure there is greater emphasis on quality.
- To commence Value for Money reviews of Services.

2. Public Accountability

- To carry out Equalities Impact Assessments to ensure the Authority is able to engage with all sections of the Community.
- To complete the development of a revised Consultation Database to ensure meaningful consultation can take place.

3. Structure

- To revise Terms of Reference for all relevant groups to ensure Risk Management is embedded throughout the organisation.
- To annually review the Council Constitution.
- To clarify Governance arrangements surrounding Partnerships, to ensure both parties are clear about roles & responsibilities.
- To review the Engineers Logging IT system

4. Values & Conduct

- To formally re-adopt the Council's values
- To investigate the use of Job Descriptions for Councillors.
- To ensure new Councillors packs include information about the Council Values.
- To communicate the revised Code of Local Governance approved during May 2008.
- To publicise the Council's Whistleblowing policy

5. Robust Decision Making

- Development of performance statistics for Cabinet Decisions.
- To undertake training on the Code of Conduct.
- To include Environmental and Equalities issues on Committee Report templates.
- To develop Risk Management processes for the Council's partnerships.

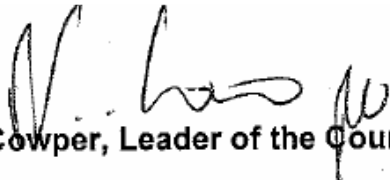
6. Skills & Training


- To raise the profile of statutory officers in the Organisation.
- To create feedback forms for Councillor training.
- Investigate the use of Performance Appraisals for Councillors

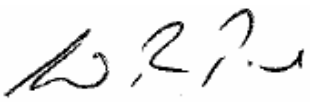
Opinion


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

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


Councillor Ferris Cowper, Leader of the Council Date 26/6/08


Will Godfrey CPFA, Chief Executive Date 26/6/08


Bill Price CPFA, S151 Officer Date 26/6/08


Jo Gabell, Monitoring Officer Date 26/6/08

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

Opinion on the financial statements

We have audited the Authority accounting statements and related notes of East Hampshire District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Members of East Hampshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 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 the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority and its income and expenditure for the year.

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

We read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting 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 Authority accounting 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 Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, 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 Authority accounting statements and related notes 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 Authority accounting statements and related notes.

Opinion

In our opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

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



Auditors' Responsibilities

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

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in 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 2008.

Best Value Performance Plan

We issued our statutory report on the audit of the Authority's Best Value Performance Plan for the financial year 2007/08 on 14 December 2007. 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.

A handwritten signature in red ink, appearing to read 'Mazars LLP'.

Mazars LLP
Chartered Accountants and Registered Auditors
Southampton


26 September 2008

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 M Harvey - 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 31st 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 2007 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA): A Statement of Recommended Practice. The Code sets out the accounting practices required for Statements of Accounts prepared in accordance with the statutory framework established for local authority accounts. In addition the Best Value Accounting Code of Practice is followed in the preparation of the accounts. The accounts have been prepared on the historical cost basis, modified by the revaluation of assets where relevant.

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

ACCRUALS OF INCOME AND EXPENDITURE (Debtors and Creditors)

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

In order to achieve the year end close of accounts deadline, housing benefit and other debtors 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 at open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the Depreciated Replacement Cost (DRC). Non-operational property assets were valued at open market value. In relation to properties valued at DRC, regard was taken as to the prospect and viability of the continuance of occupation.

Property asset values are based upon a valuation report issued by Wadham & Isherwood dated 15 October 2004, and include variations from them in subsequent letters. Due to a change in the requirements of the Sorp 2007, all asset values at 1st April 2007 were deemed to be at historic cost. The purpose of this change is to bring Local Authority Fixed Asset Accounting into line with UK Generally Accepted Accounting Practise.

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

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

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

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

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

Asset Type	Typical Depreciation Period
Buildings	30 to 65 years
Vehicles	4 to 7 years
Equipment	4 to 5 years
Intangible Assets	0 to 10 years

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

6. *Charges to revenue for Fixed Assets* – Prior to 2006, all General Fund services and support services included a capital charge for fixed assets used in the provision of services. From 2006, the Council is no longer required to make this charge. Depreciation is still charged to services.

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

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

GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

FINANCIAL INSTRUMENTS

Financial Instruments are classified into two types;

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

Loans and Receivables

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

The Council has the power to make loans at less than market rates to voluntary organisations, Parish Councils and employees. These are known as 'soft' loans. If soft loans are made, a loss will be recorded in the Income & Expenditure Account for the interest foregone. Statutory provisions require that the impact of soft loans is the interest receivable for the year; this is

managed by transferring balances relating to future years to a Financial Instrument Adjustment Account.

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

Available for Sale Assets

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

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

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

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

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

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

LEASES

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

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

OVERHEADS

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

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

PENSIONS

The Council's employees 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 23 to the Accounts. The Council also maintains a balance on the General Fund to meet any unforeseen working capital requirements or emergency financing needs not met by specific reserves. A review of reserves is undertaken annually.

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

STOCKS & WORK IN PROGRESS

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

INCOME & EXPENDITURE ACCOUNT

2006/07 Net Expenditure £'000	Income & Expenditure Account	2007/08		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Net Expenditure on Council Services (Refer p50 to 52)			
2,063	Cultural & Related Services	2,417	367	2,050
4,460	Environmental Services	6,567	1,645	4,922
1,388	Planning & Development Services	5,561	3,538	2,023
220	Highways, Road & Transport	1,776	1,549	227
2,405	Housing Services (General Fund)	19,656	17,612	2,044
372	Central Services to the Public	5,317	4,767	550
2,504	Corporate and Democratic Core & Other Services	3,824	825	2,999
13,412	Net Cost of Services	45,118	30,303	14,815
	Other Operating Income and Expenditure			
(144)	Profit/Loss on Disposal of Assets	0	0	0
13	Interest Costs	12	0	12
2,147	Precepts paid to Parish Councils	2,298	0	2,298
(1,512)	Interest and Investment Income	0	1,816	(1,816)
630	Pensions Interest Cost & expected return on Pensions Assets	750	0	750
14,546	Net Operating Expenditure	48,178	32,119	16,059
(8,100)	Demands or Precepts on the Collection Fund			(8,303)
(961)	Revenue Support Grant			(867)
(4,955)	Non-Domestic Rate Income			(5,164)
21	Collection Fund (Surplus) / Deficit			18
551	Net Income & Expenditure Account (Surplus) / Deficit			1,743

2006/07 £'000s	Statement of Movement on the General Fund	2007/08 £'000s
551	(Surplus)/Deficit on the Income & Expenditure Account	1,743
(258)	Net Additional Amount required by statute and non statutory proper practises to be debited/credited to the General Fund Balance for the year (Note 1)	(2,022)
293	General Fund Movement	(279)
(1,807)	General Fund Balance Brought Forward	(1,514)
(1,514)	General Fund Balance Carried Forward	(1,793)

2006/07 £'000s	Reconciliation of General Fund Balance	2007/08 £'000s
(82)	Revenue (Surplus) / Deficit	(386)
375	Use of Previous Year's underspends	29
0	Prior Year Adjustment (Note 1)	78
293	General Fund Movement	(279)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

2006/07 £'000	Statement of Total Recognised Gains and Losses	2007/08 £'000
551	(Surplus) / Deficit on the Income and Expenditure Account	1,743
3,709	(Surplus) / Deficit arising on revaluation of Fixed Assets	(159)
0	Revaluation (Gains) / Losses on Investments	(425)
170	Actuarial (Gains) / Losses on Pension Fund Assets/Liabilities	(8,050)
0	Other (gains) / losses required to be included in the Statement of Total Recognised Gains & Losses	0
31	Collection Fund Balance	48
4,461	Total Recognised (Gains) / Losses for the year	(6,843)

BALANCE SHEET

2006/07 £'000	Balance Sheet as at 31st March 2008	2007/08	
		£'000	£'000
	Intangible Fixed Assets (Notes 14 and 15)		
334	- Intangible Fixed Assets	394	
	Tangible Fixed Assets (Notes 14 and 15)		
	Operational Assets		
0	- Council Dwellings	0	
14,846	- Other Land and Buildings	15,118	
551	- Vehicles, Plant and Equipment	558	
0	- Infrastructure assets	0	
0	- Community assets	0	
	Non-Operational Assets		
7,100	- Investment properties	7,100	
0	- Assets Under Construction	0	
1,003	- Surplus assets held for disposal	1,001	
23,834	Total Fixed Assets		24,171
	Other Long Term Assets		
17,271	Long-term Investments (Note 16)	7,727	
399	Long-Term Debtors (Note 17)	270	7,997
41,504	Total Long-Term Assets		32,168
	Current Assets		
22	Stock and Work in Progress	39	
3,736	Debtors (Note 18)	3,935	
8,731	Short-Term Investments (Note 16)	19,522	
19	Cash and Bank	14	23,510
54,012	Total Assets		55,678
	Current Liabilities		
0	Short Term Borrowing	0	
(3,486)	Creditors (Note 19)	(4,736)	
(847)	Bank Overdraft	(774)	(5,510)
49,679	Total Assets less Current Liabilities		50,168
	Long Term Liabilities		
0	Long Term Borrowing	0	
(72)	Deferred Liabilities (Note 19)	(126)	
(465)	Deferred Credits & Capital Receipts (Note 21)	(350)	
(2,527)	Developers Contributions Deferred Account (Note 20)	(3,010)	
0	Provisions (Note 19)	(25)	
(1,158)	Government Grants - Deferred Account (Note 21)	(1,227)	
(25,850)	Liability related to defined benefit pension scheme (Note 22)	(18,980)	(23,718)
19,607	TOTAL ASSETS LESS LIABILITIES		26,450
	The Net Assets were financed by:		
(19,537)	Fixed Asset Restatement Reserve	0	
54,397	Capital Financing Reserve	0	
0	Revaluation Reserve (Note 23a)	0	
0	Capital Adjustment Account (Note 23b)	35,244	
4,442	Usable Capital Receipts Reserve (Note 23c)	3,946	
0	Financial Instruments Adjustment Account (Note 23)	23	
0	Available for Sale Financial Instruments Reserve	402	
(25,850)	Pension Reserve (Note 23d)	(18,980)	
4,712	Earmarked Reserves (Note 23e)	4,141	
1,514	General Fund Balance (Statement of Total Movement on Genreal Fund, p20)	1,793	
(71)	Collection Fund Balance	(119)	26,450
19,607	TOTAL NET WORTH		26,450

W R Price CPFA - Section 151 Officer

W R Price

Date

26/6/08

CASHFLOW STATEMENT

2006/07 £'000	Cashflow Statement	2007/08 £'000	2007/08 £'000
	Revenue Activities		
	Cash Outflows		
(10,143)	Cash paid to and on behalf of employees	(11,273)	
(42,348)	Precept paid to Hampshire County Council	(44,957)	
(5,555)	Precept paid to Police	(5,880)	
(2,494)	Precept paid to Fire & Rescue Authority	(2,541)	
(2,147)	Precept paid to Parishes	(2,298)	
(21,268)	Contribution to National NDR Pool	(22,010)	
(12,421)	Other Operating costs	(10,711)	
(15,171)	Housing benefit paid	(15,857)	
(31)	Employee loans made	(22)	(115,549)
	Cash Inflows		
1,278	Rents after rebates	1,277	
58,254	Council Tax receipts	57,613	
22,204	Non Domestic rate income	22,972	
4,955	Non Domestic rate income from National Pool	5,164	
961	Revenue Support Grant	867	
18,976	DWP Grant for Housing Benefit	19,748	
573	DWP Housing Benefit Admin Grant	618	
457	Other Government revenue grants	559	
4,203	Cash received for goods & services	6,116	
1,524	Other operating cash receipts	955	
49	Employee loans repaid	36	115,925
1,856	Net Cash inflow/outflow		376
	Returns on Investments and Servicing of Finance		
	Cash Inflows		
1,385	Interest received		1,754
	Cash Outflows		
2	Interest Paid		0
3,239	Total Revenue Activities (Note 27)		2,130
	Capital Activities		
	Cash Outflows		
(736)	Purchase of Fixed Assets	(874)	
4,601	(Increase)/Decrease in Long Term Investments	9,545	
(912)	Other Capital Cash Payments	(1,284)	7,387
	Cash Inflows		
201	Sale of fixed assets	178	
919	Capital grants received	740	918
7,312	Net Cash inflow / outflow before financing		10,435
	Management of Liquid Resources		
(7,418)	Net (Increase)/decrease in short term deposits		(10,367)
(106)	Increase /(Decrease) in Cash /Cash equivalents (Note 28)		68

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NOTES TO THE FINANCIAL STATEMENTS

Notes to the Income & Expenditure Account

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

Amendments to the 2006/07 financial guidance resulted in significant changes to the presentation of the primary financial statements of the organisation. The purpose of these changes was to bring Local Government accounts into line with UK Generally Accepted Accounting Policy. The key difference was in the presentation of the Income and Expenditure account, which replaced the Consolidated Revenue Account.

There has been a Prior Period Adjustment in the Accounts this year. The Council has implemented a new Financial System, and during the migration process a number of unresolved system balances were identified, relating to previous financial years. This discrepancy has been met from the General Fund.

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.

2006/07 £'000	Note to the Statement of Movements on the General Fund	2007/08 £'000
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.	
(523)	Depreciation and Impairment of Fixed Assets	(518)
115	Amortisation of Government Grants Deferred	168
(912)	Write Down of Deferred Charges to be financed from Capital Resources	(1,284)
144	Net Gain/(Loss) on sale of Fixed Assets	0
(2,250)	Net charges made for retirements in accordance with FRS17	(2,980)
	Amounts Not included in the Income & Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.	
0	Minimum Revenue Provision for Capital Financing	0
0	Capital Expenditure charged in year to the General Fund Balance	0
1,490	Employers Contributions payable to the Local Govt Pension Scheme & retirement benefits payable direct to pensioners	1,800
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on General Fund Balance for the year.	
0	Voluntary Revenue Provision for Capital Financing	0
1,678	Net Transfer to/(from) Revenue reserves	792
(258)	Net Additional Amount required to be added to the General Fund Balance	(2,022)

2. Expenditure on Services

Details of individual services' income and expenditure are shown on pages 51 to 53. The analysis complies with the Best Value Accounting Code of Practice.

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

The authority is required to disclose the income and expenditure arising from arrangements entered into authorised by section 1 of the above Act. During 2007/08 there were no transactions made under the above act. This compares with no transactions made in 2006/07.

NOTES TO THE FINANCIAL STATEMENTS

4. 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.

2006/07 £'000	Publicity Spending	2007/08 £'000
102	Advertising and Promotions	128
42	Partners Magazine	41
144	Total publicity spending	169

5. 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 also implemented a new Financial System which is Euro compliant.

6. 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.

7. Members' Allowances

Members' Allowances consist of a Basic Allowance for all Councillors of £3,889 and a Special Responsibility Allowance, dependent on the Councillors' role in the Council.

2006/07 £'000	Members Allowances	2007/08 £'000
248	Value of Member's Allowances Paid:	267

8. 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.

2006/07 Number of Employees	Remuneration Band	2007/08 Number of Employees
7	£50,000 - £59,999	6
4	£60,000 - £69,999	6
0	£70,000 - £79,999	1
1	£80,000 - £89,999	1
0	£90,000 - £99,999	0
1	over £100,000	1
13	Total	15

NOTES TO THE FINANCIAL STATEMENTS

9. 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 51 to 53) where there is a complete list of all Council activities (whether regarded as trading or non-trading).

2006/07 Net Expenditure £'000	Trading Services	2007/08		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
(11)	Markets	57	72	(15)
(89)	Building Control	418	612	(194)
(80)	Land Charges	331	343	(12)
(624)	Car Parks	542	1,251	(709)
125	Licensing	336	194	142
155	Pest Control	201	26	175
(324)	Woolmer Industrial Estate	612	1,007	(395)
(848)	Total	2,497	3,505	(1,008)

10. Building Regulations Charging Account

The Building Act 1984, and specifically, the Local Authority Building Control Charges Regulations [SI 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.

2006/07 Total £'000	Building Regulations Charging Account	2007/08		
		Chargeable £'000	Non Chargeable £'000	Total £'000
431	Employees Costs	254	230	484
227	Other Expenses	152	85	237
658	Total Expenditure	406	315	721
495	Building Regulation Fee Income	589	0	589
18	Other Income	17	18	35
513	Total Income	606	18	624
145	Net Expenditure/(income)	(200)	297	97
145	(Surplus)/Deficit for the year			97

NOTES TO THE FINANCIAL STATEMENTS

11. 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 2007/08 are disclosed at Note 4 to the Cashflow Statement.

Precepting Authorities

Precepts paid to Parish Councils during 2007/08 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. The Council paid grants totalling £37,118 to Drum Housing in 2007/08, including £34,118 for Disabled Facilities Grants

Citizens Advice Bureaux

The Council is entitled to nominate Councillors to sit on the Management Boards of Alton, Petersfield, Havant & District and Whitehill CABs. The Council paid grants totalling £242,039 to the CABs in 2007/08.

Members and Chief Officers

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

2006/07 Net Expenditure £'000	Related Party Transactions	2007/08		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
43	Grants & Funding	91	0	91
43	Total	91	0	91

12. Audit Costs

The Council is required to disclose the following audit costs.

2006/07 £'000	Audit Costs	2007/08 £'000
89	Fees Payable to the Audit Commission with regard to external audit services carried out by the appointed Auditor	90
6	Fees payable to the Audit Commission in respect of Statutory Inspection	6
28	Fees payable to the Audit Commission for the certification of grant claims and returns	29
0	Fees Payable in respect of other services provided by the appointed Auditor	7
123	Total	132

NOTES TO THE FINANCIAL STATEMENTS

13. Net Contributions to /(from) Earmarked Reserves

2006/07 £'000	Net Contributions	2007/08 £'000
0	Maintenance Reserves Total Contributions to/(from) Maintenance Reserves	0
0	External Risk Provisions	
208	Contribution to/from Corporate Projects Reserve	229
208	Contribution to/from External Support Reserve	0
	Total Contributions to/(from) External Risk Provisions	229
	Service Specific Reserves	
100	Contribution to/from Community Initiatives Fund	0
24	Contribution to Community Schools Debt Release Reserve	(31)
349	Contribution to Carry Forwards	286
(21)	Contribution to Collection Fund Deficit Reserve	0
(48)	Contribution to/from General Fund	(29)
404	Total Contributions to/(from) Service Specific Reserves	226
	Provisions	
60	Contribution to/(from) Purchase Invoice Provision	(60)
	Government Grants Deferred	
631	Grants Received transferred to Government Grants Deferred	659
1,303	Net Increase in Provisions & Earmarked Reserves	1,054
	Capital Financing Reserve	
(912)	Deferred Charges Written down	(1,284)
(523)	Depreciation	(518)
(132)	Total Contributions	(748)

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Balance Sheet

14. Fixed Assets

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

	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Intangible Software Assets £'000	Surplus Assets £'000	Total Non-Operational Assets £'000	Total £'000
Gross Historic Cost At 01/04/2007	15,273	1,235	826	1,007	7,100	25,441
Reclassification	0	0	0	0	0	0
Additions	443	224	206	0	0	873
Disposals	(177)	0	0	0	0	(18)
Revaluation	159	0	0	0	0	0
Impairment	0	0	0	0	0	0
Gross Book Value 31/03/2008	15,698	1,459	1,032	1,007	7,100	26,296
Depreciation						
Accumulated	427	684	492	4	0	1,607
Charge for the Year	153	217	146	2	0	518
Disposals	0	0	0	0	0	0
Total	580	901	638	6	0	2,125

Net Book Value 31/03/2008	15,118	558	394	1,001	7,100	24,171
Historic Cost of Assets 01/04/2007	14,846	551	334	1,003	7,100	23,834

Notes

- a) Operational assets were valued on the basis of historic cost as at 1st April 2007.
- b) Non-operational assets were valued on the basis of historic cost as at 1st April 2007.
- 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 16.
- f) For properties valued on the basis of Depreciated Replacement Cost, regard was taken as to the prospect and viability of occupation continuing.
- g) The asset values in the accounts are based upon a valuation certificate dated 15th October 2004 by the Independent Valuers, Wadham & Isherwood. All assets were valued in accordance with Royal Institute of Chartered Surveyors rules. The total valuation of land & buildings at 15th October 2004 was £26,566,382. There were no revaluations during 2007/08.
- h) The Council had no contracted or committed works as at 31st March 2008.

NOTES TO THE FINANCIAL STATEMENTS

Number 2006/07	Analysis of Council Assets	Number 2007/08
	Land & Buildings	
30	Car Parks	30
1	Lorry Parks	1
5	Cemeteries	5
2	Sport / Leisure Centres	2
1	Shopmobility Centre	1
8	Purpose Built Community Buildings	8
4	Other Community Buildings	4
178	Public open spaces and amenity land sites	178
2	Allotment sites	2
9	Public Conveniences	8
15	Bus Shelters	15
	Operational Buildings	
2	Offices	2
	Investment Properties - (Non operational)	
7	Shops	7
1	Retail Centre	1
60	Industrial Estate Units	60

Financing of Capital Expenditure

Capital Expenditure was financed as follows:

2006/07 £'000	Financing of Capital expenditure	2007/08 £'000	2007/08 £'000
	Capital Expenditure		
299	- Land & Buildings	444	
437	- Equipment & Intangible Assets	430	
912	- Deferred Charges	1,284	
1,648	Total expenditure		2,158
	LESS		
0	- Implementing Electronic Government to government grant deferred account	(4)	
(20)	- Kerbside Glass to Defra grant deferred account	(63)	
0	- Planning Delivery Grant to deferred account	(35)	
0	- Benefits Admin grant to deferred account	(22)	
	ADD		
110	- Implementing Electronic Government Depreciation charges	111	
5	- Kerbside Glass Depreciation charges	17	
0	- Planning Delivery Grant Depreciation Charges	31	
0	- Benefits Admin Grant Depreciation Charges	7	42
1,743	Total to finance from capital resources		2,200
	Method of Finance		
774	Capital Receipts		1,075
494	Specific Capital Grants		488
233	Capital Contributions		533
242	Revenue Contributions		104
1,743	Total resources used		2,200

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred Charges

Deferred charges represent Capital Spend on fixed assets that do not provide direct benefit to the Council. The deferred charges incurred during 2007/08 are detailed below.

Balance 01/04/07 £'000	Deferred Charges	Gross Expenditure £'000	Written down £'000	Balance 31/03/08 £'000
0	Renovation and Other Housing Grants	689	689	0
0	Developers Contributions & Other	555	555	0
0	Community Projects Deferred Charges	40	40	0
0	Total	1,284	1,284	0

16. Financial Instruments

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

	Long Term 2006/07 £'000	Long Term 2007/08 £'000	Current 2006/07 £'000	Current 2007/08 £'000
Financial Liabilities at amortised cost				
Car Loans	0	0	43	30
Rent Deposits	73	126	0	0
Financial Assets at amortised cost				
Loans & Receivables	7,500	7,727	8,731	9,350
Available for Sale Financial Instruments	9,772	0	0	10,172
Total Investments	17,272	7,727	8,731	19,522

The Council's current liabilities relate to Commercial Rent Deposits and Employee Car Loans. The Council is obliged to repay the rent deposits at the end of the Tenancy, providing all rent due has been paid. There were no impairments in the Council's financial instruments during 2006/07 or 2007/08. All outstanding debt is pursued until such time as it becomes uneconomic or disproportionate to the administrative effort required.

Financial Instruments Gains/Losses

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

Financial Assets & Liabilities 2006/07	Financial liabilities £'000	Financial Assets		Total £'000
		Loans & Receivables £'000	Available for Sale assets £'000	
Interest on Internal Funds	(13)	0	0	(13)
Interest Payable	0	0	0	0
Interest Income	0	1,062	450	1,512
Gains on revaluation	0	0	0	0
Total	(13)	1,062	450	1,499

Financial Assets & Liabilities 2007/08	Financial liabilities £'000	Financial Assets		Total £'000
		Loans & Receivables £'000	Available for Sale assets £'000	
Interest on Internal Funds	(12)	0	0	(12)
Interest Payable	0	0	0	0
Interest Income	0	1,366	450	1,816
Gains on revaluation	0	0	402	402
Total	(12)	1,366	852	2,206

NOTES TO THE FINANCIAL STATEMENTS

Valuation of Assets Carried at Fair Value

The investments shown on the Balance Sheet include a European Investment Bank Bond, which has been recorded at historic cost. It is now measured at market value in order to comply with FRS26. There are also a number of investments recorded as fixed term deposits recorded at cost. Where interest is due, but not physically received in 2007/08, the interest due has been included within the fair value calculation below. The Council has also entered a number of forward deals on fixed and variable rate deposits. Although these deals were set up during 2007/08, none will come into effect until 2008/09. Where the rates differed significantly at 31st March, the notional gain/loss has been included in the Accounts as an unrecognised gain/loss. The Council also operates a money market fund for overnight balances.

Fair Value of Assets & Liabilities Carried at Amortised Cost

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

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

	31st March 08		31st March 07	
	Carrying Amt £'000	Fair Value £'000	Carrying Amt £'000	Fair Value £'000
Financial Assets				
Available for Sale Assets	10,172	10,172	9,771	10,622
Deposits >1yr	7,703	7,703	7,500	7,500
Deposits <1yr	9,350	9,350	8,731	8,731
Gains on Forward Deals	24	24	0	0

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

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

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

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

Credit Risk

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

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

	Amount at 31/03/08 £'000	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31/03/08 %	Estimated Maximum Exposure £'000
Deposits with Banks & Building Societies	16,834	0.0%	0.0%	0
Customers	692	1.0%	10.0%	69
Council Tax	991	17.3%	20.0%	198
Business Rates	273	15.0%	20.0%	55
Housing Benefit Debtors	441	20.8%	20.0%	88

NOTES TO THE FINANCIAL STATEMENTS

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

The following table shows an aged analysis of Trade Debtors and Mortgage Debtors. The Council does not renegotiate debt. The Authority does not generally allow credit for customers, however, of the £819k debtors, £382k is beyond the due date for payment.

Age	Total £
0-28 Days	437,432
29-42 Days	24,243
43-90 Days	35,338
91-180 Days	48,303
Over 180 Days	274,504
Grand Total	819,820

Liquidity Risk

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

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

Market Risk

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

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

The Authority has a number of strategies for dealing with interest rate risk. Variable rate investments are limited in the Treasury Management Strategy to 65% of total investments between 2007/08 and 2009/10. The authority also aims to maintain its long term maturity profile so that substantial re-investments are not made at a time when interest rates are low.

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

According to this strategy, if average interest rates over the financial year 2008/09 are 1% higher than forecast, the financial effect would be an increase in interest returns of £62k. A fall of 1% would cause a fall in interest receipts of £62k.

Price Risk

The Authority does not invest in equity shares, and therefore is not exposed to equity price risk. The Council holds £7.1m of property investments on its Asset Register. These properties will be subject to price risks in the property markets, if the Council decided to sell at the current time.

Foreign Exchange Risk

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

NOTES TO THE FINANCIAL STATEMENTS

17. Long Term Debtors

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

Balance 01/04/07 £'000	Long Term Debtors	Additions £'000	Reductions £'000	Balance 31/3/08 £'000
7	Mortgages	0	5	2
31	Equity Shares	0	0	31
44	Employee Car Loans	22	36	30
0	Deposits owing to the Council	1	0	1
348	Mill Chase Community School	0	111	237
430		23	152	301
	Provision for doubtful debts			
(31)	Equity shares	0	0	(31)
399	Total	23	152	270

18. Current Debtors

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

2006/07 £'000	Current Debtors	2007/08 £'000
	Amounts falling due within one year	
	Related Parties	
0	Government departments	827
295	Other Local Authorities	67
2,303	Collection Fund General	1,247
	Unrelated Parties	
1,548	Debtors for services	1,841
0	Capital Debtors	0
323	HM Revenue & Customs (VAT)	238
4,469		4,220
439	Collection Fund Balance due from precepting Authorities	735
	Provision for doubtful debts	
(567)	General Fund	(515)
(605)	Collection Fund	(505)
3,736	Total	3,935

NOTES TO THE FINANCIAL STATEMENTS

19. Creditors

Creditors are amounts owed by the Council at 31st March 2008.

2006/07 £'000	Creditors	2007/08 £'000
	Amounts falling due within one year	
	Related Parties	
395	Government departments	764
6	Her Majesty's Revenues & Customs	0
280	Other Local Authorities	303
1,520	Collection Fund	988
	Unrelated Parties	
0	Creditors in respect of Capital Spend	0
1,225	Creditors for goods and services	2,681
3,426	Total Creditors	4,736
	Provisions	
60	Provisions	25
	Amounts falling due over one year	
72	Deferred liabilities	126
3,558	Total	4,887

20. Developer's Contributions Deferred Account

The advances in 2007/08 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 01/04/07 £'000	Developer's Contributions	Contributions to Fund £'000	Releases from fund £'000	Balance 31/03/08 £'000
2,527	Contributions from Developers	886	(403)	3,010
2,527		886	(403)	3,010

21. Deferred Credits

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

Balance 01/04/07 £'000	Deferred Credits and Government Grants Deferred	Advances / Contribution £'000	Transfer to other a/cs £'000	Balance 31/03/08 £'000
7	Housing sale receipts deferred	0	4	3
458	Hampshire County Council repayment for Mill Chase Community	0	111	347
465	Total Deferred Credits			350
202	Implementing Electronic Government Grant deferred	0	105	97
836	Local Authority Business Growth Incentive Grant	182	77	941
62	Defra Grant Deferred	49	45	66
0	Revenues & Benefits Grant	28	0	28
58	Planning Delivery Grant (Capital) Deferred	12	0	70
0	Safer Stronger Communities Fund Grant	25	0	25
1,158	Total Government Grants Deferred			1,227
1,623		296	342	1,577

NOTES TO THE FINANCIAL STATEMENTS

22. Pension Asset Account

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

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

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on cash payable in the year. The adjustments shown in the pension asset account and the pension reserve (note 23d) 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

The Pension Asset Account

2006/07 £'000	Pension Asset Account	2007/08 £'000
(24,920)	Pension Asset Account Balance B/fwd	(25,850)
0	Unfunded Discretionary Benefits	0
(1,480)	Current Service Cost	(1,480)
(140)	Past Service Pension Costs	(750)
(3,120)	Interest Cost	(3,530)
70	Actuarial Changes	9,770
(60)	Return on investments	(70)
(29,650)	Total	(21,910)
2,490	Return on Assets	2,780
(180)	Actuarial Changes	(1,650)
1,310	Cash paid to Fund	1,620
180	Cash paid to Fund in respect of the unfunded liabilities	180
(25,850)	Balance C/fwd	(18,980)

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

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

NOTES TO THE FINANCIAL STATEMENTS

We have been informed that the mid market value of the assets of the Fund at 29th February 2008 was £2,934.4m. The assets as at 31st March 2008 have been estimated using index returns between 29th February 2008 and 31st March 2008. The asset values used as at the accounting date are set out below.

Value at 31/03/07 £m	Asset Valuation and expected Long Term Rate of Return	Long term rate of return expected at 31/3/07	Long term rate of return expected at 31/3/08	Estimated value at 31/03/08 £m
1,940	Equities	7.7% pa	7.6% pa	1,808
597	Bonds	4.7% pa	4.6% pa	776
131	Property	6.7% pa	6.6% pa	168
77	Corporate Bonds	5.3% pa	6.8% pa	0
140	Other assets	5.6% pa	6.0% pa	167
2,885	Total	6.9% pa	6.7% pa	2,919

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	2003/04 £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000
Actual return less expected return on pension scheme assets	3,350	750	5,260	(60)	(70)
Experience gains & losses arising on the scheme liabilities	(70)	800	160	(180)	(1,650)
Changes in assumptions underlying the present value of the scheme liabilities	110	(10,220)	(4,250)	70	9,770
Total actuarial gain/(loss)	3,390	(8,670)	1,170	(170)	8,050

Actuarial Gains/Losses (percentage)	2003/04	2004/05	2005/06	2006/07	2007/08
Difference between expected and actual return on scheme assets as a percentage of scheme assets	10.5%	2.3%	13.6%	-0.10%	-0.20%
Experience gains & losses arising on scheme liabilities as a percentage of the present value of the scheme assets	0.1%	1.4%	0.3%	-0.30%	-2.60%
Changes in assumptions as a percentage of the present value of scheme liabilities	0.2%	-17.9%	-6.7%	0.10%	15.60%
Total	7.2%	-15.2%	1.8%	-0.30%	12.90%

NOTES TO THE FINANCIAL STATEMENTS

23. Movements on Reserves and Balances

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

As a result of a change in Accounting Policy, as required by the 2007 Cipfa Guidance, the Fixed Asset Restatement Account Reserve and Capital Financing Accounts were replaced by the Revaluation Reserve and Capital Adjustment Accounts. The revaluation reserve is a new account with a zero opening balance. The Capital Adjustment Account opening balance is the combination of the closing balances on the Fixed Asset Restatement Account and Capital Finance Reserve. As a result, there are no comparators for 2006/07.

Reserve	Purpose of the reserve	Balance 1/04/07 £'000	Net movement in year £'000	Balance 31/03/08 £'000	Note
Revaluation Reserve	To show the movements on Fixed Asset Balances as a result of revaluations and temporary impairments.	0	0	0	23a
Capital Adjustment Account	Resources set aside to finance past capital expenditure.	0	35,244	35,244	23b
Usable Capital Receipts	Capital Receipts from fixed asset sales, available for future capital expenditure.	4,442	(496)	3,946	23c
Pensions Reserve	To show the extent of the Pension Liability on the Balance Sheet.	(25,850)	6,870	(18,980)	23d
Financial Instruments Adjustment Account	The Financial Instruments Adjustment Account shows the unrealised gains/losses on financial assets & liabilities.	0	23	23	STRGL, p21
Available for Sale Financial Instruments Reserve	The Financial Instruments Adjustment Account shows the unrealised gains/losses on tradeable financial assets & liabilities	0	402	402	STRGL, p21
General Fund	Resources available to meet future service costs.	1,514	279	1,793	STMGF, p20
Collection Fund	Surplus or deficit on the Collection fund relating to EHDC.	(71)	(48)	(119)	Collection Fund note 4
Earmarked Reserves	Specific reserves created to meet future liabilities.	4,712	(571)	4,141	23e

23a Revaluation Reserve

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

Revaluation Reserve	2007/08 £'000
Opening Balance	0
Revaluation of Assets	159
Impairment of Assets	0
Disposals	(159)
Balance C/fwd	0

NOTES TO THE FINANCIAL STATEMENTS

23b. Capital Adjustment Account

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

Capital Adjustment Account	2007/08 £'000	2007/08 £'000
Opening Balance		0
Balance on Fixed Asset Restatement Account		(19,546)
Balance on Capital Financing Account		54,406
Balance Brought Forward to Capital Adjustment Account		34,860
Capital Receipts Set aside		0
Capital Financing		
Capital Receipts	1,075	
Revenue Contributions	104	
Capital Contributions	533	
Specific Capital Grants	446	
Sub Total		2,158
Adjustments to Capital Financing		
Minimum Revenue Provision*	0	
Losses on Disposal	0	
Revenue contributions towards future projects	0	
Implementing Electronic Government Transfer to government grant deferred account	(4)	
Kerbside Glass Grant to Deferred Account	(63)	
Planning Delivery Grant to Deferred Account	(22)	
Benefits Admin Grant to Deferred Account	(35)	
Benefits Admin Depreciation Charges	7	
Planning Delivery Grant Depreciation Charges	31	
Kerbside Glass Depreciation Charges	17	
Implementing Electronic Government Depreciation Charges	115	
Total Adjustments		46
Capital Financing for the year		2,204
less		
Write down of capital spending & Deferred Charges		1,284
Depreciation		518
Disposal of Fixed Assets		18
Balance C/fwd		35,244

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

NOTES TO THE FINANCIAL STATEMENTS

23c. Usable Capital Receipts Reserve

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

2006/07 £'000	Usable Capital Receipts Reserve	2007/08 £'000	2007/08 £'000
4,683	Balance B/Fwd		4,442
0	Social Housing Grant Receipt		0
	Receipts from sales		
201	Sale of Assets	183	
631	Grants and Contributions	760	943
	Less		
(1,073)	receipts used for financing in year	(1,439)	(1,439)
4,442	Balance C/fwd		3,946

23d. Pension Reserve

2006/07 £'000	Pension Reserve	2007/08 £'000
(24,920)	Balance B/Fwd	(25,850)
0	Unfunded Discretionary Benefits	0
(180)	Actuarial Changes	(1,650)
(60)	Return on investments	(70)
(760)	Revenue account appropriation	(1,180)
(25,920)	Total	(28,750)
70	Actuarial Changes	9,770
(25,850)	Balance C/fwd	(18,980)

NOTES TO THE FINANCIAL STATEMENTS

23e. Earmarked Revenue & Capital Reserves

Balance 01/04/07 £'000	Specific Reserves	Additions £'000	Reductions £'000	Balance 31/03/08 £'000
	Maintenance Reserves			
35	All Weather Pitch	0	0	35
326	Information Technology	90	59	357
237	Open Space Maintenance	47	70	214
65	Penns Place Maintenance	0	65	0
21	Car Park Maintenance	0	21	0
208	Capital Expenditure	0	208	0
0	Asset Management Maintenance Fund	1,005	415	590
0	Forest Centre Integration Maintenance Reserve	10	0	10
892	Maintenance Reserves	1,152	838	1,206
	External Risk Provisions			
766	Corporate Planning	641	1,063	344
408	External Support Equalisation	300	0	708
86	Insurance	318	414	(10)
119	Redundancy Costs	105	30	194
365	Interest Equalisation	0	365	0
1,744	External Risk Provisions	1,364	1,872	1,236
	Service Specific Reserves			
179	Leisure Management	0	0	179
265	Community Initiatives	37	143	159
4	Enforcement	0	0	4
39	Implementing Electronic Government	0	5	34
237	Local Development framework	0	0	237
200	Planning Reserve	292	136	356
69	Second Homes Discount	23	0	92
48	Community Schools Debt Release	31	0	79
481	Carry Forwards	195	481	195
200	Department for Work & Pensions Reserve	0	0	200
52	Mobile Remote Scanning	20	34	38
0	Collection Fund Deficit Reserve	0	8	(8)
277	Service Expenditure Reserve	0	277	0
0	Housing Reserve	0	8	(8)
25	Active Lifestyles Fund	3	0	28
0	Management Development Training Reserve	40	20	20
0	Dept for Environment, Food & Rural Affairs Grants Reserve	91	64	27
0	Housing Benefit Admin Grant	40	35	5
0	Planning Delivery Capital Grant	165	103	62
2,076	Service Specific Reserves	937	1,314	1,699
4,712	Total Earmarked Reserves	3,453	4,024	4,141

NOTES TO THE FINANCIAL STATEMENTS

24. Contingent Assets and Liabilities

There is an issue surrounding the ownership of land that was subject to a compulsory purchase order in the late 1980s. This could result in a claim on the Council in the order of £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.

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

25. Assets Acquired by way of Leasing

Finance leases

The Council has no finance leases.

Operational leases

The Council has obligations in respect of vehicles 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	2	15
Over 5 years	11	2	13

26. Approval of the Statement of Accounts

The Statement of Accounts was approved by full Council on 26th June 2008, and this is the date up to which Post Balance Sheet events have been considered for inclusion in the Accounts.

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

2006/07 £'000	Reconciliation of Revenue Activities	2007/08 £'000	2007/08 £'000
(551)	Balance on Income & Expenditure Account	(1,743)	
258	Statutory General Fund Movements	2,022	
(293)	General Fund Movement Surplus/(Deficit)		279
(376)	Collection Fund Surplus/(Deficit)		(477)
(669)	TOTAL ACCRUALS BASIS		(198)
3,574	Less Creditors B/fwd	3,486	
3,486	Add Creditors C/fwd	4,736	1,250
5,278	Add Debtors B/fwd	3,539	
3,539	Less Debtors C/fwd	3,935	(396)
22	Add Stock B/fwd	22	
22	Less Stock C/fwd	39	(17)
919	Capital Grants Received	760	
(6)	Movements in Deferred Liabilities	54	
239	Capital Spend funded from Revenue contributions	104	918
1,202	Transfer of reserves (to)/from Revenue	792	
(96)	Investment interest accrued	(219)	573
3,239	Total Cash Basis		2,130

NOTES TO THE FINANCIAL STATEMENTS

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

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

Balance 1st April 2007 £'000	Movement in Cash/Cash Equivalents	Movement in year £'000	Balance 31st March 2008 £'000
19 (847)	Cash in Hand and Bank Balance Bank Overdraft	(5) 73	14 (774)
(828)		68	(760)

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

30. Memorandum Item: Government Grants

2006/07 £,000	Analysis of Government Grants Received:	2007/08 £,000	2007/08 £,000
	Revenue grants		
961	Revenue Support Grant	867	
4,955	National Non Domestic Rates Grant	5,164	
136	Planning Delivery Grant	291	
50	Beacon Housing Grant	0	
48	Beacon Environment Grant	175	
46	Defra Waste Performance Grant	49	
3,875	Council Tax Benefits Subsidy	3,956	
15,101	Housing Benefit Subsidy	15,734	
573	Housing Benefit Admin Grant	618	
3	Housing Benefit Rent Rebate Subsidy	6	
42	Homelessness Grant	48	
17	Anti - Fraud Incentives	0	
21	Discretionary Housing Payments	0	
9	Anti-Smoking Grant	43	
1	Contaminated Land Grant	0	
0	Safer Stronger Communities Grant	68	
525	Local Authority Business Growth Incentive Grant	182	
26,363	Total Revenue Grants		27,201
	Capital Grants		
300	Disabled facilities Grants	395	
47	Defra Waste Performance Grant	49	
47	Planning Delivery Grant	97	
394	Total Capital Grants		541
26,757	Total Government Grants		27,742

COLLECTION FUND

2006/07	Collection Fund Income & Expenditure Account	2007/08
£'000		£'000
	Income	
22,204	Income from Business Ratepayers	22,972
54,670	Council Tax	57,613
3,834	Council Tax Benefits	3,956
80,708	Total Income	84,541
	Expenditure	
58,629	Precepts paid	61,796
22,056	Contribution to National Non Domestic Rates Pool	22,823
149	Cost of National Non Domestic Rates Collection	148
75	Provision for Uncollectable Council Tax	79
175	Bad Debts in Respect of Council Tax	172
81,084		85,018
376	(Surplus)/Deficit for the year	477
(21)	Contribution to EHDC re Previous years deficit	(18)
(111)	Contribution to Hampshire County Council re Previous years deficit	(97)
(14)	Contribution to Hampshire Police Authority re Previous years deficit	(13)
(7)	Contribution to Hampshire Fire Authority re Previous years deficit	(6)
223	Net Income & Expenditure Account(Surplus)/Deficit	343
	Appropriation Account	
287	Deficit Brought Forward	510
223	Total movement on Collection Fund	343
510	Deficit Carried Forward	853

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.

NOTES TO THE COLLECTION FUND

1. Council Tax base for 2007/08

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

The calculation of the tax base is made by 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 2007/08 was: **£1,313.55**

2. Non Domestic Rateable Value and Multiplier

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

The Rateable Value of Non Domestic Properties as at 31/03/08 was: **£62,924,327**

The standard multiplier for the year was: **44.4**

The Small Business Rate Relief Multiplier for the year was: **44.1**

3. Precepting Authorities

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

Authority	2006/07 £'000	2007/08 £'000
Hampshire County Council	42,459	44,957
Hampshire Police Authority	5,569	5,898
Hampshire Fire & Rescue Authority	2,501	2,638
East Hampshire District Council	8,100	8,303
Total Precepts Paid	58,629	61,796

NOTES TO THE COLLECTION FUND

4. Allocation of Surplus/Deficit between Precepting Authorities

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

Authority	2006/07 £'000	2007/08 £'000
Hampshire County Council	368	617
Hampshire Fire & Rescue Authority	22	36
Hampshire Police Authority	49	81
East Hampshire District Council	71	119
Total	510	853

GENERAL INFORMATION

2007	Area	2008
51,541	Hectares	51,541
199	Square Miles	199
39	Number of Parishes / Town Councils	39
110,870	Population (estimated June)	112,185
6,031	Under 5	6,608
15,728	5 -15	15,706
70,497	16 - 64	70,874
18,614	65 and over	18,997
2	Density of Population	2
557	Per hectare Per square mile	563

Permanent Staffing Establishment

2006/07 Full Time Equivalents	Key Services	2007/08 Full Time Equivalents
20.1	Communication & Policy	31.2
18.6	Community Team	17.6
8.3	Corporate Management	6.7
14.4	Democratic Services	13.4
45.9	Environmental Services	44.4
6.6	Facilities Management	6.6
12.7	Financial Services	13.6
24.1	Housing & Property	24.6
13.2	Information Technology	12.4
5.4	Legal Services	6.4
4.6	Personnel Services	4.4
49.2	Planning Development	52.7
20.5	Planning Policy	20.0
45.0	Revenue & Benefits	40.1
288.6	Total Staffing (FTE's)	294.0

Note

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

GENERAL INFORMATION

East Hampshire District Council's Decision Making Structure 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 a 'Market Place' event known as Decision Conferencing. 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 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; Building Successful Communities, 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 or from the Democratic Services team on (01730) 234073

2007/08 REVENUE EXPENDITURE

2006/07		2007/08		
Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Cultural & Related Services			
	Culture & Heritage			
204	Heritage	376	134	242
	Recreation & Sport			
692	Grants & Funding	789	7	782
501	Leisure Management	570	15	555
17	Active Lifestyle	71	38	33
9	Sports Development	10	2	8
18	Play Projects	30	33	(3)
14	EH Community Partnership	7	0	7
146	Deferred Charges (Sports)	0	0	0
	Open Spaces			
127	Countryside & Woodlands	150	2	148
212	Street Cleaning	274	61	213
	Tourism			
123	Economic Development & Tourism	140	75	65
2,063	Total Cultural & Related Services	2,417	367	2,050
	Environmental Services			
	Cemeteries, Cremation & Mortuary Services			
161	Cemeteries	290	101	189
	Environmental Health			
269	Food Safety	312	9	303
256	Environmental Protection	356	49	307
176	Pest Control	201	26	175
193	Health & Safety	265	45	220
146	Animal Welfare	169	8	161
125	Licensing	336	194	142
209	Public Conveniences	232	14	218
	Community Safety			
39	Community Safety	161	93	68
0	Safer, Stronger Communities	0	0	0
25	Anti Social Behaviour	0	0	0
85	Drainage	85	2	83
	Street Cleaning			
635	Street Cleaning	826	183	643
	Waste Collection			
1,851	Refuse/Recycling Contract	1,976	141	1,835
81	Waste Reduction	623	287	336
1	Project Integra	0	0	0
174	Garden Waste	326	169	157
17	Deferred Charges (Waste Vehicles)	0	0	0
	Service Management & Support Services			
0	Customer Services (Env Health)	307	258	49
17	Engineering Contracts	102	66	36
4,460	Total Environmental Services	6,567	1,645	4,922

2007/08 REVENUE EXPENDITURE

2006/07		2007/08		
Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Planning & Development Services			
	Building Control			
(89)	Building Control (Fee Earning)	418	612	(194)
267	Building Control (Non-Fee Earning)	331	23	308
	Development Control			
248	Planning Development (Fee Earning)	982	671	311
678	Planning Development (Non-Fee Earning)	767	76	691
258	Planning Enforcement	306	8	298
(5)	Planning Delivery Grant	146	524	(378)
131	Developers Contributions (Deferred Charge)	533	0	533
	Planning Policy			
448	Planning Policy	544	6	538
2	Local Plan	32	2	30
98	Local Development Framework	122	2	120
	Environmental Initiatives			
25	Community Team	45	15	30
	Economic Development			
238	Economic Development & Tourism	271	145	126
7	Alton Economic Development Project	29	16	13
4	Whitehill Seeda Project	45	19	26
0	Hants & IOW Improvement Plan	2	0	2
(525)	Local Authority Business Incentive Grant	2	0	2
(11)	Markets	57	72	(15)
(62)	Property Management	317	340	(23)
(324)	Woolmer Trading Estate	612	1,007	(395)
1,388	Total Planning & Development Services	5,561	3,538	2,023
	Highways, Roads & Transport Services			
	Highways & Roads (Routine)			
25	Highway Services	148	114	34
97	Street Furniture	84	1	83
	Street Lighting			
68	Street Lighting	68	0	68
	Parking Services			
(624)	Car Parks	542	1,251	(709)
	Public Transport			
654	Concessionary Travel	934	183	751
220	Total Highways, Roads & Transport	1,776	1,549	227
	General Fund Housing Services			
	Housing Strategy & Advice			
461	Housing Needs	519	26	493
172	Housing Enabling	186	2	184
	Private Sector Housing Renewal			
348	Private Sector Housing	337	6	331
635	Disabled Facilities Grants (Deferred Charge)	711	420	291
	Homelessness			
75	Housing Needs	85	4	81
10	Anti Poverty	7	5	2
0	Homelessness Grants	42	43	(1)
	Housing Benefits Payments			
(78)	Rent Allowances	15,885	15,976	(91)
0	Non Housing Revenue Account Rent Rebates	7	7	0
	Housing Benefits Admin			
646	Benefits Administration	1,235	590	645
140	Benefits Investigations	209	78	131
	Service Management & Support Services			
0	Beacon Council Housing Grant	43	41	2
(4)	Beacon Council Environment grant	65	63	2
0	Housing Operations	100	123	(23)
0	Housing Support Team	225	228	(3)
2,405	Total Housing Services	19,656	17,612	2,044

2007/08 REVENUE EXPENDITURE

2006/07		2007/08		
Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
	Central Services to the Public			
	Local tax Collection			
491	Council Tax	611	90	521
(58)	Council Tax Benefits	3,956	4,016	(60)
(47)	National Non-Domestic Rates	121	159	(38)
	Elections			
0	Democratic Services	122	119	3
33	Elections	128	41	87
	Emergency Planning			
33	Emergency Planning	48	(1)	49
0	Emergency Costs	0	0	0
	Land Charges			
(80)	Land Charges	331	343	(12)
372	Total Central Services to the Public	5,317	4,767	550
	Corporate & Democratic Core			
	Democratic Representation & Management			
1,428	Committee & Members Costs	1,413	3	1,410
9	Chairmans Budget	10	0	10
0	Democratic Services	330	322	8
477	Community Team	856	294	562
	Corporate Management			
654	Corporate Management	675	0	675
0	Income Generation	6	0	6
	Other			
35	Corporate Training Budget	99	0	99
83	Unapportionable Central Overheads	180	0	180
16	Whitehill/Bordon Opportunity	170	0	170
(198)	Budget Savings	85	206	(121)
2,504	Total Corporate & Democratic Core and Other services	3,824	825	2,999
13,412	Net Service Expenditure	45,118	30,303	14,815
	Memorandum - Central & Support Services			
	Memorandum Items			
0	Corporate Management Team & Support	710	710	0
0	Communications	514	514	0
0	Policy & Performance Management	259	259	0
0	Implementing Electronic Government	2	2	0
0	Implementing Electronic Government Recharges	0	0	0
0	Information Services	81	81	0
0	Information Services Recharges	61	61	0
0	Legal Services Group	556	556	0
0	Accountancy	459	459	0
0	Exchequer	294	294	0
0	Audit	74	74	0
0	Information Technology	928	928	0
0	Information Technology Recharges	0	0	0
0	Information Technology Data Services	878	878	0
0	Personnel Services	279	279	0
0	Corporate Property	252	252	0
0	Building Services	814	814	0
0	Distribution	289	289	0
0		6,450	6,450	0