

**EAST HAMPSHIRE DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2005/06**

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## EXPLANATORY FOREWORD

### Introduction to the Statement of Accounts

The accounts for 2005/06, set out on pages 18 to 41 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 2005/06, how services were paid for and the Council's assets and liabilities at the year end date of 31<sup>st</sup> March 2006.

The following statements are included:-

#### ***The Consolidated Revenue Account (CRA)*** (pages 18 to 22)

This account covers the costs and revenues arising from services provided by the Council. Amounts collected and paid in respect of local taxes (Council Tax and Non Domestic Rates) are dealt with in the Collection Fund (see below).

#### ***The Collection Fund*** (pages 23 to 24)

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.

#### ***The Consolidated Balance Sheet*** (pages 25 to 35)

The Consolidated 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*** (pages 36 to 38)

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

#### ***The Statement of Total Movements in Reserves*** (page 39 to 41)

This statement brings together all the recognised gains and losses of the Council during the year and identifies those which have and have not been recognised in the Consolidated Revenue Account, separating the movements between revenue and capital reserves.

## Council Spending

East Hampshire District Council has 287 full time equivalent staff. The Council's services and activities vary widely, covering homelessness and housing services, the collection of refuse, leisure and recreation, car parking, planning and planning services, cemeteries, environmental health and many other services. More details of these services and the main achievements of the Council and its performance can be found in the Council's Annual Best Value Performance Plan and on its website ([www.easthants.gov.uk](http://www.easthants.gov.uk)).

## Review of the Year

For the 2005/06 financial year, the Council agreed its budget for revenue spending on General Fund services at £13.438m. This amount would be 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 District Council services was set at £124.56 for band D properties.

The Asset Management Revenue Account (AMRA) figures shown in the "financed by" section of the table below are also included within General Fund Expenditure so have nil effect within the accounts.

The table below compares the final outturn figures with those originally budgeted.

	<b>Budget £000</b>	<b>Actual £000</b>	<b>Difference £000</b>
Net General Fund Spending	13,438	13,094	-344
Earmarked Reserves	0	202	202
General Fund	0	155	155
Collection Fund	0	-13	-13
<b>Total</b>	<b>13,438</b>	<b>13,438</b>	<b>0</b>
<b>Financed by:</b>			
Government Grant	2,188	2,188	0
Share of NNDR	3,183	3,183	0
Interest on investments	1,304	1,304	0
Council tax	5,776	5,776	0
AMRA	987	987	0
<b>Total</b>	<b>13,438</b>	<b>13,438</b>	<b>0</b>

The Council's actual net spending was £344k below the original budget. The main variances were as follows:

<b>Variances</b>	<b>£000</b>
<b>Overspends/ Shortfall of income</b>	

Land Charges Income - this relates to a substantial loss of income on Land Search Charges. This problem is not unique to East Hampshire as many authorities are facing similar challenges. The budget for 2006/07 has been set to reflect current levels of income.	96
Facilities Management - this relates to expenditure agreed after the Quarter 3 budget monitoring exercise to purchase a new generator and boiler for Penns Place and also unbudgeted variances on utilities and contracts. The 2006/07 budget has been set to reflect the higher costs of running Penns Place	104
<b>Underspends/ Additional Income</b>	
Revenues & Benefits - this relates to higher grants and subsidies received than expected and better performance on fraud detection than anticipated	187
Drainage - Environmental Services - this relates to the gain arising from a one-off negotiation upon termination of a sewerage contract.	96
Waste Reduction (Environmental Services) - this relates to slippage of grant funded projects. The funds will be spent in 2006/07.	60
Carry forwards (slippage of expenditure between years)	132

At the end of the year, the Council's General Fund Reserve stood at £1.8m. This reserve provides financial stability to the Council, and enables the Council to meet the costs of exceptional and unanticipated items.

### **Changes in Statutory Functions**

During 2005/06 the Council implemented its duties under the Licensing Act 2003. The Licensing Act 2003 revised the licensing arrangements for persons and premises supplying liquor, and required all premises to apply for a new licence.

The impact on the licensing budget was significantly increased fee income received during 2005/06. The Council also incurred additional costs in processing these applications, as well as hearing individual cases, legal costs and increased enforcement.

The net effect in 2005/06 was additional income of £30k. The future implications of the Act have been built into the 2006/07 budgets.

### **Material Credits to the Accounts**

During 2005/06 the Council was awarded £328k under the Government's Local Authority Business Growth Incentive Scheme (LABGI). This was because economic growth in the district (for the year ending December 2005) was higher than usual. The money has been earmarked for spending on Economic Development Projects throughout the district.

### **Capital Spending and Receipts**

Capital expenditure is that which generates an asset that has a useful life of more than one year. The expenditure in the year amounted to £2,308k.

Capital spending was financed by £1.464m of grants, contributions and revenue transfers and the remainder by Usable Capital Receipts brought forward.

<b>Main Items of Capital Expenditure</b>	<b>Budget £000</b>	<b>Spend £000</b>
Disabled Facilities Grants	687	686
Home Safety Grants	45	50
Petersfield Central Car Park Toilets	172	167
Blendworth Lane Conveniences	84	57
Implementing Electronic Government (Grant Funded)	770	550
IT Assets	95	92
Wet Side Improvements at Alton Sports centre	200	198

## **External Borrowing**

The Council remained debt-free at 31<sup>st</sup> March 2006.

## **Pension Costs**

Information regarding assets, liabilities, income and expenditure of the Council's pension scheme is included on page 31. The Council's share of assets and liabilities of the pension fund show an estimated liability of £25 million at 31/3/06. 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 healthy.

## **Overall Financial Position**

The Council's overall financial position remains robust with Investments of £23m 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.

## **Further Information**

Further information about the accounts is available from the Financial Services Section at Penns Place, Petersfield. 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.

## STATEMENT ON INTERNAL CONTROL

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

In discharging this overall responsibility, Councillors and senior officers are responsible for ensuring that proper arrangements exist for the governance of the Council's affairs and stewardship of its resources.

### **The Internal Control Environment**

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

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

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

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

The Council's priorities, derived from the Community Strategy and the Council's Strategy are the clear driver for the Corporate Planning Process which culminates in the production of the annual budget and service Business Plans. This new process was used successfully for the first time in producing budgets and service plans for 2006/07.

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

#### **2. Financial Reporting**

There is a comprehensive annual budgeting process approved by the Council,

which is specifically linked to directing funding towards the Council's priorities. Regular revenue and capital monitoring reports are produced and monthly meetings held with budget managers. Actual results are reported against budget. The Corporate Management Team and the Overview & Scrutiny Committee review results each quarter. For 2006/07, the Corporate Management Team will review specific high risk areas of the budget on a monthly basis.

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

The Council continues to make progress in embedding risk management and forming robust business continuity plans. During 2005/06 the Overview & Scrutiny Committee was trained in Risk Management and approved the revised Risk Management Policy and identified business critical systems and services.

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

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

### **5. Other Governance Arrangements**

Other Governance arrangements include;

- *the Council Constitution* - a document which includes roles, responsibilities, terms of reference and reporting arrangements of the Council and its committees.
- *the Monitoring Officer* – a statutory role which has a duty to monitor and review the operation of the constitution to ensure its aims and principles are given full effect.
- *The Section 151 Officer* – a statutory role which has a duty to make arrangements for the proper financial administration of the council.
- *Policies and Procedures* – key areas of the Council's Administration are covered by specifically approved policies which are reviewed appropriately (these include Treasury Management Polices and Practices and Annual review of Reserves and Balances and the Constitution itself).
- *Internal Audit* – Internal Audit reports that give limited assurance are addressed as a matter of priority.
- *Scheme of Delegation* – this enables Councillors to concentrate on policy and officers to operate within an approved framework.

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

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

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

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

## **7. Internal Control Issues identified**

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

There is one significant event which needs to be reported on the Statement – the Monitoring Officer is leaving at the end of June. An internal management restructure has already been announced and an existing officer will undertake this role from 1<sup>st</sup> July.

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

Progress on Business Continuity has been made during 2005/06, with the creation of a Business Continuity group with dedicated staff, the identification of business critical systems and workshops to test theories against scenarios.

However, work will still be ongoing during 2006/07 to ensure that comprehensive and robust arrangements are in place and that there is an adequate Business Continuity IT system available.

### **7b) Risk Management**

During 2005/06, the majority of services identified the risks they face, completed risk registers and identified necessary control procedures. During 2006/07, work will continue to embed risk management and reporting arrangements throughout the authority, to build on Risk Management training & awareness sessions for Councillors and Officers, to secure an adequate Risk Management IT system and to develop a Corporate Risk Register.

### **7c) IT Systems & Resources**

The review of effectiveness within Services has identified three Services, Finance, Personnel and IT, with IT Systems and Resource Issues. Financial Services have identified the need for a new Financial Management and reporting System and for a Risk Management System which will both be



**7c) IT Systems & Resources**

The review of effectiveness within Services has identified three Services, Finance, Personnel and IT, with IT Systems and Resource Issues. Financial Services have identified the need for a new Financial Management and reporting System and for a Risk Management System which will both be addressed during 2006/07. Personnel have indicated that a replacement HR system may be of benefit and IT Services are looking at recruitment issues.

**7d) Retention of Crucial Documents**

Three Services; Environmental Services, Finance and Housing have identified retention of crucial documents as an issue with actions to review. Financial Services have an issue on VAT records (now addressed) identified by External Audit in their mid year review.

**7e) Documentation of Business Critical Processes**

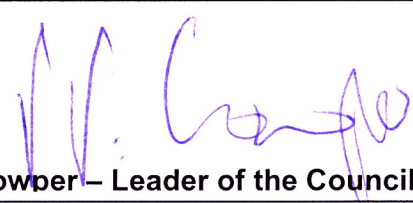
Nine services have identified issues relating to the documentation of core processes. During 2006/07 these processes will be reviewed and documented. In the recent audits of Core Systems, Internal Audit re-enforced this finding.

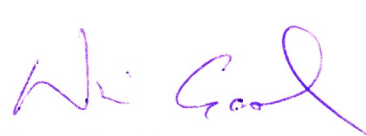
**7f) Health & Safety Regulations**

Environmental services identified an issue here – Environmental Services manage the Health & Safety function for the authority. Findings from a recent Health & Safety Audit yet to be implemented include lone worker procedures. The authority is without a Corporate Health & Safety Officer at the moment pending recruitment.

**8. Opinion**

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

  
**Councillor Ferris Cowper – Leader of the Council** Date 28/6/06

  
**Will Godfrey CPFA – Chief Executive** Date 28/6/06

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

### **Opinion on the financial statements**

We have audited the financial statements of East Hampshire District Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to East Hampshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than East Hampshire District Council for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of the Chief Finance Officer and auditors***

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

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

We report to you our opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

We review whether the statement on internal control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the requirements of the Accounts and Audit Regulations 2003" published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

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

### ***Basis of audit opinion***

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

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

### ***Opinion***

In our opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.



### **Mazars LLP**

Chartered Accountants and Registered Auditors  
Southampton

28 September 2006

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

#### ***Authority's Responsibilities***

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

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

### ***Auditor's Responsibilities***

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

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

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

### ***Conclusion***

We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, 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 2006.

### **Best Value Performance Plan**

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2005/06 on 9 December 2005. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### **Certificate**

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



**Mazars LLP**  
Chartered Accountants and Registered Auditors  
Southampton

28 September 2006

## 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 Strategic Manager ( Section 151 Officer)
- manage its affairs to secure economic, efficient and effective use of resources
- safeguard its assets
- approve the statement of accounts



B F Dutton DSO QGM - 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 2005* ('the Code of Practice').

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

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

The Section 151 Officer has also;

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

I certify that the Statement of Accounts present fairly the financial position of the Authority and its income and expenditure for the year ended 31<sup>st</sup> March 2006.



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 2005 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA): A Statement of Recommended Practice. The Code sets out the accounting practices required for Statements of Accounts prepared in accordance with the statutory framework established for local authority accounts. In addition the Best Value Accounting Code of Practice is followed in the preparation of the accounts. The accounts have been prepared on the historical cost basis, modified by the revaluation of assets where relevant.

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

## ACCRUALS OF INCOME AND EXPENDITURE (Debtors and Creditors)

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

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

## DEFERRED CHARGES

Deferred charges represent expenditure which may be properly capitalised but does not result in tangible assets (e.g. renovation grants and grants to housing associations). These charges are written off fully to revenue in the year of purchase.

## EMPLOYEE COSTS

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

## FIXED ASSETS

*1. Recognition of Fixed Assets* - All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

*2. Valuation of Fixed Assets* - Operational property assets are valued on the basis of open market value for the existing use or, where this could not be

assessed because there was no market for the subject asset, the Depreciated Replacement Cost (DRC). Non-operational property assets were valued on the basis of open market value. In relation to properties valued on the basis of DRC, regard was taken as to the prospect and viability of the continuance of occupation.

Property asset values are based upon a valuation report issued by Wadham & Isherwood dated 15 October 2004, and include variations from them in subsequent letters. Other assets are held at historic cost, and depreciated as appropriate, to reflect the useful life of the asset.

*3. Revaluations* - The assets recorded in the Balance Sheet at current value will be revalued at 5 yearly intervals unless material changes occur within any category of asset in advance of the general revaluation. When assets are revalued the fixed assets figure in the Balance Sheet is adjusted accordingly, with a corresponding adjustment made to a revaluation reserve termed the Fixed Asset Restatement Account.

The next full revaluation will take place with an effective date of 1st April 2009.

*4. Disposals* - Income arising from the disposal of fixed assets is credited to the Usable Capital Receipts Reserve and accounted for on an accruals basis. Where applicable the prescribed proportion required for the repayment of external loans is credited to the Capital Financing Account.

Upon disposal, the asset is removed from the Balance Sheet by crediting the fixed assets and debiting the Fixed Asset Restatement Account.

*5. Depreciation of Fixed Assets* - Depreciation is provided on all operational fixed assets. It includes operational buildings, equipment, and intangible assets.

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

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

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

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

*6. Charges to revenue for Fixed Assets* - All General Fund services and support services are charged with a capital charge for fixed assets used in the provision of services. Where applicable, the charges cover an annual provision for depreciation together with a notional interest charge. The interest rate is set by CIPFA and applied to the net amount at which the asset is included in the balance sheet. For 2005/06 this is 3.5% for assets carried at current value and 4.95% for assets carried at historical cost.

Finance costs, (including external interest payable and the provision for depreciation) are charged to the asset management revenue account (AMRA). The capital charges for the use of fixed assets included in the revenue accounts are credited to the AMRA. The AMRA is not shown as part of the net cost of services within the consolidated revenue account but is part of net operating expenditure. 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 in the consolidated revenue account below net operating expenditure.

## **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.

## **INVESTMENTS**

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

## **LEASES**

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

## **OVERHEADS**

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

The policy is to break even, and unplanned surpluses and deficits arising from the trading accounts are netted off and taken to a general fund reserve. The management costs of services are fully allocated to the accounts representing the activities managed.

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



## **PENSIONS**

The Council's employees belong to the Local Government Pension Scheme administered by Hampshire County Council. Detailed regulations govern rates of contribution and scales of benefit.

## **PROVISIONS**

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

## **RESERVES**

Amounts set aside for purposes other than provisions are treated as reserves. The purpose and use of revenue reserves is outlined in notes 14 and 15 to the Consolidated Balance Sheet. 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.

Capital reserves are not available for revenue purposes. For specific reserves there are statutory constraints as to the purposes for which they may be used. Examples include the fixed asset restatement account, capital financing account, and the usable capital receipts reserve.

## **STOCKS & WORK IN PROGRESS**

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

## Consolidated Revenue Account

2004/05 Net Expenditure £,000	Consolidated Revenue Account	2005/06		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
	<b>General Fund Services - by Theme (Notes 1 to 12)</b>			
2,233	Cultural & Related Services	2,440	(260)	2,180
4,268	Environmental Services	5,978	(1,664)	4,314
2,559	Planning and Development Services	5,308	(2,858)	2,450
250	Highways Roads & Transport	1,751	(1,443)	308
3,307	Housing Services	17,255	(14,892)	2,363
279	Central Services to the Public	4,848	(4,473)	375
14	Other	251	(1)	250
2,292	Corporate and Democratic Core (CDC)	2,896	(460)	2,436
<b>15,202</b>	<b>Net Cost of Services</b>	<b>40,727</b>	<b>(26,051)</b>	<b>14,676</b>
(947)	Asset Management Revenue Account (Note 13)	528	(1,481)	(953)
1,819	Precept by Parish / Town Councils	2,037		2,037
(1,508)	Interest and Investment Income		(1,365)	(1,365)
840	Pensions Interest Cost & Assets Return	850		850
<b>15,406</b>	<b>Net Operating Expenditure</b>	<b>44,142</b>	<b>(28,897)</b>	<b>15,245</b>
	<b>Appropriations</b>			
	<b>Financing of Capital Expenditure:</b>			
(1,697)	Deferred Charges			(944)
(415)	Depreciation			(516)
	<b>Other Appropriations:</b>			
279	Contributions to Earmarked Reserves (Note 14)			227
(1,120)	Contribution from Pension Reserve (Note 4)			(970)
<b>12,453</b>	<b>Amount to be funded from Govt. Grants and Local Taxpayers</b>			<b>13,042</b>
(7,386)	Collection Fund Precept			(7,813)
(12)	Transfers from Collection Fund			(13)
(2,229)	Revenue Support Grant			(2,189)
(2,986)	Non Domestic Rate Pool Grant			(3,182)
<b>(160)</b>	<b>Surplus(-) / Deficit for the year</b>			<b>(155)</b>

2004/05 £,000	Revenue Account reserve	2005/06 £,000
1,498	Balance as at 1st April	1,499
160	Operating Surplus/Deficit	155
(159)	transfers to(-)/from reserves	153
<b>1,499</b>	<b>Balance as at 31st March 2006</b>	<b>1,807</b>

# Consolidated Revenue Account

## Notes to the Consolidated Revenue Account

### 1. Expenditure on Services

Details of individual services income and expenditure are shown on pages 42 to 44 The analysis complies with the Best Value Accounting Code of Practice.

### 2. 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 2005/06 this authority provided Architectural Services to Whitehill Town Council in the sum of £6k, which was matched by equivalent expenditure. This compares with £3k paid to Bentley Community Association in 2004/05.

### 3. 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.

2004/05 £,000	Publicity Spending	2005/06 £,000
176	Advertising and Promotions	108
41	Partners Magazine	77
217	<b>Total publicity spending</b>	<b>185</b>

### 4. Employer's Pension Contributions

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 (note 9 to the balance sheet), the pension reserve (note 13), and the Statement in Total Movements in Reserves (note 1) reflect this.

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

County Treasurer  
Hampshire County Council  
The Castle  
Winchester  
Hampshire  
SO23 8UJ  
[www.hants.gov.uk](http://www.hants.gov.uk)

### 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 is also moving ahead in choosing a replacement Financial System which will be 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.

## Consolidated Revenue Account

### 7. Members' Allowances

Member's Allowances consist of a Basic Allowance for all Councillors of £3170, and a Special Responsibility Allowance, dependent on the Councillors' role in the Council.

2004/05 £,000	Members Allowances	2005/06 £,000
202	Value of Member's Allowances Paid:	209

### 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.

2004/05 Number of Employees	Remuneration Band	2005/06 Number of Employees
4	£50,000 - £59,999	8
6	£60,000 - £69,999	2
3	£70,000 - £79,999	1
1	£80,000 - £89,999	0
0	£90,000 - £99,999	1
1	over £100,000	0
15	<b>Total</b>	12

### 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 42 to 44) where there is a complete list of all Council activities (whether regarded as trading or non-trading).

2004/05 Net Expenditure £,000	Trading Services	2005/06		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
(1)	Markets	61	(69)	(8)
126	Building Control	419	(490)	(71)
(149)	Land Charges	230	(345)	(115)
(416)	Car Parks	776	(1,202)	(426)
69	Licensing	225	(183)	42
172	Pest Control	246	(27)	219
(163)	Woolmer Industrial Estate	704	(924)	(220)
<b>(362)</b>	<b>Total</b>	<b>2,661</b>	<b>(3,240)</b>	<b>(579)</b>

## Consolidated Revenue Account

### 10. Building Regulations Charging Account

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

2004/05	Building Regulations Charging Account	2005/06		
Total £,000		Chargeable £,000	Non Chargeable £,000	Total £,000
404	Employees Costs	245	208	453
239	Other Expenses	175	78	253
<b>643</b>	<b>Total Expenditure</b>	<b>420</b>	<b>286</b>	<b>706</b>
510	Building Regulation Fee Income	477	0	477
28	Other Income	13	18	31
<b>538</b>	<b>Total Income</b>	<b>490</b>	<b>18</b>	<b>508</b>
<b>105</b>	<b>Net Expenditure/(-)income</b>	<b>(70)</b>	<b>268</b>	<b>198</b>
<b>(105)</b>	<b>Surplus/(-)Deficit for the year</b>			<b>(198)</b>

### 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 2005/06 are disclosed at Note 4 to the Cashflow Statement.

#### Precepting Authorities

Precepts paid to Parish Councils during 2005/06 are disclosed within the Collection Fund.

#### Housing Associations

The Council is entitled to nominate 2 Councillors to sit on the Management Board of Drum Housing Association. Grant payments of £40,000 were made to Drum Housing Association, including £38,000 for Disabled Facilities.

#### 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 £229,700 to the CABs in 2005/06.

#### 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.

2004/05 Net Expenditure £,000	Related Party Transactions	2005/06		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
69	Grants & Funding	39	0	39
<b>69</b>	<b>Total</b>	<b>39</b>	<b>0</b>	<b>39</b>

## Consolidated Revenue Account

### 12. Audit Costs

The Council is required to disclose the following audit costs. There were no fees payable for services provided over and above those identified.

2004/05 £,000	Audit Costs	2005/06 £,000
59	Fees payable to the appointed auditor under S5 of the Audit Commission Act 1998	78
10	Inspection fees payable to the Audit Commission under Section 10 of the Local Government Act 1999	4
20	Certification of Grant Claims under Section 28 of the Audit Commission Act 1998	29
<b>89</b>	<b>Total</b>	<b>111</b>

### 13. Asset Management Revenue Account

The balance on the Asset Management Revenue Account (AMRA) is made up as follows:

2004/05 £,000	AMRA	2005/06 £,000
	<b>Income</b>	
(1,376)	Capital Charges	(1,481)
	<b>Expenditure</b>	
14	External Interest Charges	12
415	Depreciation	516
<b>429</b>	<b>Total Expenditure</b>	<b>528</b>
<b>(947)</b>	<b>Balance to Consolidated Revenue Account</b>	<b>(953)</b>

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

2004/05 £,000	Net Contributions	2005/06 £,000
	<b>Maintenance Reserves</b>	
44	Contribution to/from Penns Place Maintenance Fund	0
<b>44</b>	<b>Total Contributions to/(-)from Maintenance Reserves</b>	<b>0</b>
	<b>General Reserves</b>	
0	Contribution to/from Corporate Projects Reserve	33
(50)	Contribution to/from External Support Reserve	0
(159)	Contribution to/from Revenue Account Reserve	0
130	Contribution to/from Service Expenditure Reserve	0
(35)	Contribution to/from Future Strategic Spend	0
0	Contribution to Carry Forwards	132
0	Contribution to Collection Fund Deficit Reserve	13
0	Contribution to Community Schools Debt Release Reserve	24
<b>(114)</b>	<b>Total Contributions to/(-)from General Reserves</b>	<b>202</b>
	<b>Other Reserves</b>	
130	Contribution to/from Community Initiatives Fund	0
192	Contribution to/from Interest Equalisation Account	25
27	Contribution to/from Local Development Framework Reserve	0
<b>349</b>	<b>Total Contributions to/(-)from Other Reserves</b>	<b>25</b>
<b>279</b>	<b>Net Increase in Provisions &amp; Earmarked Reserves</b>	<b>227</b>
	<b>Capital Financing Reserve</b>	
(1,697)	Deferred Charges Written down	(944)
(415)	Depreciation	(516)
<b>(1,833)</b>	<b>Total Contributions</b>	<b>(1,233)</b>

## Collection Fund

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

2004/05 £,000	<b>Collection Fund Income and Expenditure Account</b>	2005/06 £,000
	<b>Income</b>	
19,589	Income from business ratepayers	20,859
49,869	Council Tax receivable (Net of Benefits)	52,244
3,424	Transfer from General Fund - Council Tax Benefits	3,706
<b>72,882</b>	<b>Total Income</b>	<b>76,809</b>
	<b>Expenditure</b>	
53,207	Precepts Paid (Note 3)	55,818
19,440	Contribution to National NDR pool	20,710
149	Costs of National NDR Collection	148
133	Provision for Uncollectable Council Tax	129
106	Bad Debts in respect of Council Tax	137
<b>73,035</b>	<b>Total Expenditure</b>	<b>76,942</b>
<b>(153)</b>	<b>Surplus/(-)Deficit for the year</b>	<b>(133)</b>
(12)	Transfer to EHDC re previous years surplus	(13)
(63)	Transfer to Hampshire County Council re previous years surplus	(67)
(7)	Transfer to Hampshire Police Authority re previous years surplus	(9)
0	Transfer to Hampshire Fire & Rescue Authority re previous years surplus	(4)
<b>(235)</b>	<b>Total Movement on Collection Fund</b>	<b>(226)</b>
	<b>Appropriation Account</b>	
174	Balance as at 1/4/05 B/Fwd	(61)
(235)	Total movement on Collection Fund	(226)
<b>(61)</b>	<b>Balance as at 31/3/06 C/Fwd</b>	<b>(287)</b>

## Collection Fund

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

#### 1. Council Tax base for 2005/06

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	2,656	1,367.63	6/9
B	Over £40,000 & up to £52,000	4,764	3,066.96	7/9
C	Over £52,000 & up to £68,000	11,197	8,839.00	8/9
D	Over £68,000 & up to £88,000	9,597	8,780.78	1
E	Over £88,000 & up to £120,000	8,147	9,185.44	11/9
F	Over £120,000 & up to £160,000	5,493	7,459.47	13/9
G	Over £160,000 & up to £320,000	4,331	6,826.52	15/9
H	Over £320,000	607	1,100.66	18/9
		46,792	46,626.46	

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 2005/06 was: **£1,203.76**

#### 2. National Non Domestic Rateable Value and Multiplier

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

The Rateable Value of Non Domestic Properties as at 31/3/2006 was: **£62,257,539**

The standard multiplier for the year was: **42.2**

The Small Business Rate Relief Multiplier for the year was: **41.5**

#### 3. Precepting Authorities

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

Authority	2004/05 £,000	2005/06 £,000
Hampshire County Council	38,504	40,314
Hampshire Police Authority	4,966	5,275
Hampshire Fire & Rescue Authority	2,351	2,416
East Hampshire District Council (EHDC)	7,386	7,813
<b>Total Precepts Paid</b>	<b>53,207</b>	<b>55,818</b>



## Consolidated Balance Sheet

2004/05 £,000	Consolidated Balance Sheet as at 31st March 2006	2005/06	
		£,000	£,000
0	<b>Intangible Fixed Assets (Notes 1 and 2)</b>		
	-Software Licences		288
	<b>Tangible Fixed Assets (Notes 1 and 2)</b>		
	<b>Operational Assets</b>		
19,192	-Land & Buildings		19,307
0	- Infrastructure Assets		0
474	-Vehicles, Plant, Furniture & Equipment		562
	<b>Non-Operational Assets</b>		
6,208	-Investment Properties		6,215
999	-Surplus Properties held for Disposal		987
<b>26,873</b>	<b>Total Fixed Assets</b>		<b>27,359</b>
21,343	Long Term Investments (Note 5)		21,872
90	Long Term Debtors (Note 3)		544
<b>48,306</b>	<b>Total Long Term Assets</b>		<b>49,775</b>
	<b>Current Assets</b>		
17	Stocks & Work in Progress	22	
2,323	Debtors (Note 4)	5,278	
4,901	Investments (Note 5)	1,313	
10	Cash & Bank	9	6,622
<b>55,557</b>	<b>Total Assets</b>		<b>56,397</b>
	<b>Current Liabilities</b>		
(3,685)	Creditors (Note 6)	(3,574)	
(769)	Bank Overdraft	(731)	(4,305)
<b>51,103</b>	<b>Total Assets less Current Liabilities</b>		<b>52,092</b>
(63)	Deferred Liabilities (Note 6)		(78)
(1,716)	Developers Contributions Deferred Account (Note 7)		(1,918)
(45)	Deferred Credits (Note 8)		(594)
(59)	Government Grants Deferred (Note 8)		(761)
(25,120)	Pension Asset Account (Note 9)		(24,920)
<b>24,100</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>23,821</b>
	<b>Financing</b>		
(15,405)	Fixed Asset Restatement Account (Note 10)		(15,798)
53,560	Capital Financing Account (Note 11)		54,134
5,584	Usable Capital Receipts Reserve (Note 12)		4,683
(25,120)	Pension Reserve (Note 13)		(24,920)
	<b>Fund Balances &amp; Reserves</b>		
4,043	Earmarked Reserves (Note 14)	4,202	
1,499	Revenue Accounts (Note 15)	1,807	
(61)	Collection Fund	(287)	5,722
<b>24,100</b>	<b>TOTAL NET WORTH</b>		<b>23,821</b>

W R Price CPFA - Section 151 Officer

*WRP*

Date

*2/10/06*

## Consolidated Balance Sheet

### Notes to the Consolidated Balance Sheet

#### 1. Fixed Assets

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

	Infrastructure Assets £'000	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Intangible Software Assets £'000	Total Non- Operational Assets £'000	Total £'000
<b>Gross Book Value B/f</b>	<b>0</b>	<b>21,369</b>	<b>986</b>	<b>0</b>	<b>7,207</b>	<b>29,562</b>
Reclassification	0	(1,991)	(275)	275	(6)	(1,997)
Additions	0	353	315	384	0	1,052
Disposals	0	(58)	(22)	0	0	(80)
Revaluation	0	17	0	0	1	18
Impairment	0	0	0	0	0	0
<b>Gross Book Value 31/3/06</b>	<b>0</b>	<b>19,690</b>	<b>1,004</b>	<b>659</b>	<b>7,202</b>	<b>28,555</b>
<b>Depreciation</b>						
Accumulated Depreciation	0	2,176	512	0	0	2,688
Reclassification	0	(1,997)	(275)	275	0	(1,997)
Charge for the Year	0	204	216	96	0	516
Disposals	0	0	(11)	0	0	(11)
<b>Total</b>	<b>0</b>	<b>383</b>	<b>442</b>	<b>371</b>	<b>0</b>	<b>1,196</b>
<b>Net Book Value 31/3/06</b>	<b>0</b>	<b>19,307</b>	<b>562</b>	<b>288</b>	<b>7,202</b>	<b>27,359</b>
Net Book Value 31/3/05	0	19,192	474	0	7,207	26,873

#### Notes

a) Operational assets were valued on the basis of open market value for the existing use or, where this could not be assessed because no market exists for the subject asset, the Depreciated Replacement Cost (DRC).

b) Non-operational assets were valued on the basis of open market value.

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

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

e) Depreciation Rates applied are outlined in the Statement of Accounting Policies on page 13.

f) Reclassifications represent an adjustment for deferred charges included in fixed assets in the previous year, and recategorisation of software from equipment to intangible assets. The authority does not control developers contributions, and therefore these assets are not included on the Balance Sheet. Deferred charges include developers contributions and housing grants paid during the year.

g) For properties valued on the basis of DRC, regard was taken as to the prospect and viability of occupation continuing.

h) The asset values in the accounts are based upon a valuation certificate dated 15th October 2004 by the Independent Valuers, Wadham & Isherwood. All assets were valued in accordance with Royal Institute of Chartered Surveyors rules. The total valuation was £26,566,382. The revaluations during 2005/06 result from a review of leaseholds during the year.

i) The Council had no contracted or committed works as at 31st March 2006.

## Consolidated Balance Sheet

Number 2004/05	Analysis of Council Assets	Number 2005/06
	<b>Land &amp; Buildings</b>	
30	Car Parks	36
	Lorry Parks	1
5	Cemeteries	5
2	Sport / Leisure Centres	2
1	Shopmobility Centre	
	Purpose Built Community Buildings	8
	Other Community Buildings	4
	Public open spaces and amenity land sites	178
	Allotment sites	2
	Public Conveniences	9
	Bus Shelters	15
	<b>Operational Buildings</b>	
2	Offices	1
	<b>Investment Properties - (Non operational)</b>	
7	Shops	7
	Retail Centre	1
60	Industrial Estate Units	60

The analysis for 2005/06 has been expanded to provide greater detail than in previous years. This has meant that definitions have been expanded and some assets recategorised when compared with 2004/05.

### Financing of Capital Expenditure

Capital expenditure is grouped into three categories:

**Fixed Assets:** Expenditure which generates assets owned by the Council.

**Leased Assets:** Expenditure financed by Operational Leases. Ownership does not pass to the Council.

**Deferred Charges:** Expenditure benefiting third parties which would be capital if incurred on Council assets.

2004/05 £,000	Financing of Capital expenditure	2005/06 £,000	2005/06 £,000
	<b>Capital Expenditure</b>		
324	- Land & Buildings	633	
344	- Equipment & Intangible Assets	731	
1,696	- Deferred Charges	944	
<b>2,364</b>	<b>Total expenditure</b>		<b>2,308</b>
<b>2,364</b>			<b>2,308</b>
	<b>LESS</b>		
<b>(48)</b>	- IEG to government grant deferred account	<b>(333)</b>	
	<b>ADD</b>		
267	- Repayment of temporary borrowing	<b>0</b>	
0	- IEG Depreciation charges	<b>110</b>	
0	- Revenue contribution deferred to 2006/07	<b>54</b>	<b>-169</b>
<b>2,583</b>	<b>Total to finance from capital resources</b>		<b>2,139</b>
	<b>Method of Finance</b>		
1,755	Capital receipts		<b>1,201</b>
575	Specific capital grants (SCG )		<b>460</b>
166	Capital Contributions		<b>251</b>
87	Revenue Contributions		<b>227</b>
<b>2,583</b>	<b>Total resources used</b>		<b>2,139</b>

## Consolidated Balance Sheet

### 2. Deferred Charges

Deferred charges represent Capital Spend on fixed assets that do not provide direct benefit to the Council. The deferred charges incurred during 2005/06 are detailed below.

Balance 01/04/05 £,000	Deferred Charges	Gross Expenditure £,000	Written down £,000	Balance 31/3/06 £,000
0	Renovation and Other Housing Grants	746	746	0
0	Developers Contributions & Other	198	198	0
<b>0</b>	<b>Total</b>	<b>944</b>	<b>944</b>	<b>0</b>

### 3. Long Term Debtors

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

Balance 01/04/05 £,000	Long Term Debtors	Additions £,000	Reductions £,000	Balance 31/3/06 £,000
45	Mortgages	0	21	24
31	Equity Shares	0	0	31
45	Employee Car Loans	72	55	62
0	Mill Chase Community School	458	0	458
<b>121</b>		<b>530</b>	<b>76</b>	<b>575</b>
	<b>Provision for doubtful debts</b>			
(31)	Equity shares	0	0	(31)
<b>90</b>	<b>Total</b>	<b>530</b>	<b>76</b>	<b>544</b>

### 4. Current Debtors

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

2004/05 £,000	Current Debtors	2005/06 £,000
	<b>Amounts falling due within one year</b>	
	<b>Related Parties</b>	
	Government departments	1,019
29	Other Local Authorities	311
83	Collection Fund	3,860
2,328	<b>Unrelated Parties</b>	
1,436	Debtors for services	1,139
0	Capital Debtors	67
54	HM Revenue & Customs (VAT)	112
<b>3,930</b>		<b>6,508</b>
	<b>Provision for doubtful debts</b>	
(752)	General Fund	(480)
(855)	Collection Fund	(750)
<b>2,323</b>	<b>Total</b>	<b>5,278</b>

## Consolidated Balance Sheet

### 5. Investments

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

Balance 01/04/05 £,000	Investments	Net Movements £,000	Balance 31/3/06 £,000
4,901	<b>Short Term Investments</b> Money Market Fund	(3,588)	1,313
11,573	<b>Long Term Investments</b> Investec	528	12,101
9,770	European Investment Bank Bond	1	9,771
<b>26,244</b>	<b>Total Investments</b>	<b>(3,059)</b>	<b>23,185</b>

### 6. Creditors

Creditors are amounts owed by the Council at 31st March 2006.

2004/05 £,000	Creditors	2005/06 £,000
	<b>Amounts falling due within one year</b>	
	<b>Related Parties</b>	
561	Government departments	36
8	Inland Revenue	6
503	Other Local Authorities	463
482	Collection Fund	1,439
	<b>Unrelated Parties</b>	
2	Creditors in respect of Capital Spend	0
1,547	Creditors for goods and services	1,630
582	Provisions (Note 14)	0
<b>3,685</b>	<b>Total Creditors</b>	<b>3,574</b>
	<b>Amounts falling due over one year</b>	
63	Deferred liabilities	78
<b>3,748</b>	<b>Total</b>	<b>3,652</b>

## Consolidated Balance Sheet

### 7. Developer's Contributions Deferred Account

The advances in 2005/06 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 01/04/05 £,000	<b>Developer's Contributions</b>	Advances / Contribution £,000	Transfer to other a/cs £,000	Balance 31/3/06 £,000
1,716	Contributions from Developers	448	(246)	1,918
<b>1,716</b>		<b>448</b>	<b>(246)</b>	<b>1,918</b>

### 8. Deferred Credits

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

Balance 01/04/05 £,000	<b>Deferred Credits and Government Grants Deferred</b>	Advances / Contribution £,000	Transfer to other a/cs £,000	Balance 31/3/06 £,000
45	Housing sale receipts deferred	0	20	25
0	Hampshire County Council repayment for Mill Chase Community	0	(569)	569
<b>45</b>	<b>Total Deferred Credits</b>			<b>594</b>
59	IEG Grant deferred	349	96	312
0	Local Authority Business Growth Incentive Grant (LABGI)	328	0	328
0	Defra Grant Deferred	20	0	20
0	Planning Delivery Grant (Capital) Deferred	139	38	101
<b>59</b>	<b>Total Government Grants Deferred</b>			<b>761</b>
<b>104</b>		<b>836</b>	<b>(415)</b>	<b>1,355</b>

## Consolidated Balance Sheet

### 9. Pension Asset Account

Note 4 to the Consolidated Revenue Account provides details of the Councils involvement in the LGPS. The underlying assets/liabilities in respect of the Pension Scheme at 31st March 2006 are shown below.

2004/05 £,000	<b>Pension Asset Account</b>	2005/06 £,000
(15,330)	Pension Asset Account Balance B/fwd	(25,120)
0	Unfunded Discretionary Benefits	0
(1,150)	Current Service Cost	(1,280)
(360)	Past Service Pension Costs	(40)
(2,990)	Interest Cost	(3,020)
(10,220)	Actuarial Changes	(4,250)
750	Return on investments	5,260
<b>(29,300)</b>	<b>Total</b>	<b>(28,450)</b>
2,150	Return on Assets	2,170
800	Actuarial Changes	160
1,230	Cash paid to Fund	1,020
0	Cash paid to Fund in respect of the unfunded liabilities	180
<b>(25,120)</b>	<b>Balance C/fwd</b>	<b>(24,920)</b>

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

March 2005	<b>Financial Assumptions</b>	March 2006
5.3% pa	Discount rate for scheme liabilities	4.9% pa
5.3% pa	Discount rate for pension cost over following year	4.9% pa
4.4% pa	Rate of increase of salaries	4.5% pa
2.9% pa	Rate of increase in pensions in payment	3.0% pa
2.9% pa	Rate of increase to deferred pensions	3.0% pa
2.9% pa	Rate of Inflation	3.0% pa

We have been informed that the market value of the assets of the Fund at 31st January 2006 was £2,583.88m. The assets as at 31st March 2006 have been estimated using index returns between 31st January 2006 and 31st March 2006. The asset values used as at the accounting date are set out below.

Value at 31/03/05 £m	<b>Asset Valuation and expected Long Term Rate of Return</b>	Long term rate of return expected at 31/3/05	Long term rate of return expected at 31/3/06	Estimated value at 31/03/06 £m
1,463	Equities	7.7% pa	7.3% pa	1,874
471	Bonds	4.7% pa	4.3% pa	549
85	Property	6.7% pa	6.3% pa	106
0	Corporate Bonds	5.3% pa	4.9% pa	0
102	Other assets	4.8% pa	4.6% pa	138
<b>2,121</b>	<b>Total</b>	6.9% pa	6.5% pa	<b>2,667</b>

## Consolidated Balance Sheet

### 10. Fixed Asset Restatement Account

2004/05 £,000	<b>Fixed Asset Restatement Account</b>	2005/06 £,000
(22,697)	<b>Balance B/fwd</b>	(15,405)
7,292	Revaluation/Impairment of Assets	(323)
0	Disposals	(70)
<b>(15,405)</b>	<b>Balance C/fwd</b>	<b>(15,798)</b>

### 11. Capital Financing Account

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

2004/05 £,000	<b>Capital Financing Account</b>	2005/06 £,000	2005/06 £,000
53,665	Balance B/Fwd		53,560
0	Capital Receipts Set aside		0
1,757	Capital Financing - Capital Receipts	1,201	
100	- Revenue Contributions	396	
166	- Capital Contributions	251	
284	- SCG	460	
<b>2,307</b>	Sub Total		<b>2,308</b>
	<b>Adjustments to Capital Financing</b>		
0	Minimum Revenue Provision*	0	
0	Losses on Disposal	64	
0	Revenue contributions towards future project	54	
0	IEG Transfer to government grant deferred account	(333)	
291	IEG Depreciation charges	110	
<b>291</b>	<b>Total Adjustments</b>		<b>(105)</b>
<b>2,598</b>	<b>Capital Financing for the year</b>		<b>2,203</b>
	<b>less</b>		
2,288	Write down of capital spending & Deferred Charges		1,113
415	Depreciation		516
<b>53,560</b>	<b>Balance C/fwd</b>		<b>54,134</b>

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



## Consolidated Balance Sheet

### 12. 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.

2004/05 £,000	<b>Usable Capital Receipts Reserve</b>	2005/06 £,000	2005/06 £,000
6,685	Balance B/Fwd		5,584
0	Social Housing Grant Receipt		0
0	<b>Receipts from sales</b>		
395	Drum Housing Group RTB Share proceeds	0	
545	Sale of Assets	221	
0	Grants / Contributions etc.	460	
0	EIB	0	681
0	<b>Less</b>		
2,041	amounts set aside	0	
	receipts used for financing in year	1,582	1,582
<b>5,584</b>	<b>Balance C/fwd</b>		<b>4,683</b>

### 13. Pension Reserve

2004/05 £,000	<b>Pension Reserve</b>	2005/06 £,000
(15,330)	Balance B/Fwd	(25,120)
0	Unfunded Discretionary Benefits	0
(10,220)	Actuarial Changes	(4,250)
750	Return on investments	5,260
(1,120)	Revenue account appropriation	(970)
<b>(25,920)</b>	<b>Total</b>	<b>(25,080)</b>
800	Actuarial Changes	160
<b>(25,120)</b>	<b>Balance C/fwd</b>	<b>(24,920)</b>

## Consolidated Balance Sheet

### 14. Earmarked Revenue & Capital Reserves

Balance 01/04/05 £,000	Specific Reserves	CRA Transfers £,000	Other Transfers £,000	Balance 31/03/06 £,000
	<b>Maintenance Reserves</b>			
30	All Weather Pitch	5	0	35
7	Car Park Maintenance	44	(7)	44
291	Information Technology	(5)	0	286
185	Leisure Management	0	(6)	179
275	Open Space Maintenance	(27)	12	260
44	Penns Place Maintenance	6	0	50
<b>832</b>	<b>Maintenance Reserves</b>	<b>23</b>	<b>(1)</b>	<b>854</b>
	<b>General Reserves</b>			
315	Capital Expenditure	0	(16)	299
502	Corporate Projects	33	(64)	471
0	DWP Reserve	0	200	200
200	External Support Equalisation	0	0	200
93	Insurance	(7)	0	86
119	Redundancy Costs	0	0	119
303	Service Expenditure Reserve	(26)	0	277
0	Carry Forwards	132	0	132
0	Collection Fund Deficit Reserve	13	0	13
0	Community Schools Debt Release	24	0	24
<b>1,532</b>	<b>General Reserves</b>	<b>169</b>	<b>120</b>	<b>1,821</b>
	<b>Other Reserves</b>			
56	Active Lifestyles Fund	(8)	(10)	38
379	Community Initiatives	0	(134)	245
10	Enforcement	(7)	0	3
26	Housing Benefit System	(26)	0	0
626	IEG	(120)	(389)	117
298	Interest Equalisation	66	0	364
136	Local Development framework	86	0	222
0	Mobile Remote Scanning	0	155	155
125	Planning Reserve	164	0	289
23	Second Homes Discount	23	0	46
0	Thames Water	0	48	48
<b>1,679</b>	<b>Other Reserves</b>	<b>178</b>	<b>(330)</b>	<b>1,527</b>
<b>4,043</b>	<b>Total Earmarked Reserves</b>	<b>370</b>	<b>(211)</b>	<b>4,202</b>

### 15. Revenue Account Reserves

2004/05 £,000	Revenue Account Reserve	2005/06 £,000
1,498	Balance Brought Forward	1,499
160	Operating Surplus/(-)Deficit	155
(159)	Transfer to/From reserves	153
<b>1,499</b>	<b>Balance C/Fwd</b>	<b>1,807</b>

## Consolidated Balance Sheet

### 16. Contingent Liabilities

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

### 17. 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

## Cashflow Statement

2004/05 £,000	The Cashflow Statement	2005/06 £,000	2005/06 £,000
	<b>Revenue Activities</b>		
	<b>Cash Outflows</b>		
(9,101)	Cash paid to and on behalf of employees	(9,856)	
(38,567)	Precept paid to Hampshire County Council	(40,381)	
(4,973)	Precept paid to Police	(5,284)	
(2,351)	Precept paid to Fire & Rescue Authority	(2,420)	
0	Precept paid to Parishes	(2,037)	
(19,440)	Contribution to National NDR Pool	(22,588)	
(7,100)	Other Operating costs	(13,962)	
(13,408)	Housing benefit paid	(14,433)	
(30)	Employee loans made	(40)	(111,001)
	<b>Cash Inflows</b>		
1,156	Rents after rebates	1,383	
49,763	Council Tax receipts	55,684	
19,589	Non Domestic rate income	20,859	
2,986	Non Domestic rate income from National Pool	3,182	
2,229	Revenue Support Grant	2,189	
16,867	DWP Grant for Housing Benefit	18,201	
479	DWP Housing Benefit Admin Grant	441	
331	Other Government revenue grants	852	
3,709	Cash received for goods & services	3,758	
1,152	Other operating cash receipts	1,263	
87	Employee loans repaid	55	107,867
<b>3,378</b>	<b>Net Cash inflow/outflow</b>		<b>(3,134)</b>
	<b>Returns on Investments and Servicing of Finance</b>		
	<b>Cash Inflows</b>		
1,633	Interest received		1,290
<b>5,011</b>	<b>Total Revenue Activities (Note 1)</b>		<b>(1,844)</b>
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
(2,181)	Purchase of Fixed Assets	(1,344)	
0	Increase in Long Term Investments	(553)	
(2,288)	Other Capital Cash Payments	(944)	(2,841)
	<b>Cash Inflows</b>		
395	Sale of fixed assets	225	
545	Capital grants received	909	1,134
<b>1,482</b>	<b>Net Cash inflow / outflow before financing</b>		<b>(3,551)</b>
	<b>Management of Liquid Resources</b>		
(1,091)	Net Increase(-)/decrease in short term deposits		3,588
<b>391</b>	<b>Increase /(-)Decrease in Cash /Cash equivalents (Note 2)</b>		<b>37</b>

## Cashflow Statement

### Notes to the Cashflow Statement

#### 1. Reconciliation of Total Revenue Activities to the Consolidated Revenue Account

This reconciles the cash movements reported in the Cashflow statement to the CRA, which is prepared on an accruals basis.

2004/05 £,000	<b>Reconciliation of Revenue Activities to CRA</b>	2005/06 £,000	2005/06 £,000
160	Revenue Account Surplus/(-)Deficit		155
(153)	Collection Fund Surplus/(-)Deficit		(133)
7	<b>TOTAL ACCRUAL BASIS</b>		22
3,118	Less Creditors B/fwd	3,685	
3,685	Add Creditors C/fwd	3,574	(111)
4,346	Add Debtors B/fwd	2,323	
2,323	Less Debtors C/fwd	5,278	(2,955)
65	Add Stock B/fwd	17	
17	Less Stock C/fwd	22	(5)
474	Capital Grants Received	808	
20	Movements in Deferred Liabilities	15	
100	Capital Spend funded from Revenue contributions	396	1,219
2,293	Transfer of reserves to/from Revenue	514	
(521)	Investment interest accrued	(528)	(14)
<b>5,011</b>	<b>Total Cash Basis</b>		<b>(1,844)</b>

#### 2. Increase / (-)Decrease in Cash / Cash Equivalents

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

Balance 1st April 2005 £,000	<b>Movement in Cash/Cash Equivalents</b>	Movement in year £,000	Balance 31st March 2006 £,000
10	Cash in Hand and Bank Balance	(1)	9
(769)	Bank Overdraft	38	(731)
<b>(759)</b>		<b>37</b>	<b>(722)</b>

## Cashflow Statement

### 3. Financing & Management of Liquid Resources

Liquid resources are current asset investments that can easily be converted back into cash and relates to the short term money market deposits performed within the Treasury Management section. They are disclosed at note 5 to the Consolidated Balance Sheet.

### 4. Memorandum Item: Government Grants

2004/05 £,000 (Restated)	Analysis of Government Grants Received:	2005/06 £,000	2005/06 £,000
	<b>Revenue grants</b>		
2,229	Revenue support grant	2,189	
2,986	NDR Grant	3,182	
204	Planning Delivery grant	357	
0	Beacon Housing Grant	67	
0	Defra Waste Performance Grant	87	
3,478	Council Tax Benefits Grant	3,747	
16,867	Housing Benefit & Council Tax Subsidy	14,454	
479	Housing Benefit Admin grant	441	
92	Verification Framework Subsidy	92	
10	Housing Benefit Rent Rebate Subsidy	6	
21	Homelessness Grant	21	
43	Staying put scheme	0	
29	Anti - Fraud Incentives	54	
17	Discretionary Housing Payments	11	
151	Community Safety Grants	157	
<b>26,606</b>	<b>Total Revenue Grants</b>		<b>24,865</b>
	<b>Capital Grants</b>		
268	Disabled facilities Grants	272	
0	Defra Waste Performance Grant	20	
0	LABGI Grant	328	
0	Planning Delivery Grant	139	
350	Implementing Electronic Government	150	
<b>618</b>	<b>Total Capital Grants</b>		<b>909</b>
<b>27,224</b>	<b>Total Government Grants</b>		<b>25,774</b>

A robust analysis of grants has been undertaken during the year and as a result, grants not stated in the previous year have been included. In the 2004/05 accounts, these grants were included under 'Other Government Grants' in the Revenue Activities (Cash inflows) on the Cashflow Statement.

## Statement of Total Movements In Reserves

2004/05 £,000	Statement of Total Movements in Reserves	2005/06 £,000
(Restated)		
	<b>Movement in Revenue Resources:</b>	
160	General Fund Surplus	155
(44)	Add back Movements on earmarked revenue reserves	312
(1,120)	Deduct Appropriation from pension reserve	(970)
(8,670)	Actuarial Gains and losses relating to pensions (Note 5)	1,170
<b>(9,674)</b>	<b>Total Increase/(-)Decrease in Revenue Resources (Note 1)</b>	<b>667</b>
	<b>Movement in Capital Resources:</b>	
(1,101)	Increase/(-)Decrease in usable Capital Receipts	(901)
16	Increase/(-)Decrease in unapplied Capital Grants and Contributions	702
<b>(1,085)</b>	<b>Total Increase/(-)Decrease in realised Capital Resources (Note 2)</b>	<b>(199)</b>
	<b>Fixed Asset Revaluation:</b>	
7,292	Gains/(-)Losses on revaluation of Fixed Assets	323
0	Impairment Losses on Fixed Assets	0
<b>7,292</b>	<b>Total Increase/(-)Decrease in unrealised value of fixed assets (Note 3)</b>	<b>323</b>
<b>0</b>	<b>Value of assets sold, disposed of or decommissioned (Note 4)</b>	<b>70</b>
	<b>Capital Financing:</b>	
2,231	Capital Receipts set aside	1,964
(2,188)	Revenue Resources set aside	(846)
85	Movement on Developers Contributions & Grants	(342)
<b>128</b>	<b>Total Increase in amounts to finance capital investment (Note 5)</b>	<b>776</b>
<b>(3,339)</b>	<b>Total Recognised Gains and Losses</b>	<b>1,637</b>

Note: The figures for 2004/05 have been restated to correct a Pensions figure which was duplicated in 2004/05.

### Notes to the statement of total movements on reserves

#### 1. Movements in Revenue Reserves

The table below details the movements in general fund balances and earmarked reserves during the financial year.

Movements in Revenue Reserves	General Balances £,000	Earmarked Reserves £,000	Pensions Reserve £,000
Balance B/Fwd at 1st April	1,499	4,043	(25,120)
Surplus/(-)Deficit for year	155		
Appropriations to/(-)from Reserves	153	159	(970)
Actuarial gains/(-)losses relating to pensions			1,170
<b>Balance C/Fwd</b>	<b>1,807</b>	<b>4,202</b>	<b>(24,920)</b>

## Statement of Total Movements In Reserves

### 2. Movements in Realised Capital Resources

This table shows the movements in reserves that represent an increase or decrease in the Authority's ability to finance capital investment in future years.

<b>Usable Capital Receipts and Unapplied Capital Grants</b>	<b>Usable Cap Receipts £,000</b>	<b>Unapplied Cap Grants £,000</b>
Balance B/Fwd	5,584	104
Amounts receivable in year	681	836
Amounts applied to finance new capital investment in year	(1,582)	(154)
<b>Total Increase/(-)Decrease in realised capital resources in year</b>	<b>(901)</b>	<b>682</b>
<b>Balance C/Fwd</b>	<b>4,683</b>	<b>786</b>

### 3. Movements in Unrealised Value of Fixed Assets

This note discloses the unrealised movement in value of the authority's asset portfolio, as a result of revaluations and impairments. The value of assets sold is included to recognise the reduction in unrealised fixed asset values as a result of disposal.

<b>2004/05 £,000</b>	<b>Fixed Asset Restatement Account</b>	<b>2005/06 £,000</b>
(22,697)	Balance B/Fwd	(15,405)
0	Loss on Fixed Asset Investment	(25)
7,292	Gains on revaluation of fixed assets in year	(234)
0	Impairment losses on fixed assets in year	(64)
<b>7,292</b>	<b>Total Increase/(-)decrease in unrealised capital resources in year</b>	<b>(323)</b>
0	<b>Value of Assets Sold, Disposed of or Decommissioned</b>	
7,292	Amounts written off fixed asset balances for disposals in year	(70)
	<b>Total Movement on Reserve in 2005/06</b>	<b>(393)</b>
<b>(15,405)</b>	<b>Balance C/Fwd</b>	<b>(15,798)</b>



## Statement of Total Movements In Reserves

### 4. Movements in Amounts set Aside to Finance Capital Investment

This note discloses the movements in capital financing during the year.

2004/05 Total Movements £,000	Financing of Capital Investment	2005/06		
		Capital Financing Account £,000	Developers Conts £,000	Total Movements £,000
55,148	Balance B/Fwd	53,560	1,716	55,276
	<b>Movements in amounts set aside to finance Capital Investments:</b>			
	<b>Capital Receipts set aside in year</b>			
0	Reserved Receipts	0	0	0
1,757	Usable Receipts applied	1,265	0	1,265
474	Additional Contributions	251	448	699
2,231	<b>Total Capital Receipts set aside in year</b>	<b>1,516</b>	<b>448</b>	<b>1,964</b>
	<b>Revenue resources set aside in year</b>			
100	Capital expenditure financed from revenue	267	0	267
(2,288)	Write Down of Capital spend and Deferred Charges	(1,113)	0	(1,113)
(2,188)	<b>Total revenue resources set aside in year</b>	<b>(846)</b>	<b>0</b>	<b>(846)</b>
500	Grants applied to capital investment in year	420	(246)	174
(415)	Amounts credited to the AMRA in year	(516)	0	(516)
85	<b>Movement on Developers Contributions &amp; Grants</b>	<b>(96)</b>	<b>(246)</b>	<b>(342)</b>
	<b>Total Increase/(-)decrease in amounts set aside to finance capital investment</b>			
128	Total movement on reserve in year	574	202	776
55,276	Balance C/Fwd	54,134	1,918	56,052

### 5. Analysis of Actuarial Gains to the Pension Scheme

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

Actuarial Gains/Losses	2002/03 £,000	2003/04 £,000	2004/05 £,000	2005/06 £,000
Actual return less expected return on pension scheme assets	(9,820)	3,350	750	5,260
Experience gains & losses arising on the scheme liabilities	130	(70)	800	160
Changes in assumptions underlying the present value of the scheme liabilities	(60)	110	(10,220)	(4,250)
<b>Total actuarial gain/(-)loss</b>	<b>(9,750)</b>	<b>3,390</b>	<b>(8,670)</b>	<b>1,170</b>
Actuarial Gains/Losses (percentage)	2002/03	2003/04	2004/05	2005/06
Difference between expected and actual return on scheme assets as a percentage of scheme assets	36%	10.5%	2.3%	13.6%
Experience gains & losses arising on scheme liabilities as a percentage of the present value of the scheme assets	0.3%	0.1%	1.4%	0.3%
Changes in assumptions as a percentage of the present value of scheme liabilities	0.06%	0.2%	-17.9%	-6.7%
<b>Total</b>	<b>12.1%</b>	<b>7.2%</b>	<b>-15.2%</b>	<b>1.8%</b>

#### Changes to the Local Government Pension Scheme

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

## General Information

2005	Area	2006
51,541	- Hectares	51,541
199	- Square Miles	199
39	Number of Parishes / Town Councils	39
110,190	<b>Population ( estimated June )</b>	115,503
6,072	Under 5	6,406
16,090	5 -15	16,164
67,028	16 - 64	72,292
21,000	65 and over	20,641
2	<b>Density of Population</b>	2
554	- per hectare	580
	- per square mile	

### Permanent Staffing Establishment

2004/05 Full Time Equivalents	Key Services	2005/06 Full Time Equivalents
11	Building Control	12
18.3	Communication & Policy	21.3
15.7	Community Team	18
10.2	Democratic Services	11.2
47.5	Environmental Services	45.5
9.1	Executive	9.1
14.7	Financial Services	14.7
18.7	Housing Services	18.3
12.4	Information Technology	12.4
6.1	Legal Services	5.9
3.5	Personnel Services	4.5
37.7	Planning Development	37.8
19.9	Planning Policy	19.9
12.7	Property	12.8
44.8	Revenue & Benefits	43.8
<b>282.3</b>	<b>Total Staffing (FTE's)</b>	<b>287.2</b>

#### Note

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

## General Information

### **East Hampshire District Council's Decision Making Structure 2005/06**

#### **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 new 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.

#### **Area Community Committees (Community Forums from 17th May 2006)**

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](http://www.easthants.gov.uk) or from the Democratic Services team on (01730) 234073

## 2005/06 Revenue Expenditure

2004/05 Net Expenditure £,000		Actual Expenditure 2005/06 £'000	Actual Income 2005/06 £'000	Actual Net 2005/06 £'000
	<b>Central Services to the Public</b>			
	<b>Local Tax Collection</b>			
527	Council Tax	621	(74)	547
(54)	Council Tax Benefits	3,706	(3,747)	(41)
(62)	National Non-Domestic Rates	109	(153)	(44)
	<b>Elections</b>			
0	Democratic Services	112	(112)	0
3	Elections	47	(42)	5
	<b>Emergency Planning</b>			
14	Emergency Planning	23	0	23
	<b>Land Charges</b>			
(149)	Land Charges	230	(345)	(115)
<b>279</b>	<b>Total Central Services to the Public</b>	<b>4,848</b>	<b>(4,473)</b>	<b>375</b>
	<b>Cultural &amp; Related Services</b>			
	<b>Culture &amp; Heritage</b>			
195	Heritage	314	(128)	186
	<b>Recreation &amp; Sport</b>			
634	Grants & Funding	662	(11)	651
933	Leisure Management	884	(23)	861
5	Active Lifestyle	41	(24)	17
	<b>Open Spaces</b>			
122	Countryside & Woodlands	129	0	129
226	Street Cleaning	282	(56)	226
	<b>Tourism</b>			
118	Economic Development & Tourism (part)	128	(18)	110
<b>2,233</b>	<b>Total Cultural &amp; Related Services</b>	<b>2,440</b>	<b>(260)</b>	<b>2,180</b>
	<b>Environmental Services</b>			
	<b>Cemeteries, Cremation &amp; Mortuary Services</b>			
38	Cemeteries	222	(142)	80
	<b>Environmental Health</b>			
286	Food Safety	279	(12)	267
253	Environmental Protection	323	(21)	302
172	Pest Control	246	(27)	219
109	Health & Safety	190	(27)	163
16	Health Strategy	5	0	5
152	Animal Welfare	175	(7)	168
69	Licensing	225	(183)	42
182	Public Conveniences	196	(2)	194
	<b>Community Safety</b>			
46	Community Safety	196	(165)	31
	<b>Flood Defence &amp; Land Drainage</b>			
211	Drainage	110	0	110
	<b>Street Cleaning</b>			
682	Street Cleaning	845	(169)	676
	<b>Waste Collection</b>			
1,721	Refuse/Recycling Contract	1,896	(107)	1,789
113	Waste Reduction	161	(89)	72
0	Project Integra	82	(82)	0
177	Garden Waste	324	(137)	187
	<b>Service Management &amp; Support Services</b>			
0	Customer Services (Environmental Health)	247	(247)	0
25	Engineering Contracts	108	(99)	9
16	Rowdell Cottages Prior Year Adjustment	0	0	0
0	Customer Services (Contracts)	148	(148)	0
<b>4,268</b>	<b>Total Environmental Services</b>	<b>5,978</b>	<b>(1,664)</b>	<b>4,314</b>

## 2005/06 Revenue Expenditure

2004/05 Net Expenditure £,000		Actual Expenditure 2005/06 £'000	Actual Income 2005/06 £'000	Actual Net 2005/06 £'000
	<b>Planning and Development Services</b>			
	<b>Building Control</b>			
(120)	Building Control Fee	419	(490)	(71)
246	Building Control Non-Fee	285	(17)	268
	<b>Development Control</b>			
237	Planning Development Fee	861	(663)	198
796	Planning Development Non Fee	796	(64)	732
213	Planning Enforcements	263	(3)	260
0	Planning Delivery Grant	504	(495)	9
166	Developer's Contributions (Deferred Charges)	0	198	198
	<b>Planning Policy</b>			
441	Planning Policy	483	0	483
323	Local Plan	103	(3)	100
2	Local Plan 3	81	0	81
	<b>Environmental Initiatives</b>			
26	Community Team	35	(8)	27
	<b>Economic Development</b>			
230	Economic Development & Tourism	249	(34)	215
0	Alton Economic Development Project	7	0	7
(1)	Markets	61	(69)	(8)
163	Property Management	457	(286)	171
(163)	Woolmer Trading Estate	704	(924)	(220)
<b>2,559</b>	<b>Total Planning Services</b>	<b>5,308</b>	<b>(2,858)</b>	<b>2,450</b>
	<b>Highways Roads &amp; Transport Services</b>			
	<b>Highways &amp; Roads (Routine)</b>			
25	Highway Services	157	(107)	50
68	Street Furniture	76	(1)	75
	<b>Street Lighting</b>			
66	Public Lighting	69	0	69
	<b>Parking Services</b>			
(416)	Car Parks	776	(1,202)	(426)
	<b>Public Transport</b>			
507	Concessionary Travel	673	(133)	540
<b>250</b>	<b>Total Highways Roads &amp; Transport</b>	<b>1,751</b>	<b>(1,443)</b>	<b>308</b>
	<b>Housing Services</b>			
	<b>General Fund Housing</b>			
	<b>Housing Strategy &amp; Advice</b>			
505	Housing Needs	472	(30)	442
184	Housing Enabling	166	(1)	165
	<b>Private Sector Housing Renewal</b>			
292	Private Sector Housing	350	(2)	348
1,531	Disabled Facilities Grants (Deferred Charges)	0	746	746
	<b>Homelessness</b>			
82	Housing Needs	77	(5)	72
9	Anti-Poverty	9	(6)	3
0	Homelessness Grants	21	(21)	0
	<b>Housing Benefits Payments</b>			
38	Rent Allowances	14,487	(14,572)	(85)
1	Non HRA Rent Rebates	7	(6)	1
	<b>Housing Benefits Administration</b>			
559	Benefits Administration	1,116	(560)	556
106	Benefits Investigations	156	(41)	115
	<b>Service Management &amp; Support Services</b>			
0	Beacon Council Housing Grant	67	(67)	0
0	Housing Operations	134	(134)	0
0	Housing Support Team	193	(193)	0
<b>3,307</b>	<b>Total Housing Services</b>	<b>17,255</b>	<b>(14,892)</b>	<b>2,363</b>

## 2005/06 Revenue Expenditure

2004/05 Net Expenditure £,000		Actual Expenditure 2005/06 £'000	Actual Income 2005/06 £'000	Actual Net 2005/06 £'000
	<b>Corporate and Democratic Core</b>			
	<b>Democratic Representation and Management</b>			
1,252	Committee & Members Costs	1,307	(3)	1,304
0	Democratic Services	302	(302)	0
494	Community Team	674	(155)	519
	<b>Corporate Management</b>			
546	Corporate Management	613	0	613
<b>2,292</b>	<b>Total Corporate &amp; Democratic Services</b>	<b>2,896</b>	<b>(460)</b>	<b>2,436</b>
	<b>Other Operating Income and Expenditure</b>			
	<b>Trading Accounts Surpluses &amp; Deficits</b>			
	<b>Other</b>			
23	Corporate Training Budget	68	0	68
1	Customer Care	8	(1)	7
98	Unapportionable Central O'head	79	0	79
48	Whitehill/Bordon Opportunity	65	0	65
(156)	Budget Savings	31	0	31
<b>14</b>	<b>Total Other Services</b>	<b>251</b>	<b>(1)</b>	<b>250</b>
<b>15,202</b>	<b>Net Service Expenditure</b>	<b>40,727</b>	<b>(26,051)</b>	<b>14,676</b>
	<b>Memorandum: Central &amp; Support Services</b>			
0	Corporate Management Team and Support	715	(715)	0
0	Communications	419	(419)	0
0	Policy & Performance Mgt	207	(207)	0
0	Implementing Electronic Government (IEG)	174	(174)	0
0	Information Services	538	(538)	0
0	Legal Services Group	427	(427)	0
0	Accountancy	341	(341)	0
0	Exchequer	253	(253)	0
0	Audit	108	(108)	0
0	Information Technology	867	(867)	0
0	IT Data Services	72	(72)	0
0	Personnel Services	291	(291)	0
0	Corporate Property	293	(293)	0
0	Building Services	968	(968)	0
0	Distribution	321	(321)	0
<b>0</b>	<b>Total Central &amp; Support Services</b>	<b>5,994</b>	<b>(5,994)</b>	<b>0</b>