

Annual Report

2004/2005

**East Hampshire
District
Council**

<u>Table of Contents</u>	Page
Statement on Internal Control	2
Explanatory Foreword by the Strategic Manager (S151 Officer)	6
Auditor's Report	9
Statement of Responsibilities	11
Statement of Accounting Policies	12
The Consolidated Revenue Account	16
Notes to the Consolidated Revenue Account	17
The Collection Fund	21
The Consolidated Balance Sheet	24
Notes to the Consolidated Balance Sheet	25
Statement of Total Movements in Reserves	35
The Cashflow Statement	37
General Information	39
Permanent Staffing Establishment	39
Decision Making Structure	40
Service Expenditure Analysis (BVACOP Format)	42

STATEMENT ON INTERNAL CONTROL 2004/2005

1 Scope of Responsibility

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, EHDC is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of EHDC's functions and which includes arrangements for the management of risk.

2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of EHDC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3 The Internal Control Environment

The Council's internal control environment is a system of financial regulations, administrative procedures, management information, and delegation and accountability. The system is monitored by both external audit and the council's internal audit provider. The key elements of the council's internal control environment are as follows:

- The Council's constitution, which sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure that these are efficient, transparent and accountable. It details what is expected of Heads of Service for the administration of services under their control, which includes the prevention and detection of fraud.
- The Council has adopted the recommendations made within the CIPFA/SOLACE framework documents and will continue to monitor these arrangements to ensure that proper procedures are in place for the effective governance of the Council's affairs and the stewardship of the resources at its disposal.
- The Risk Management Policy outlines the responsibilities for managing risk throughout the Council. In addition, the Council has risk registers at both strategic and operational level.

- Decision making authority is delegated to Cabinet Members and Officers in the interests of efficiency where it is consistent with accountability and openness. Key decisions are taken at full meetings of the Council or Cabinet and are published in a forward plan.
- The Overview and Scrutiny Committee holds decision makers to account and reviews the Council's policies. This committee can 'call-in' decisions made by the Cabinet and under delegated authority to enable them to consider whether the decision is appropriate. All meetings are open to the public.
- The Monitoring Officer maintains an up to date version of the Constitution, ensures that decision-making is fair and lawful, and advises whether cabinet decisions are within the budget and policy framework.
- The Chief Finance Officer ensures the lawfulness and prudence of financial decision making, and has responsibility for the planning, administration and monitoring of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972.
- The financial planning framework seeks to ensure that the Council's financial resources are allocated in accordance with its objectives, policies and plans on both an annual and a medium term basis. The main components of the framework are the revenue budget, capital programme, and the medium term revenue and capital strategies.
- The Council's Internal Audit service operates to the standards as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003. They are responsible for monitoring the quality and effectiveness of the council's systems of internal control. The Overview and Scrutiny Committee receive reports reviewing the systems of internal control and monitoring actions against Internal Audit recommendations.
- The Council monitors performance through a quarterly reporting process. This includes reports on budgets, service delivery and key Council projects.
- Posts within the Council have a detailed job description and person specification to ensure that staff are suitably qualified to undertake their responsibilities. Training needs are identified as part of the performance appraisal system.

4 Review of Effectiveness

EHDC has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority who have a responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council has adopted a cabinet structure to oversee the executive management decisions. Councillors are responsible for establishing the Council's priorities and strategic plans and ensuring that the control framework is in place for managing and directing the priorities and plans.

Cabinet have appointed a number of sub-committees one of which is responsible for overview and scrutiny matters. This committee has met regularly throughout the year and receives regular reports from the Head of Internal Audit and the Monitoring Officer as needed

A Risk Strategy Group has been established and meets regularly and is updating the Council's risk registers to a common standard to enable a comparison of risks across the whole of the Council. Risk management is an ongoing process.

The Internal Audit function was subject to some disruption during the year. The termination of the management agreement with Havant Borough Council, and the need to provide resources for a special investigation impacted on the delivery of the annual programme of audits. The opportunity was taken to re-assess audit service delivery, and the Internal Audit function will be undertaken by Deloitte with effect from 1st July 2005.

It was agreed by Overview & Scrutiny Committee that the first three months of 2005/2006 would be used to complete the audit programme for 2004/2005. An interim audit manager was appointed to supervise this work. All of the reports have been accepted by management and action plans established to attend to any weaknesses arising from the audits. On the basis of all of the audit and probity work carried out by internal audit during the year the interim audit manager is able to confirm to management that overall there is an effective and adequate control framework in place.

The internal audit of corporate governance showed that the Council's systems and processes provide a robust method for ensuring sound corporate governance. From the work undertaken in 2004/05, internal audit has provided satisfactory assurance that the internal controls are fundamentally sound and accord with proper practice. This opinion is based on evidence gathering that was in partial compliance with the CIPFA supporting framework guidance on Internal Control and Risk Management. However the processes that were adopted provided the equivalent amount of evidence gathering compliance.

5 Significant Internal Control Issues

The review of the effectiveness of the system of internal control has identified some internal control issues, which are shown in the table below along with the action plans that are in place to address them and ensure continuous improvement of the system. These issues represent a significant control risk or a control weakness in specific areas but are sufficiently segmented so as to not represent a threat to the overall control framework.

The areas of note from last years statement of significant control issues have been addressed as part of this years review. Last years issues are resolved, planned for completion during the current year or reported as on-going in the table below.

No.	ISSUE	ACTION
1	It was found that some recorded dates of planning applications had been adjusted to affect the statistical returns.	A special internal audit was carried out and the procedures and dates have been corrected. The dates are now recorded correctly.
2	Document management and workflow systems are needed for the re-engineering of many Council processes. The implementation of one package (EDRMS) encountered difficulties with the supplier.	A special internal audit was carried out for EDRMS. The evaluation and selection of appropriate packages for document management and workflow is an ongoing issue, together with the procedures for managing and implementing software projects successfully.
3	A licensing audit was planned, to confirm that satisfactory arrangements are in place following the transfer of responsibility for licences from magistrates to Councils. However the low number of licence applications received so far (approx 5%) did not enable a proper audit to be undertaken.	The Licensing Audit has been deferred to 2005-06, and will be addressed when more licence applications have been received from the public. Reminders have been given to would be applicants
4	The Council does not have fully documented risk management procedures	Risk management is an ongoing issue. The Risk Management group will be upgrading the risk registers during 2005/2006 to incorporate a full scoring and monitoring system.
5	The Council does not have robust Business Continuity plans as required under the Civil Contingencies Act	Plans will be written during 2005/2006 to comply with the Act
6	The supporting framework for the statement of internal control was partially implemented during the 2004-05 financial year.	The supporting framework for the SIC will be fully implemented for the 2005-06 financial year.
During the 2005 / 2006 period of account the issues above will be given close management attention and will be examined by internal audit.		

Signed

Andrew Pattie 28/10/05
 Councillor Andrew Pattie, Leader of the Council

.....
 Date

Wm Godfrey
 W Godfrey CPFA, Chief Executive

28/10/05
 Date

EXPLANATORY FOREWORD
FINANCIAL OVERVIEW BY THE STRATEGIC MANAGER (S151 OFFICER)

This overview provides an outline of the financial aspects of the Council's activities for the financial year 1st April 2004 to 31st March 2005. It shows how the Council is funded and how it spends them. The format of the accounts follows the CIPFA Code of Practice on Local Authority Accounting and includes a service analysis in compliance with the CIPFA Best Value Accounting Code of Practice (BVACOP).

The Council continues to maintain a strong financial position – the revenue surplus of £160k has contributed to an allocation of resources part of which includes £130k for Community Initiatives which are agreed by Council after local bids for funds.

This year the Accounts are shown slightly differently from previous years. In the past, surpluses and some General Reserves have been allocated by Council at year end to fund various priorities such as Community Initiatives. The Council is able to do this because of its strong financial position. However the effect of this in the accounts has been to show a final account deficit figure (as allocations made have generally been larger than the surplus). It is acknowledged that does not really reflect the true position. This year, the surplus figure is shown on the face of the Consolidated Revenue Account and a memo beneath showing the surplus transfer to the General Fund. Unfortunately we are not able to change the presentation of the accounts for 2003/04 so a meaningful year on year comparison will not be possible until next year.

The statutory accounts are shown on pages 16 to 38 and are explained below:-

The Consolidated Revenue Account (pages 16 to 20)

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

Under current legislation, all Council services can be accounted for in the General Fund and are brought together in the Consolidated Revenue Account.

The Collection Fund (pages 21 to 23)

This is a separate account recording all transactions in respect of debits raised and collected in respect of Council Tax and Non Domestic Rates. Whilst it is shown as one account, the two elements are discrete because of the treatment of surpluses or deficits in respect of each. Council Tax receipts are allocated between the District and major precepting authorities. Non Domestic Rates are self balancing in the account.

The Consolidated Balance Sheet (pages 24 to 34)

The Consolidated Balance Sheet shows the value of assets and liabilities of the Council. The Council's fixed assets were subject to a revaluation exercise during 2004/05, and now incorporates the value of IT Equipment. The balances in respect of the Collection Fund are included but the Collection Fund balance sheet is shown separately on page 23.

The Statement of Total Movements in Reserves (page 35 to 36)

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.

The Cash Flow Statement (pages 37 to 38)

The Cash Flow Statement shows the cash flows of the Council in respect of all transactions. It reconciles the movement in cash / cash equivalent balances on the Consolidated Balance sheet with the surpluses or deficits in the Consolidated Revenue Account which are shown on an accrual accounting basis. It also shows, by way of a note, the cash value of government grants to the Council in the year.

FINANCIAL RESULTS 2004/2005

General Fund Activities

Overall the performance across the year was a surplus of £185k which has been transferred to the General Fund Balance. Decisions to fund some key priorities of the Council were made by Council after the surplus for the year was known and taking into account the healthy financial position of the Council.

• Contribution to Community Initiatives Fund	£130k
• Contribution to Penns Place Maintenance Fund	£44k
• Contribution to Local Development Framework	£27k
• Contribution to Service Expenditure Reserve	£130k
	£331k

These were funded by,

• General Fund (surplus for year)	£159k
• Future Strategic Spend Reserve	£35k
• External Support Reserve	£50k
• Interest Equalization Account	£87k
	£331k

After taking account of these adjustments, the General Fund Balance remains at £1.499m and there are earmarked reserves of £4.043m.

Medium Term Financial Framework (MTFF) 2005/06 to 2008/2009

The Cabinet will receive a report in October on the Council's latest projections to 2008/09. The key principles to be adopted within the framework are:

- To keep annual council tax increases as low as possible without undermining the Council's ability to meet its overall priorities. In addition any increases are to be kept within the Governments guideline for council tax increases.
- To maintain a balanced budget
- To maintain a minimum balance within the General Fund, currently £1.15m, in order to provide for unknown spending pressures and in addition maintain other balances and reserves as necessary to meet specific initiatives that have a clearly defined plan for their use

- To continue to improve efficiency and effectiveness of service delivery in order to achieve targets set by the Gershon Review. The total efficiency gain to be identified equates to 7.5% of base budgets by 2007/2008.
- Maintain spending levels that are affordable and sustainable in the long term, and which will deliver services in line with the Council priorities of:
 - Providing Good Quality Services.
 - Building Successful Communities.
 - Protecting the Environment.
- To maintain a fair charging structure.
- To seek alternative options for returns on investments where such options achieve a better return than cash investments and the return can be readily realised.

Capital Spending

The MTFF referred to above will also consider the effects of Capital spending on the Council's finances.

Proposals for Capital schemes are subject to the Corporate Planning Process, which identifies potential projects and links them to Council Priorities. Once identified, projects go through a rigorous challenge and selection process, and the successful projects are then incorporated into the budget setting process.

The Council has investments that could be used for Capital purposes. However these sums are currently invested with the interest being used to support the revenue account. An assessment of the revenue implications of capital proposals is undertaken as part of the budget setting process. This assessment is conducted under the umbrella of the Prudential Code guidelines to ensure that the Council's plans are prudent, affordable and sustainable.

Reserves

As previously mentioned, as part of the year end closing of accounts process the Council reviewed all of its existing reserves and the reserves table shown at note 14 in the accounts shows the results of that review. The balance of earmarked reserves totals £4.043m as at 31st March 2005. The Council has a pensions liability as at 31st March 2005 of £25.12m. Statutory arrangements for funding the liability mean that the financial position of the Council remains healthy

Further information on the accounts for 2004/2005 may be obtained from the Financial Accountancy Team at

Financial Accountancy
 East Hampshire District Council
 Penns Place
 Petersfield
 Hampshire
 GU31 4EX

W R Price C.P.F.A
 Strategic Manager and Section 151 Officer.

Independent auditors' report to East Hampshire District Council

We have audited the Statement of Accounts for the year ended 31 March 2005 on pages 16 to 38 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 12 to 15.

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 54 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 Strategic Manager and auditors

As described in the Statement of Responsibilities for the Statement of Accounts on page 11, the Strategic Manager is responsible for the preparation of the Statement of Accounts in accordance with the 'Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004'. Our responsibilities, as independent auditors are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the Statement of Accounts presents fairly the financial position of the Council and its income and expenditure for the year.

We review whether the Statement of Internal Control on page 2 to 5 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 whether the Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance arrangements or its risk and control procedures. Our review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

We read the other information published with the Statement of Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Statement of Accounts.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council'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 Statement of Accounts is 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 Statement of Accounts present fairly the financial position of East Hampshire District Council as at 31 March 2005 and its income and expenditure for the year then ended.

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 October 2005

STATEMENT OF RESPONSIBILITIES
FOR THE STATEMENT OF ACCOUNTS

The 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;
- manage its affairs to secure economic, efficient and effective use of resources;
- safeguard its assets.
- approve the statement of accounts.

The Responsibilities of the Strategic Manager

This officer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the Authority as at 31st March 2004 and its income and expenditure for the year then ended.

In preparing this statement of accounts the Strategic Manager has:-

- selected suitable accounting policies and applied them consistently,
- made judgments and estimates that were reasonable and prudent, and complied with the code.

The Strategic Manager has also:-

- kept proper accounting records which were up to date; and
- 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 at 31st March 2005 and its income and expenditure for the year then ended.



W Price
Strategic Manager and S151 Officer

Date 28/10/05

STATEMENT OF ACCOUNTING POLICIES

INTRODUCTION

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code sets out the proper 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 has been followed in the preparation of the 2004/2005 accounts.

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

ACCRUALS OF INCOME AND EXPENDITURE (Debtors and Creditors)

The accounts accrue for revenue and capital expenditure and income in accordance with the Code of Accounting Practice and SSAP2. 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. As a result there are amounts included in the accounts for income due to the Council (i.e. debtors) and sums owed by the Council (i.e. creditors).

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 account.

EMPLOYEE COSTS

The salaries of employees together with 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

The Council adopted the CIPFA Code of Practice on capital accounting in 1994/95. In order to comply with the requirements of the Code it was necessary

in that year to revalue all fixed assets of the Council using prescribed valuation methods.

Operational assets were 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 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.

The asset values are based upon a valuation report issued by Wadham & Isherwood dated 15 October 2004, and include variations from them in subsequent letters.

3. Revaluations

The assets recorded in the Balance Sheet at current value will be revalued at 5 yearly intervals unless material changes occur within each 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 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 fixed assets that are valued at current cost. It includes land, operational buildings and equipment

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 is shown in the table below:

Asset Type	Typical Depreciation Period
Buildings	30 to 65 years
Garden Waste vehicles	7 years
Equipment	5 years
IT Assets	2 years (average)

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 rate of interest is prescribed by CIPFA and is applied as a percentage to the net amount at which the asset is included in the balance sheet.

For 2004/2005 the notional interest charge is based upon 3.5% for all classes of assets.

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 therefore no overall 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 the expenditure to which they relate and credited to the appropriate service revenue account during the period in respect of which they are paid.

Grants or contributions to finance capital assets are initially credited to the government grants/contributions deferred account. Grants are accounted for on an accrual 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 in the accounts at the lower of cost or net realisable value.

LEASES

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

OVERHEADS

The revenue 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. There were no surpluses or deficits in 2004/2005.

The costs of service management 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 Superannuation Scheme administered by Hampshire County Council. Detailed regulations govern rates of contribution and scales of benefit. The schemes accounts are prepared in accordance with Financial Reporting Standard 17.

These accounting policies represent a change to those applied in previous years. Previous policy was to recognise liabilities in relation to retirement benefits only at the point of payment. The new policy better reflects the Council's commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension box.

PROVISIONS

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

RESERVES

Amounts set aside for purposes other than provisions are treated as reserves. The purpose and use of revenue reserves is outlined in note 14 to the Consolidated Balance Sheet. The Council also maintains a balance on the General Fund to smooth the impact of possible future Council taxes.

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

2003/04 Net Expenditure £,000 (Restated)**		Gross Expenditure £,000	2004/05 Gross Income £,000	Net Expenditure £,000	Notes
General Fund Services - by Theme					
2,091	Cultural & Related Services	2,337	448	1,889	1-6, 8,10-13
4,257	Environmental Services	6,224	1,745	4,479	
1,911	Planning and Development Services	5,321	2,670	2,651	
359	Highways Roads & Transport	1,681	1,431	250	
2,891	Housing Services	17,379	14,072	3,307	
544	Central Services to the Public	4,728	4,449	279	
75	Other	68	38	30	
2,060	Corporate and Democratic Core (CDC)	2,438	121	2,317	
0	Central & Support Services	5,431	5,431	0	
14,188	Net Cost of Services	45,607	30,405	15,202	
-675	Asset Management Revenue Account	429	1,376	-947	
1,698	Precept by Parish / Town Councils	1,819		1,819	
-1,183	Interest and Investment Income		1,508	-1,508	
950	Pensions Interest Cost & Assets Return	840		840	
14,978	Net Operating Expenditure	48,695	33,289	15,406	
Appropriations					
-943	Deferred Charges written down			-1,697	9
-356	Depreciation to Capital Financing Reserve			-415	
881	Contributions to/(-)from Reserves & Provisions			279	
-870	Contribution from Pension Reserve			-1,120	
13,690	Amount to be funded by Govt. grants and Local Taxpayers			12,453	
-6,992	Collection Fund Precept			-7,386	
-31	Transfers to /(-)from Collection Fund			-12	
-2,214	Revenue Support Grant			-2,229	
-3,816	Non Domestic Rate Pool Grant			-2,986	
637	Surplus(-) / Deficit transfer to Revenue Account Reserve			-160	

2003/04 £,000	Revenue Account reserve	2004/05 £,000
2,135	Balance as at 1st April	1,498
302	Operating Surplus	160
-939	Less transfers to reserves	-159
1,498	Balance as at 31st March 2005	1,499

** The figures for 2003/2004 have been restated to include deferred charges within service expenditure, whereas the approved accounts for 2003/2004 show deferred charges separately

Notes to the Consolidated Revenue Account

Note 1 Expenditure on Services

Details of individual services income and expenditure are shown on pages 42 to 45. The analysis complies with the Best Value Accounting Code of Practice.

Note 2 Local Authority (Goods and 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 2004/05 this authority provided Architectural Services to Bentley Community Association in the sum of £3k, which was matched by equivalent expenditure.

Note 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.

	£,000
Advertising / Promotions	176
Partners Magazine	41
Total publicity spending	217

Note 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 the payments that needs to be disclosed at the time 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 total amount paid by the Council in pension contributions was £832k (£754k in 2003/2004)

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) and the pension reserve (note 13) 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.

Note 5 Officers Emoluments

The Number of employees whose remuneration, including pension contributions was £50,000 or more in bands of £10,000 were as follows:

Remuneration Band	Number of Employees 2003/04	Number of Employees 2004/05
£50,000 - £59,999	10	4
£60,000 - £69,999	4	6
£70,000 - £79,999	0	3
£80,000 - £89,999	2	1
£90,000 - £99,999	0	0
over £100,000	0	1

Note 6 Members Allowances

The total value of Members Allowances paid in 2004/05 was £202k.

Note 7 Asset Management Revenue Account

2003/04 Net Expenditure £,000		2004/05 Net Expenditure £,000
	Income	
-686	Capital Charges	-961
-356	Depreciation	-415
-1,042	Total Income	-1,376
	Expenditure	
12	External Interest Charges	14
356	Depreciation	415
368	Total Expenditure	429
-674	Balance to Consolidated Revenue Account	-947

Note 8 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 service expenditure pages where there is a complete list of all Council activities (whether regarded as trading or non-trading).

2003/2004 Net Expenditure £,000		2004/2005		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
-14	Markets	61	62	-1
120	Building Control	664	538	126
-224	Land Charges	209	358	-149
-297	Car Parks	762	1,178	-416
25	Licensing	153	84	69
201	Pest Control	212	40	172
-195	Woolmer Industrial Estate	742	905	-163
-384		2,803	3,165	-362

Note 9		Net Contributions to /(-)from Provisions and Earmarked Reserves	
2003/04 £,000		2004/05 £,000	2004/05 £,000
0	Contribution from Revenue Account Reserve	-159	
0	Contribution from Future Strategic Spend	-35	
0	Contribution from External Support Reserve	-50	
-289	Contribution from Interest Equalisation Account	-87	
-50	Contribution from Redundancy Reserve	0	
-125	Contribution to Carry forwards	0	
-464	Amounts to transfers to specific reserves		-331
124	Contribution to Community Initiatives Fund	130	
502	Contribution to Corporate Projects Reserve	0	
250	Contribution to External Support Reserve	0	
0	Contribution to Penns Place Maintenance Fund	44	
154	Contribution to Housing Benefit System Reserve	0	
0	Contribution to Interest Equalisation Account	279	
109	Contribution to Local Development Framework Reserve	27	
106	Contribution to Planning Reserve	0	
0	Contribution to Redundancy Reserve	0	
100	Contribution to Service Expenditure Reserve	130	
1,345			610
881	Net Increase in earmarked reserves		279
	Capital Financing Account		
-943	Deferred Charges Written down		-1,697
-356	Depreciation		-415
-418			-1,833

See Note 2 to
Balance Sheet

Note 10 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. This has been undertaken within existing resources and no additional costs have been incurred

Note 11 Building Regulations Charging Account 2004/05

	2004/05		Total £,000
	Chargeable £,000	Non Chargeable £,000	
Employees Costs	220	184	404
Other Expenses	168	71	239
Total Expenditure	388	255	643
Building Regulation Fee Income	510	0	510
Other Income	10	18	28
Total Income	520	18	538
Surplus/(-)Deficit for the year	132	-237	-105

Note 12**Related Party Transactions**

The Council is required to disclose transactions with related parties that are not disclosed elsewhere in the accounts

The following grants were given to organisations that employ Councillors or their close family members. Such grants may be material to the organisations concerned and are therefore disclosed in this note.

<u>2003/04</u> <u>£,000</u>		<u>2004/05</u> <u>£,000</u>
<u>626</u>	Grants & Funding	<u>69</u>

Note 13**Audit Costs**

The Council incurred the following costs in relation to external audit

<u>2003/04</u> <u>£,000</u>		<u>2004/05</u> <u>£,000</u>
106	Fees payable to the appointed auditor - External Audit	59
0	Fees payable to the Audit Commission - Inspection	10
30	Certification of Grant Claims	20
<u>136</u>	Total	<u>89</u>

Collection Fund Income and Expenditure Account

<u>2003/04</u> £,000		<u>2004/05</u> £,000
	Income	
17,927	Income from business ratepayers	19,589
46,679	Council Tax	49,763
3,021	Council Tax Benefits	3,424
67,627	Total Income	72,776
	Expenditure	
38,135	Precept - Hampshire County Council	38,504
4,393	Precept - Hampshire Police Authority	4,966
0	Precept - Hampshire Fire & Rescue Authority	2,351
6,992	Precept - East Hampshire District Council	7,386
17,780	Contribution to NDR pool	19,440
147	Costs of NDR Collection	149
96	Increased provision for uncollectable Council Tax	133
67,543	Total Expenditure	72,929
<u>84</u>	Surplus/Deficit(-) for the year	<u>-153</u>
	Appropriation Account	
329	Balance as at 1st April B/Fwd	174
-31	Transfer to EHDC re previous years surplus	-12
-189	Transfer to HCC re previous years surplus	-63
-19	Transfer to HPA re previous years surplus	-7
84	Surplus/(-)Deficit for the year	-153
<u>174</u>	Balance as at 31st March 2005 C/Fwd	<u>-61</u>

Notes to the Collection Fund Income and Expenditure Account

Explanatory Note

The collection fund is a statutory account which is kept separate from the main accounts of the Council and is therefore not consolidated with the Council's revenue accounts. The accounts are prepared in accordance with SSAP2

The account includes transactions in respect of the collection of Council Tax and Non-Domestic Rates.

Note 1 Council Tax Base for 2004/05

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	Capital value as at 1st April 1991	Dwellings	Band D Equivalent Dwellings	Weighting
A	Up to £40,000	2,582	1,353	6/9
B	Over £40,000 & up to £52,000	4,558	2,958	7/9
C	Over £52,000 & up to £68,000	10,933	8,678	8/9
D	Over £68,000 & up to £88,000	9,427	8,656	1
E	Over £88,000 & up to £120,000	7,986	9,041	11/9
F	Over £120,000 & up to £160,000	5,340	7,291	13/9
G	Over £160,000 & up to £320,000	4,226	6,598	15/9
H	Over £320,000	597	1,066	18/9
		45,649	45,641	

The calculation of the tax base is made by adjusting for discounts, bad debts etc. and applying a weighting to the number of dwellings in each band as shown in the table.

The average Band D Council Tax charge for 2004/05 was £1,161.02

Note 2 Non Domestic Rateable Value and Multiplier

The Rateable Value of Non Domestic Properties as at 31/3/2005 was 51,324,506

The multiplier for the year was 0.456

Note 3 Precepting Authorities

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

	2004/05 £,000
Hampshire County Council	38,504
Hampshire Police Authority	4,966
Hampshire Fire & Rescue Authority	2,351
East Hampshire District Council (EHDC)	7,386

Note

a) The EHDC precept included Parish precepts of 1,819

Collection Fund Balance Sheet

2003/004 £,000		2004/05 £,000	2004/05 £,000
	Current Assets		
3,005	Debtors	2,328	
722	Less provision for bad debts	855	1,473
<u>2,283</u>			<u>1,473</u>
	Current Liabilities		
693	Creditors		482
1,416	Amount owed to General Fund		1,052
<u>2,109</u>			<u>1,534</u>
-174	Net Current liabilities /(-)assets		61
	Represented by:-		
-174	Collection fund revenue account deficit /(-)surplus		61

Notes to the Collection Fund Balance Sheet

Note 1	<u>Analysis of Debtors</u>	
326	Business Rate payers	646
1,409	Business Rates pool	160
1,270	Council Tax payers	1,522
<u>3,005</u>		<u>2,328</u>
Note 2	<u>Analysis of Provision for Bad Debts</u>	
164	Business Rate payers	270
558	Council Tax payers	585
<u>722</u>		<u>855</u>
Note 3	<u>Analysis of Creditors</u>	
76	Business Rates overpaid	56
33	Council Tax overpaid	68
584	Advance Payments	358
<u>693</u>		<u>482</u>

¹ Includes amounts paid in respect of bills for 2005/06

Consolidated Balance Sheet as at 31st March 2005

<u>2003/04</u> £,000 (Restated)		<u>2004/05</u> £,000	<u>2004/05</u> £,000	Note
	Fixed Assets			5
	Operational Assets			
14,348	-Land & Buildings		19,192	1
330	-Vehicles, Plant, Furniture & Equipment		474	
	Non-Operational Assets			
5,229	-Investment Properties		7,207	
<u>19,907</u>	Total Fixed Assets		<u>26,873</u>	
20,822	Long Term Investments		21,343	5
185	Long Term Debtors		90	3
<u>40,914</u>	Total Long Term Assets		<u>48,306</u>	
	Current Assets			
65	Stocks & Work in Progress	17		
4,346	Debtors	2,323		4
3,810	Investments	4,901		5
6	Cash & Bank	10	7,251	
<u>49,141</u>	Total Assets		<u>55,557</u>	
	Current Liabilities			
-3,118	Creditors	-3,685		6
-1,156	Bank Overdraft	-769	-4,454	
<u>44,867</u>	Total Assets less Current Liabilities		<u>51,103</u>	
-43	Deferred Liabilities		-63	6
-1,483	Developers Contributions Deferred Account		-1,716	7
-88	Deferred Credits		-104	8
-15,330	Pension Asset Account		-25,120	9
<u>27,923</u>	Total Assets less Liabilities		<u>24,100</u>	
	Financing			
-22,697	Fixed Asset Restatement Account		-15,405	10
53,665	Capital Financing Account		53,560	11
6,685	Usable Capital Receipts Reserve		5,584	12
-15,330	Pension Reserve		-25,120	13
	Fund Balances & Reserves			
3,928	- Earmarked Reserves	4,043		15
1,498	- Revenue Accounts	1,499		16
174	- Collection Fund	-61	5,481	
<u>27,923</u>	Total Net Worth		<u>24,100</u>	0

W R Price C.P.F.A
Strategic Manager

Date

W R Price
.....
28/10/05
.....

Notes to the Consolidated Balance Sheet

Note 1

Fixed Assets

	Land & Buildings £'000	Vehicles Plant & Equipment £'000	Non-Operational Property £'000	Total £'000	
Gross Book Value B/f	16,621	750	5,231	22,602	
Additions	1,830	344	7	2,181	Note a
Disposals					a
Revaluation	2,917	-108	1,969	4,778	
Gross Book Value 31/3/05	21,368	986	7,207	29,561	b
Depreciation					
Accumulated Depreciation	2,273	420	2	2,695	
For the Year	2,189	512		2,701	
Disposals				0	
Revaluation	-2,286	-420	-2	-2,708	
Total	2,176	512	0	2,688	
Net Book Value 31/3/05	19,192	474	7,207	26,873	
Net Book Value 31/3/04	14,348	330	5,229	19,907	

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 there was no market for the subject asset, the Depreciated Replacement Cost (DRC).

b) Non-operational 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.

The asset values in the accounts are based upon a valuation certificate issued in March 2005 by the Independent Valuers, Wadham & Isherwood. All assets were valued in accordance with RICS rules.

Number	Analysis of Council Assets	Number
	Land & Buildings	
30	Car Parks	30
5	Cemeteries	5
2	Sport / Leisure Centres	2
1	Shopmobility Centre	1
	Operational Buildings	
2	Offices	2
	Investment Properties - (Non operational)	
7	Shops	7
60	Industrial Estate Units	60

Capital Commitments as at 31st March, 2005

The Cabinet approved the following schemes at its meeting of 9th March 2005

These schemes are therefore committed but not contracted:

	£,000
Sports Centres - boilers & wetside improvements	320
Business process management system	260
Alton Community Building	exempt report

Capital expenditure is grouped into three categories as shown below and analysed on the following page.

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

Leased Assets: Expenditure which is 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.

Analysis of Capital expenditure 2004/2005	Land & Buildings £,000	Equipment £,000	Deferred Charges £,000
Sports Centres			
Alton BMS	6		
Housing Association Activity			
Housing Private Leasing - Drum			444
Housing Private Leasing - Kingfisher			538
Temporary Accommodation - Kingfisher			32
Private Sector Housing Grants			
LASHG Adaptations			474
Home Safety Grants			43
Developers Contributions And S106 Agreements			
Bramshott & Liphook			63
Binsted			3
Buriton			6
Chawton			1
Froxfield			3
Headley			5
Holybourne			2
Horndean			32
Lindford			10
Liss			1
Petersfield			1
Ropley			2
Rowlands Castle			20
Whitehill			6
S106 Works Lucky Lite Farm			10
Petersfield Town Centre Redevelopment	126		
Public Conveniences			
Cemeteries & Conveniences Refurb	25		
Blendworth Conveniences	16		
Central Car Park Conveniences	4		
Land Assets			
Car Park Maintenance	87		
Tilmore Brook	17		
Play Sites Refurbishment		5	
Liss Footbridge	2		
Buildings & IT Equipment			
Asset Management Plan Spending	8		
Penns Place Improvements	28		
Community Building, Alton	5		
Implementing Electronic Government		339	
	<u>324</u>	<u>344</u>	<u>1,696</u>
GRAND TOTAL			<u><u>2,364</u></u>

2003/04 £,000		2004/05 £,000	2004/05 £,000
	Financing of Capital expenditure		
1,738	Total expenditure		2,364
0	LESS		
267	- Items financed by operating leasing	0	
	- Expenditure financed by temporary borrowing	48	
			48
<u>1,471</u>			<u>2,316</u>
	ADD		
468	- Expenditure not financed b/fwd (accruals)		0
0	- Repayment of temporary borrowing		267
<u>1,939</u>	Total to finance from capital resources		<u>2,583</u>
	Method of Finance		
1,201	Capital receipts		1,755
477	Provision for Credit Liabilities		0
119	Specific capital grants (SCG)		575
92	Capital Contributions		166
50	Revenue Contributions		87
<u>1,939</u>	Total resources used		<u>2,583</u>

Note 2

Deferred Charges

Balance 1st April 2004 £,000		Gross Expenditure £,000	Written down £,000	Balance 31st March 2005 £,000
	General Fund			
0	Renovation and Other Housing Grants	1,531	1,531	0
0	Developers Contributions & Other	165	165	0
<u>0</u>		<u>1,696</u>	<u>1,696</u>	<u>0</u>

Note 3

Long Term Debtors

Balance 1st April 2004 £,000		Additions £,000	Reductions £,000	Balance 31st March 2005 £,000
88	Mortgages	0	43	45
45	Equity Shares	0	14	31
88	Employee Car Loans	30	73	45
<u>221</u>		<u>30</u>	<u>130</u>	<u>121</u>
-36	Provision for doubtful debts - Equity shares	0	-5	-31
<u>185</u>		<u>30</u>	<u>125</u>	<u>90</u>

Note 4

Debtors

Balance 1st April 2004 £,000		Balance 31st March 2005 £,000
	Amounts falling due within one year	
257	Government departments	29
320	Other Local Authorities	83
3,005	Collection Fund	2,328
1,524	Debtors for services	1,436
559	Drum Housing Group RTB Shares	0
188	HM Customs & Excise (VAT)	54
5,853		3,930
-785	Provision for doubtful debts	-752
-722	General Fund	-855
	Collection Fund	-855
<u>4,346</u>	Total	<u>2,323</u>

Note 5

Investments

Balance 1st April 2004 £,000 (Restated)**		Net Movements + / (-) £,000	Balance 31st March 2005 £,000
3,810	Short Term Investments		
	Funds directly lodged	1,091	4,901
	Long Term Investments		
11,052	Investec	521	11,573
9,770	European Investment Bank (EIB) Bond	0	9,770
<u>24,632</u>	Total	<u>1,612</u>	<u>26,244</u>

** The figures for 2003/2004 have been restated to reflect the view that the Investec and EIB investments are now regarded as long term investments.

Note 6		Creditors		
Balance 1st April 2004 £,000		Balance 31st March 2005 £,000		Note
	Amounts falling due within one year			
331	Government departments	561		
9	Inland revenue	8		
218	Other Local Authorities	503		
693	Collection Fund	482		
1,782	Creditors for goods and services	1,549		
85	Provisions	582		14
<u>3,118</u>		<u>3,685</u>		
	Amounts falling due over one year			
43	Deferred liabilities	63		
<u>3,161</u>	Total	<u>3,748</u>		
£,000	Capital Creditors	£,000		
0	The value of creditors in respect of capital expenditure included is:	2		

Note 7		Developers Contributions Deferred Account		
Balance 1st April 2004 £,000		Advances / Contribution £,000	Transfer to other a/cs £,000	Balance 31st March 2005 £,000
1,483	Contributions from Developers	474	-241	1,716
<u>1,483</u>		<u>474</u>	<u>-241</u>	<u>1,716</u>

The advances in 2003/04 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.

Note 8		Deferred Credits			
Balance 1st April 2004 £,000		Advances / Contribution £,000	Transfer to other a/cs £,000	Balance 31st March 2005 £,000	Note
88	Housing sale receipts Deferred	0	-43	45	
0	Government Grant Deferred	350	-291	59	a
<u>88</u>		<u>350</u>	<u>-334</u>	<u>104</u>	

Note

- a) Represents sums which are not available until they are repaid. They are transferred to usable capital receipts as they are received.

Note 9		Pension Asset Account	
2003/04		2004/05	
£,000		£,000	
-15,260	Creation of Pension Asset Account	-15,330	
-2,590	Unfunded Discretionary Benefits	0	
-830	Current Service Cost	-1,150	
-110	Past Service Pension Costs	-360	
-2,730	Interest Cost	-2,990	
110	Actuarial Changes	-10,220	
3,350	Return on investments	750	
<u>-18,060</u>		<u>-29,300</u>	
1,780	Return on Assets	2,150	
-70	Actuarial Changes	800	
1,020	Cash paid to Fund	1,230	
<u>-15,330</u>	Balance C/fwd	<u>-25,120</u>	

Note 4 to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Superannuation Scheme administered by Hampshire County Council. The following note contains details of the related assumptions made in estimating the figures included in that note

The most recent valuation was carried out as at 31st March 2004, and has been updated by independent actuaries to the Hampshire County Council Pension Fund to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31st March 2005. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The main assumptions used for the purposes of FRS17 are as follows:

	March 2004	March 2005
Discount rate for scheme liabilities	6.4% pa	5.3% pa
Discount rate for pension cost over following year	5.4% pa	5.3% pa
Rate of increase of salaries	4.4% pa	4.4% pa
Rate of increase in pensions in payment	2.9% pa	2.9% pa
Rate of Inflation	2.9% pa	2.9% pa
Rate of return on Equities	7.7% pa	7.7% pa
Rate of return on Government Bonds	4.7% pa	4.7% pa
Rate of return on Corporate Bonds	5.5% pa	5.3% pa
Rate of return on Property	6.7% pa	6.7% pa
Rate of return on Other Assets	4.2% pa	4.8% pa
Average long term expected rate of return	6.9% pa	6.8% pa

Assets are valued at fair value, principally market value for investments. The proportions of total assets held in each asset type by the Fund as a whole is as follows:

	March 2004	March 2005
Equities	71%	69%
Bonds	21%	22%
Property	4%	4%
Other	4%	5%
Total	100%	100%

The following amounts were measured in accordance with the requirements of FRS17:

	March 2004	March 2005
	£m	£m
Share of assets in HCC Pension Fund	31.88	32.07
Estimated funded liabilities in HCC Pension Fund	44.61	54.07
Estimated unfunded liabilities in HCC Pension Fund	2.60	3.12
East Hampshire District Council's deficit in the scheme	15.33	25.12

Note 10		Fixed Asset Restatement Account		
2003/04		2004/05		
£,000		£,000		
-22,697	Balance B/fwd	-22,697		
0	Revaluation and Write down of Assets	7,292		
-22,697	Balance C/fwd	-15,405		

Note 11		Capital Financing Account		
2003/04		2004/05		Note
£,000		£,000		
53,170	Balance Brought Forward	53,665		
468	Capital Receipts Set aside	0		
1,200	Capital Financing - Capital Receipts	1,757		
51	- Revenue Contributions	100		
92	- Capital Contributions	166		
119	- SCG	284		
0	- IEG	291		
0	Minimum revenue provision	0		a
55,100		56,263		
	less			
1,079	Write down of capital spending	2,288		
356	Depreciation	415		
53,665	Balance C/fwd	53,560		

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts
It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

Note

a) There is no MRP in respect of the General Fund as the General Fund has a negative credit ceiling.

Note 12		Usable Capital Receipts Reserve	
<u>2003/04</u>		<u>2004/05</u>	<u>2004/05</u>
<u>£,000</u>		<u>£,000</u>	<u>£,000</u>
6,914	Balance Brought Forward		6,685
468	Social Housing Grant Receipt		0
	Receipts from sales		
512	Drum Housing Group RTB Share proceeds	0	
460	assets	395	
119	grants / contributions etc.	545	
0	EIB	0	940
	LESS		
468	amounts set aside	0	
1,320	receipts used for financing in year	2,041	2,041
<u>6,685</u>	Balance C/fwd		<u>5,584</u>

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.

Note 13		Pension Reserve	
<u>2003/04</u>		<u>2004/05</u>	
<u>£,000</u>		<u>£,000</u>	
-15,260	Balance B/Fwd		-15,330
-2,590	Unfunded Discretionary Benefits		0
110	Actuarial Changes		-10,220
3,350	Return on investments		750
-870	Revenue account appropriation		-1,120
<u>-15,260</u>		<u>-25,920</u>	
-70	Actuarial Changes		800
<u>-15,330</u>	Balance C/fwd	<u>-25,120</u>	

The balance on the Pension Reserve represents the difference between the value of the Councils Pension fund assets and the estimated present value of the future pension payments to which it is committed

The net liability has a significant impact on the net assets of the Council as recorded in the balance sheet. However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy

Note 14 Provisions

Balance 1st April 2004 £,000		CRA Transfers £,000	Other Transfers £,000	Balance 31st March 2005 £,000	Note
85	Rams Walk Interest	0	-85	0	a
0	Thames Water	0	582	582	b
85	Total	0	497	582	

Note

- a) The final payments in respect of the Rams walk development were made in 2004/2005. This means that the provision for interest has been fully utilised
- a) The Thames Water provision relates to the Council's liability to make contributions towards the mains drainage scheme at Four Marks. The amount of the payment was subject to protracted negotiations but these have reached a conclusion, with payments due to be made in 2005/2006

Note 15 Earmarked Revenue and Capital Reserves

Balance 1st April 2004 £,000		CRA Transfers £,000	Other Transfers £,000	Balance 31st March 2005 £,000
0	Active Lifestyles Fund	0	56	56
10	All Weather Pitch	0	20	30
313	Capital Expenditure	0	2	315
57	Car Park Maintenance	0	-50	7
354	Community Initiatives	130	-105	379
502	Corporate Projects	0	0	502
10	Enforcement	0	0	10
250	External Support Equalisation	-50	0	200
35	Future Strategic Spend	-35	0	0
43	Housing Benefit System	0	-17	26
0	IEG	0	626	626
847	Information Technology	0	-556	291
41	Insurance	0	52	93
106	Interest Equalisation	192	0	298
120	Leisure Management	0	65	185
106	Planning Reserve	27	-8	125
22	Mill Chase	0	-22	0
356	Open Space Maintenance	0	-81	275
0	Penns Place Maintenance	44	0	44
109	Local Development framework	0	27	136
345	Redundancy Costs	0	-226	119
0	Second Homes Discount	0	23	23
302	Service Expenditure Reserve	130	-129	303
3,928		438	-323	4,043

Note 16		Revenue Account Reserves	
Opening Balance			Closing Balance
£,000			£,000
2,135	Balance Brought Forward		1,498
324	Operating Surplus		160
-961	Transfer to reserves		-159
1,498	Balance C/Fwd		1,499

Note 17 **Contingent Liabilities**

There is an issue surrounding the ownership of land that was subject to CPO in the late eighties. This could result in a claim on the Council in the order of £250k. The Council currently has no provision in the accounts for this item.

Note 18 **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 those obligations by expiry date of the lease

Period	Land & Buildings	Vehicles	Total
	£,000	£,000	£,000
Within one year	0	29	29
2-5 years	2	0	2
Over 5 years	0	0	0

Statement of Total Movements in Reserves

2003/2004 £,000 (Restated)**	2004/2005 £,000	Note
637 General Fund Surplus/Deficit(-) for the year	160	
-512 Add back Movements on earmarked revenue reserves	-44	
-870 Deduct Appropriation from pension reserve	-1,120	
40 Actuarial Gains and losses relating to pensions	-8,670	
-705 Total Increase/(-)Decrease in Revenue Resources	-9,674	1
-229 Increase/(-)Decrease in usable Capital Receipts	-1,101	
0 Increase/(-)Decrease in unapplied Capital Grants and Contributions	16	
-229 Total Increase/(-)Decrease in realised Capital Resources	-1085	2
0 Gains/(-)Losses on revaluation of Fixed Assets	7,292	
0 Impairment Losses on Fixed Assets	0	
0 Total Increase/(-)Decrease in unrealised value of fixed assets	7,292	3
0 Value of assets sold, disposed of or decommissioned	0	4
2,018 Capital Receipts set aside	2,231	
-1,028 Revenue Resources set aside	-2,188	
-274 Movement on Developers Contributions & Grants	85	
716 Total Increase in amounts to finance capital investment	128	5
-70 Total Increase/(-)Decrease on the Pensions Reserve	-9,790	
-288 Total Recognised Gains and Losses	-13,129	

** The figures for 2003/2004 have been restated to reflect the inclusion of actuarial gains and losses on pensions previously omitted.

Notes to the statement of total movements on reserves

Note 1	Movements in revenue reserves	General Balances £,000	Earmarked Reserves £,000	Pensions Reserve £,000
	Balance Brought Forward at 1st April	1,498	3,928	-15,330
	Surplus/Deficit for year	160		
	Appropriations to/from Revenue	-159	115	-1,120
	Actuarial gains and losses relating to pensions			-8,670
	Total Increase/(-)Decrease in Revenue Resources	1	115	-9,790
	Balance carried forward at 31st March	1,499	4,043	-25,120
Note 2	Movements in realised capital resources	Usable Cap Receipts £,000	Unapplied Cap Grants & Contribs £,000	
	Balance Brought Forward at 1st April	6,685	88	
	Amounts receivable in year	940	350	
	Amounts applied to finance new capital investment in year	-2,041	-334	
	Total Decrease in realised capital resources in year	-1,101	16	
	Balance carried forward at 31st March	5,584	104	

Note 3	Movements in unrealised value of fixed assets	Fixed Asset Restatement Account 2004/2005 £,000
2003/2004		
£,000		
	0 Gains on revaluation of fixed assets in year	7,292
	0 Impairment losses on fixed assets in year	0
	0 Total Increase in unrealised capital resources in year	7,292

Note 4 Value of assets sold, disposed of or decommissioned

	0 Amounts written off fixed asset balances for disposals in year	0
	0 Total Movement on reserve in 2004/2005	7,292
	-22,697 Balance Brought Forward at 1st April	-22,697
	-22,697 Balance carried forward at 31st March	-15,405

Note 5 Movements in amounts set aside to finance capital investment

2003/2004		Capital Financing Account £,000	2004/2005 Developers Conts £,000	Total £,000
£,000				
	54,432 Balance Brought Forward	53,665	1,483	55,148
	Movements in amounts set aside to finance Capital Investments:			
	<u>Capital Receipts set aside in year</u>			
	468 Reserved Receipts	0	0	0
	1,200 Usable Receipts applied	1,757	0	1,757
	350 Additional Contributions	0	474	474
	2,018 Total Capital Receipts set aside in year	1,757	474	2,231
	<u>Revenue resources set aside in year</u>			
	51 Capital expenditure financed from revenue	100	0	100
	-1,079 Write Down deferred charges	-2,288	0	-2,288
	-1,028 Total revenue resources set aside in year	-2,188	0	-2,188
	82 Grants applied to capital investment in year	741	-241	500
	-356 Amounts credited to the Asset Management Revenue /	-415	0	-415
	-274 Movement on Developers Contributions & Grants	326	-241	85
	<u>Total Increase/(-) in amounts set aside to finance Capital investment</u>			
	716 Total movement on reserve in year	-105	233	128
	55,148 Balance Carried Forward at 31st March	53,560	1,716	55,276

The Cashflow Statement

2003/04 £,000 (Restated)**		2004/05 £,000	Note
Revenue Activities			
Cash Outflows			
-8,405	Cash paid to and on behalf of employees	-9,101	
-38,324	Precept paid to Hampshire County Council	-38,567	
-4,412	Precept paid to Police	-4,973	
0	Precept paid to Fire & Rescue Authority	-2,351	
-17,780	Contribution to NDR Pool	-19,440	
-12,871	Other operating costs	-7,100	
-12,500	Housing benefit paid	-13,408	
-89	Employee loans made	-30	-94,970
Cash Inflows			
1,132	Rents	1,156	
46,679	Council Tax	49,763	
17,927	Non Domestic rate income	19,589	
3,816	Non Domestic rate income from National Pool	2,986	
2,214	Revenue Support Grant	2,229	
14,544	Housing Benefit & Council Tax Grant	16,867	
486	Housing Benefit Administration Grant	479	
535	Other grants & Contributions	331	
4,130	Cash received for goods & services	3,709	
865	Other cash income	1,152	
64	Employee loans repaid	87	98,348
Returns on Investments and Servicing of Finance			
Cash Inflows			
687	Interest received	1,633	
<u>-1,302</u>	Total Revenue Activities	<u>5,011</u>	1
Capital Activities			
Cash Outflows			
-795	Purchase of assets	-2,181	
-9,770	Additional Investments	0	
-1,079	Capital grants paid	-2,288	-4,469
Cash Inflows			
512	Drum Housing Group RTB Share proceeds	0	
928	Sale of fixed assets	395	
10,000	Other capital income (Returned Investments)	0	
270	Capital grants received	545	940
-1,236	Net Cash inflow / (outflow) before financing	1,482	
Management of Liquid Resources			
845	Net increase(-)/decrease in Short Term Deposits	-1,091	
<u>-391</u>	Increase /(-) Decrease in Cash /Cash equivalents	<u>391</u>	2
		0	

** The figures for 2003/2004 have been restated to reflect a further analysis of Housing Benefit Administration grant in the Cash flow statement

Notes to the Cashflow Statement

Note 1		Revenue Account Summary - Reconciliation of Accrual to Cash	
2004/05 £,000		2004/05 £,000	2004/05 £,000
-637	Revenue Account Surplus/(-)Deficit		160
84	Collection Fund Surplus/(-)Deficit		-153
-553	TOTAL ACCRUAL BASIS		7
3,896	Less Creditors B/fwd	3,118	
3,118	Add Creditors C/fwd	<u>3,685</u>	567
4,040	Add Debtors B/fwd	4,346	
4,346	Less Debtors C/fwd	<u>2,323</u>	2,023
85	Add Stock B/fwd	65	
65	Less Stock C/fwd	17	48
350	Contributions towards Capital	474	
-2	Deposits from Developers	20	
50	Capital Spend funded from Revenue / Reserves	<u>100</u>	594
580	Transfer of reserves, provisions etc.	2,293	
-638	Investment interest accrued	<u>-521</u>	1,772
-1,277	Total Cash Basis		5,011

Note 2		Increase / (Decrease) in Cash / Cash Equivalents	
Balance 1st April 2004 £,000		Movement in year £,000	Balance 31st March 2005 £,000
6	Cash in Hand	4	10
-1,156	Bank Balance	387	-769
-1,150		391	-759

Notes to the Cashflow Statement

Memorandum Item:

Analysis of Government Grants Received:

2003/04 £,000		2004/05 £,000
	Revenue grants	
2,214	Revenue support grant	2,229
3,816	NDR Grant	2,986
11,690	Housing Benefit & Council Tax Subsidy	16,867
486	Housing Benefit Administration Grant	479
43	Staying put scheme	0
	Capital Grants	
270	Renovation grants	268
0	Implementing Electronic Government	350
18,519		23,179

Source - Govt. Claim forms 2003/04 & 2004/05

General Information

2004		2005
	Area	
51,541	- Hectares	51,541
199	- Square Miles	199
	Population (estimated June)	
109,274	Under 5	110,190
6,317	5 - 15	6,072
15,985	16 - 64	16,090
69,651	65 and over	67,028
17,321		21,000
	Density of Population	
2	- per hectare	2
549	- per square mile	554
39	Number of Parishes / Town Councils	39

Permanent Staffing Establishment

2003/04 Full Time Equivalents	Key Services	2004/05 Full Time Equivalents
11	Building Control	11
19.5	Communication & Policy	18.3
15	Community Team	15.7
9.8	Democratic Services	10.2
47.2	Environmental Services	47.5
7.9	Executive	9.1
15.7	Financial Services	14.7
13.2	Housing Services	18.7
14	Information Technology	12.4
8.6	Legal Services	6.1
3	Personnel Services	3.5
38.8	Planning Development	37.7
21.6	Planning Policy	19.9
11.9	Property	12.7
24.9	Revenue & Benefits	44.8
262.1	Total Staffing (FTE's)	282.3

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.

East Hampshire District Council's

Decision Making Structure 2004/05

The Council's Constitution

In May 2001 East Hampshire District Council agreed a new constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution reflects the Council's new decision making arrangements which were introduced, in response to the requirements of the Local Government Act 2000, to implement an executive form of decision making.

How the Council Operates

The Council is composed of 44 councillors elected every four years. 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 follow a code of conduct which will ensure high standards in the way they undertake their duties. 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. Here councillors decide the council's overall policies and set the budget each year.

How Decisions are Made

Cabinet

The Cabinet is the part of the Council which is responsible for most day-to-day decisions. The Cabinet is made up of 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.

Area Community Committees

In order to give local citizens a greater say in council affairs, four Area Community Committees have been created. These cover the North East, North West, Central and South areas of the district and 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 are held in public.

Overview and Scrutiny

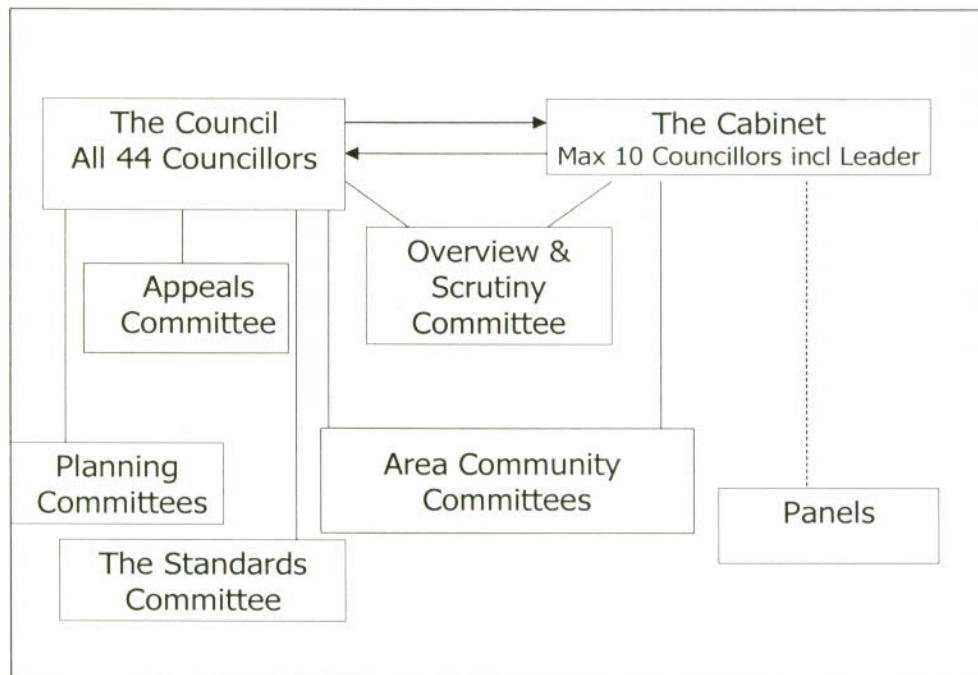
The Overview and Scrutiny Committee monitors the decisions of the Cabinet. It can 'call-in' a decision which has been made by the Cabinet but not yet implemented. It can also examine decisions made by the Cabinet and, in some cases, by Area Community Committees or Officers, where other councillors have "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 citizens 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.

East Hampshire District Council's

Decision Making Structure 2004/05

Panels

The Council is committed to developing and formulating policy on an inclusive basis wherever this is possible. The Cabinet, will be advised and supported in its policy formulation role by a number of standing Panels, each with a particular area of responsibility and encompassing a broad range of opinion and expertise. Those Panels will normally contain external representatives who are not councillors but who bring knowledge and expertise of the Panel's areas of responsibility. They will also contain councillors who are not in the Cabinet from all political groups together with the relevant portfolio holder from the Cabinet. The Panels will also have a role in advising and supporting the Overview and Scrutiny Committee as well as the Council and Area Community Committees. The Cabinet is also able to set up ad hoc Panels to perform particular tasks.



Cultural, Environmental and Planning Services

2003/04 Net Expenditure £,000		Gross Expenditure £,000	2004/05 Gross Income £,000	Net Expenditure £,000
Cultural & Related Services				
	Culture & Heritage			
167	Heritage	321	126	195
	Recreation & Sport			
0	Community Services Support Team	173	173	0
115	Countryside & Woodlands	122	0	122
626	Grants & Funding	651	17	634
52	Sports Development	0	0	0
956	Leisure Management	937	4	933
0	Active Lifestyles	10	5	5
175	Open Space Maintenance	0	0	0
	Service Management & Support Services			
0	Housing Operations	123	123	0
2,091	Total Cultural & Related Services	2,337	448	1,889
Environmental Services				
	Cemeteries, Cremation & Mortuaries			
47	Cemeteries	177	139	38
	Environmental Health			
261	Food Safety	295	9	286
271	Pollution Control	278	25	253
201	Pest Control	212	40	172
130	Health & Safety	145	36	109
137	Animal Welfare	159	7	152
25	Licensing	153	84	69
161	Public Conveniences	182	0	182
49	Community Safety	217	171	46
	Flood Defence			
209	Drainage	211	0	211
568	Street Cleansing	1,130	221	909
	Waste Collection			
1,869	Refuse/Recycling Contract	2,074	353	1,721
111	Waste Reduction	170	57	113
223	Garden Waste	313	136	177
	Service Management & Support Services			
0	Customer Services (Environment)	252	252	0
-5	Engineering Contracts	101	76	25
0	Rowdell Cottages (Prior Year Adjustment)	16	0	16
0	Customer Services (Engineering)	139	139	0
4,257	Total Environmental Services	6,224	1,745	4,479

Cultural, Environmental and Planning Services (Continued)

2003/04 Net Expenditure £,000		2004/05		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
Planning and Development Services				
	Building Control			
-122	Building Control Fee	400	520	-120
242	Building Control Non-Fee	264	18	246
	Development Control			
77	Planning Development Fee	792	555	237
767	Planning Development Non Fee	859	63	796
-166	Planning Delivery Grant	206	206	0
	Planning Policy			
457	Planning Policy	610	3	607
351	Local Plan	325	2	323
0	Local Plan 3	2	0	2
125	Planning Major Enforcements	215	2	213
	Enforcement Initiatives			
40	Environmental Projects	0	0	0
	Economic Development			
272	Economic Development & Tourism	372	24	348
-14	Markets	61	62	-1
77	Property Management	473	310	163
-195	Woolmer Trading Estate	742	905	-163
1,911	Total Planning and Dev Services	5,321	2,670	2,651

Highways Roads & Transport Services

	Highways & Roads (Routine)			
67	Public Lighting	66	0	66
31	Highway Services	153	128	25
	Traffic Management and Road Safety			
74	Street Furniture	69	1	68
	Parking Services			
-297	Car Parks	762	1,178	-416
	Public Transport			
484	Concessionary Travel	631	124	507
359	Total Highways Roads & Transport	1,681	1,431	250

Housing Services & Central Services to the Public

2003/04 Net Expenditure £,000		2004/05		
		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
Housing Services				
Private Sector Housing Renewal				
1,024	Private Sector Housing	1,824	1	1,823
574	Housing Needs	619	32	587
181	Housing Enabling	193	9	184
14	Anti-Poverty	9	0	9
1	Homeless Grants	21	21	0
Housing Benefits Payments				
588	Rent Allowances	13,467	13,429	38
1	Non HRA Rent Rebates	11	10	1
65	Benefits Local Scheme	0	0	0
331	Benefits Administration	1,107	548	559
112	Benefits Investigations	128	22	106
2,891	Total Housing Services	17,379	14,072	3,307
Central Services to the Public				
Local Tax Collection				
507	Council Tax	586	59	527
150	Council Tax Benefits	3,424	3,478	-54
-54	National Non-Domestic Rates	92	154	-62
Elections				
96	Democratic Services	387	387	0
52	Conducting Elections	16	13	3
17	Emergency Planning	14	0	14
-224	Local Land Charges	209	358	-149
544	Total Central Services to the Public	4,728	4,449	279
Other				
48	Corporate Training	23	0	23
9	Customer Care	1	0	1
26	Health Strategy	54	38	16
0	Interest on Internal Funds	0	0	0
0	Miscellaneous Income	0	0	0
73	Unapportionable Central Overheads	98	0	98
0	Bordon & Whitehill Opportunity	48	0	48
-81	Vacancy Factor	-156	0	-156
75	Total Other	68	38	30

Corporate and Democratic Core and Central & Support Services

2003/04 Net Expenditure £,000		Gross Expenditure £,000	2004/05 Gross Income £,000	Net Expenditure £,000
Corporate and Democratic Core (CDC)				
Democratic Representation and Management				
1,179	Committee & Members Costs	1,252	0	1,252
341	Community Team	641	121	520
540	Corporate Management	545	0	545
2,060	Total CDC	2,438	121	2,317
Central & Support Services				
0	Corporate Director- Environment	82	82	0
0	Accountancy	347	347	0
0	Exchequer	233	233	0
0	Audit	104	104	0
0	Information Technology	910	910	0
0	Media & Public Relations	212	212	0
0	Personnel Services	232	232	0
0	Corporate Property	302	302	0
0	Policy & Performance Management	191	191	0
0	Building Services	866	866	0
0	Information Services	397	397	0
0	IT Admin	33	33	0
0	Reprographics	267	267	0
0	Distribution	134	134	0
0	Legal Services Group	450	450	0
0	Strategic Manager ML	56	56	0
0	Strategic Manager MR	66	66	0
0	Strategic Manager WP	74	74	0
0	Deputy Chief Executive	156	156	0
0	Chief Executive	237	237	0
0	Project Integra	82	82	0
0	Total Central & Support Services	5,431	5,431	0