Statement of Accounts
For the year ended 31 March 2010

Chairman of the Council 2009/10	Councillor J Davies
Leader of the Council 2009/10	Councillor I C Bates
Executive Councillor for Finance 2009/10	Councillor T V Rogers
Chief Executive	Mr D Monks
Director of Commerce and Technology	Mr T Parker
Auditors	Grant Thornton UK LLP

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Introduction and Financial Summary

INTRODUCTION

In order to ensure that the financial accounts of local authorities are reliable, comparable and understandable a Statement of Recommended Practice (SORP) has been created which sets out how they should be prepared and what they must include. The Council's external auditors, appointed by the Audit Commission, ensure that Huntingdonshire's accounts comply with this SORP and that they present a true and fair view of the financial position and transactions of the Council.

The SORP is updated annually to reflect the latest national and international developments. The section on Accounting Policies gives some explanation of the main aspects. The change this year is significant in relation to the treatment of the Collection Fund and where relevant the figures have been restated for last year to allow comparability.

This booklet presents the accounts of Huntingdonshire District Council for the period from 1 April 2009 to 31 March 2010. It includes an Annual Statement on Governance which describes how the Council ensures that proper standards are maintained and that there is effective stewardship of public money.

The first account is the Income and Expenditure Account which shows the total costs of providing the Council's services and how they were funded. This is based on the SORP but the Government has defined certain adjustments, mainly relating to pensions and capital financing, that shall be made to reduce the amount that Council Tax payers must pay and these are shown in the Statement of Movement on the General Fund Balance. The Statement of Total Recognised Gains and Losses brings together all the gains and losses in the various activities of the Council and shows the aggregate change in net worth.

The Balance Sheet summarises the Council's assets and liabilities at the end of the year (31 March 2010) and the Cash Flow Statement sets out where the money came from and how it was spent. Explanatory notes give greater detail.

There is a separate account for the Collection Fund which shows the amounts collected from Council Tax and Business Rate payers. It identifies the sums passed to the Government (business rates) the County Council, the Fire and Police authorities and Town and Parish Councils together with any surplus or deficit.

A section is also included which explains the current position on the Pension Fund.

FINANCIAL SUMMARY 2009/10

The paragraphs below highlight the key points relating to the Council's financial position recorded in the accounts. They are followed by a simplified version of the Income and Expenditure account.

Revenue Spending

The original budget had a deficit of £3.8m which it was planned to fund from reserves. The Council has spent £1.9m less than expected, though £0.3m of spending on projects has been deferred to 2010/11. The opportunity has been taken to place this £1.9m in a Special Reserve to be used to meet any one-off costs of achieving the significant reduction in net expenditure required over the next few years. This counts as expenditure and so there is no change to the £3.8m needed from general reserves.

The main items leading to the lower spending this year were lower provision for debt repayments net of interest (-£499k), extra specific government grant (-£579k), recovery of VAT (-£696k), housing benefits (-£130k), savings on management units (-£469k), items slipping to the following year in excess of the provision (-£96k). These savings have been partly offset by extra spending and reduced income on development control (£280k) and One Leisure (£194k).

2008/09	Revenue spending	2009/10		
Outturn		Budget	Outturn	Variation
		£000	£000	£000
19,950	Net Expenditure	23,380	21,393	-1,987
	Contribution to Special Reserve		1,913	+1,913
19,950	**Total Net Expenditure**	**23,380**	**23,306**	**-74**
	Funded from:			
-12,158	Government Support (RSG + NNDR)	-12,572	-12,572	0
-6,668	Council Tax	-7,023	-7,023	0
28	Collection Fund Deficit	-27	-49	22
0	Deferred projects reserve	0	96	-96
-1,152	Deficit funded (-) from Reserves	-3,758	-3,758	0
-19,950		**23,380**	**23,306**	**-74**

Capital Spending

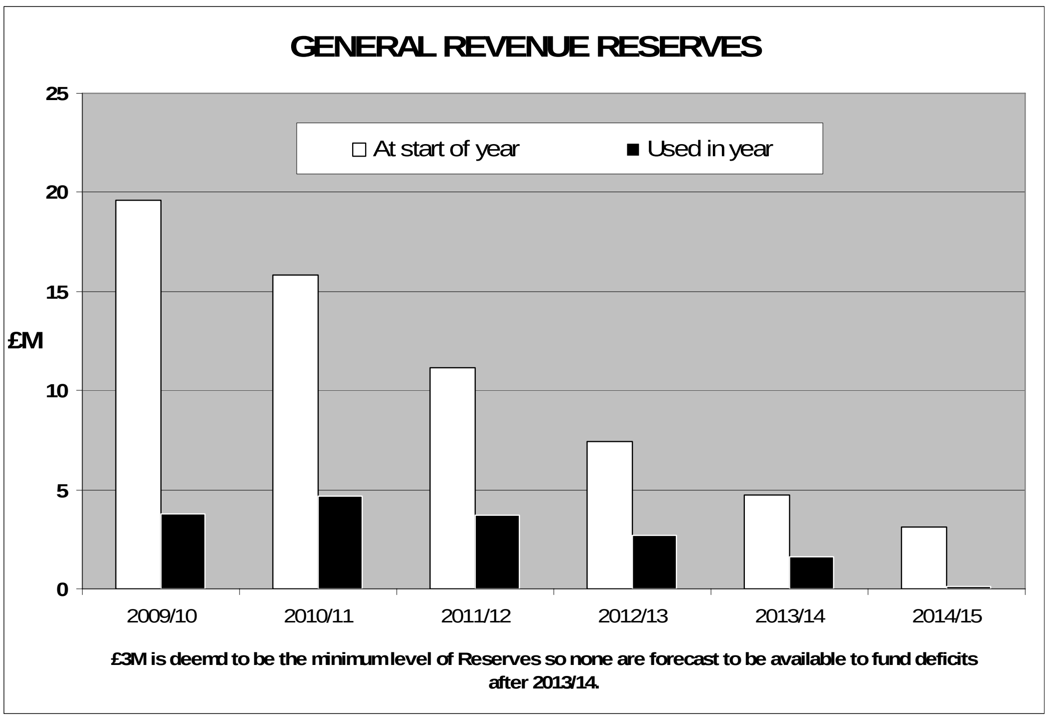
The original net budget was for £17.8m and assumed that there would be schemes brought forward from 2008/09 of £0.7m. However, reduced contributions towards schemes in 2008/09 resulted in a negative brought forward amount of £1.1m. A combination of reductions and delays in the Capital Programme in 2009/10, mainly as a result of the economic situation, has resulted in a net £5.1m of schemes being either removed or deferred to 2010/11 and beyond.

Capital Spending	**2009/10 £000**
Environmental Services	292
Industrial and Economic Development	677
Parks and Countryside	712
Leisure Centres	2,425
Community Grants	65
Housing	2,198
Community Safety	8
Highways and Transportation	763
Vehicles and Plant	593
Office accommodation (new Customer Services Centre and Offices in St Mary's Street)	5,969
IT	904
Other	39
Gross	**14,645**

Less external contributions and capital grants	-3,013
Net	**11,632**
Funded from	
Capital Reserves (capital receipts)	895
Borrowing	10,737

Reserves
General Revenue reserves are now down to £15.6m and Capital reserves are effectively nil with any capital receipts being used to fund expenditure in the year they are received.

The Council's last financial forecast was produced in February and it plans for revenue reserves to fall to £3m (our current estimate of the minimum level required) over the next few years as shown in the chart below:



The forecast will be reviewed again in September to take account of the latest information including the 2009/10 outturn.

Pension Fund
The pension fund's actuary reviews the adequacy of the fund to meet future liabilities each year. This year, 2009/10, he has changed the post-retirement mortality assumptions as a result of longer life expectancies which has increased the expected liabilities on the fund. He has also taken account of the additional employees' contributions and the impact on the funds investments from falls in the stock market resulting from the recession. The net effect is that the forecast deficit has risen from £30m to £68m. In the short and medium term there are adequate funds to meet all pension payments.

Such calculations tend to be, rightly, cautious but investments are predominantly in the stock market because, over the long term, returns have been good. If this continues to be true then future valuations will improve. There are more detailed valuations of the Pension Fund every three years and these result in changes to the employer's contribution rate so that the Fund will become sufficient in the long term. The rate for 2009/10 was 18.4% and the Council's MTP already provides for increases in 2010/11 (20.4%) and future years. The valuation this autumn based on the position as at 31 March 2010 will confirm the employer's contributions for 2011/12 and the following two years.

Treasury Management

In June 2010 the Council received a report on Treasury Management activity during 2009/10. It explained how the Council has continued to be prudent in its investment policy whilst still attempting to get reasonable returns. Instant notice liquidity accounts, banks with high credit ratings and UK building societies have been used in order to create a strategy that beats base rate at a very low risk of non-repayment. The report also highlighted that the Council's investments exceeded their benchmark by 3.7% mainly due to some longer term investments that were made before interest rates fell.

SIMPLIFIED REVENUE INCOME AND EXPENDITURE ACCOUNT

The following table shows a simplified combination of the Income and Expenditure Account and the Statement of Movement on the General Fund Balance. It shows the financing of the revenue expenditure having removed the statutory items that are included in the Income and Expenditure Account

2008/09 Actual	Revenue Income and Expenditure	2009/10 Actual	
£000		£000	£000
88,145	**Gross Expenditure #**	84,822	
	Contribution to Special Reserve	1,913	
-24,030	**Less** government prescribed adjustments**	-8,076	
64,115			**78,659**
	Income and other items		
-8,313	Fees and charges #	-13,343	
-32,800	Government grants including reimbursement of housing and council tax benefits	-40,409	
-2,491	Investment Income	-1,044	
-363	Trading undertakings surplus (-)	-557	
-43,967			**-55,353**
20,148	**Total to be funded**		**23,306**
	Funding		
-6,640	Council Tax	-7,072	
-1,685	Revenue support grant	-2,357	
-10,671	NNDR from national pool	-10,215	
-18,996			**-19,644**
-1,152	**Surplus to or deficit (-) met from reserves**		**-3,662**
	Revenue Reserves used (-)		
-1,091	General Revenue Reserves	-3,758	
-61	Provision for delayed projects	96	
-1,152			**-3,662**

The 2008/09 figures are net of leisure centre income and expenditure
**The most significant of the Government prescribed adjustments are the removal of:

- the depreciation, impairment and deferred charges relating to capital assets
- extra costs included for retirement benefits in excess of the normal employer's contributions.

CHANGE IN ACCOUNTING POLICY
COUNCIL TAX AND NATIONAL NON DOMESTIC RATES (NNDR)
A change to the SORP for the 2009/10 accounts relating to accounting for council tax and NNDR has meant that the collection of council tax and NNDR must be accounted for as an agency arrangement. This has had an impact on the Income and Expenditure Account and the Balance Sheet. The detail is included in the accounting policies (no.20).

CONCLUSION
Under the Comprehensive Performance Assessment (CPA) the Council was independently judged as "excellent" overall and continues to perform well in its use of resources despite the test becoming more difficult. It continues to focus its service developments on those areas that local people see as a priority.

It has a robust Medium Term Plan and Financial Forecast until 2024/25 to ensure that it manages its resources proactively and allows the long term impact of any decision to be carefully considered. A medium term need for significant spending reductions from efficiency improvements and service adjustments, offset by increased fees, charges and government grants, has been identified.

Lower spending than expected in 2009/10 has enabled a Special Reserve of £1.9m to be created that will be used to fund up-front costs relating to achieving savings. Consultation with the public will be carried out on the options for achieving these savings.

Terry Parker
Director of Commerce & Technology
28 September 2010

Statement of Accounts approved by the Corporate Governance Panel
Chairman: **Cllr. T Sanderson**
28 September 2010

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

An 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 this Authority, that officer is the Director of Commerce and Technology
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts by 30 June 2010

The Responsibilities of the Director of Commerce and Technology

In preparing this Statement of Accounts which presents a true and fair view of the financial position of the Authority at 31 March 2010 and its income and expenditure for the year ended 31 March 2010, I have:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the SORP
- Kept proper accounting records which were up to date
- Taken into account, where appropriate, any post-balance sheet events
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Terry Parker
Director of Commerce and Technology
28 September 2010

Annual Statement on Governance

Huntingdonshire District Council is responsible for ensuring that –

- its business is conducted in accordance with the law and proper standards; and
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In carrying out these duties, Members and employees are responsible for putting in place proper arrangements for governance of the Council's affairs and the stewardship of the resources at their disposal. To that end, the Council has approved and adopted a Code of Governance, which reflects the principles and requirements of the Chartered Institute of Public Finance and Accountancy/Society of Local Authorities Chief Executives ("CIPFA/SOLACE"). The Code is published on the Council's website at http://www.huntingdonshire.gov.uk/Councils%20and%20Democracy/Council/Pages/Code%20of%20Corporate%20Governance.aspx and hard copies are available on request from the Policy & Strategic Services Manager.

The Code describes the way in which the Council will carry out its functions and how it complies with the principles of openness, integrity and accountability. The Code applies to elected Members and employees alike, and they are reflected in the Council's working procedures and processes in the interests of establishing and maintaining public confidence.

The Council's Code of Governance recognises that effective governance is achieved through the following **core principles**:

- focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for Huntingdonshire.

- Members and employees working together to achieve a common purpose with clearly defined functions and roles.

- promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- developing the capacity and capability of Members and employees to be effective.

- engaging with local people and other stakeholders to ensure robust local public accountability.

In the Code these six core principles have a number of **supporting principles** which, in turn, have **specific requirements**. These principles and requirements apply across the work of the Council and define the Governance Framework.

The Governance Framework

A Governance Framework has been in place for the year ended 31st March 2010 and up to and including the date of approval of the statement of accounts.

The Council's powers and duties of Council, Committees and Panels require the Corporate Governance Panel (among other things) to –

- ensure that the Council has a sound system of internal Audit which facilitates the effective exercise of the Council's functions including arrangements for the management of risk; and

- consider the Council's Code of Corporate Governance and approve the annual statement in that respect.

In turn the Council's Head of Law, Property & Governance and Monitoring Officer has been given responsibility for –

- overseeing the implementation and monitoring the operation of the Code;

- reviewing the operation of the Code in practice; and

- reviewing and reporting to the Corporate Governance Panel on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

1. Communicating vision and purpose

The Council has in place a Community Strategy, "Growing Our Communities", which sets out a vision, shared with partners, for Huntingdonshire, published on the Council's website at http://www.huntingdonshire.gov.uk/SiteCollectionDocuments/HDCCMS/Documents/Business%20and%20Economic%20Development%20Documents/Huntingdonshire%20Strategic%20Partnership/hps1017_-_sustainable_community_strategy_booklet_web.pdf

The Strategy was reviewed and re-adopted by the Council in September 2008. In addition the Council's Corporate Plan, "Growing Success", sets out our vision and our purpose in the context of the Community Strategy. The Council has recently reviewed "Growing Success" by identifying and prioritising community and Council objectives, which will help to achieve the vision. In turn, both "Growing Our Communities" and "Growing Success" are supported by a series of Plans and policies to achieve the vision and aims for Huntingdonshire. These Plans are supported by a comprehensive performance management framework which monitors the achievement of targets and measures.

The Council's Communications & Marketing and Consultation & Engagement Strategies are used to promote and guide communications and engagement with local residents and to ensure that the vision and supporting plans are shared with local residents and other stakeholders. Extensive consultation and engagement has been used to develop the plans and regular surveys are carried out to gauge satisfaction with the achievement of the vision.

2. Roles & responsibilities

The Council's Constitution provides a comprehensive explanation of the Council's administrative and managerial processes. Designed to illustrate the statutory division between executive and non-executive roles and responsibilities within the Council, the Constitution also defines the relationship between the Council and local residents by means of a series of articles, procedure rules and codes of practice.

Articles and tables list the functions of the Executive, Scrutiny and Standards Committee arrangements as defined by the Local Government Act 2000 and explain how the Council has delegated its non-executive decision making to Committees and Panels. The role of Statutory Officers is defined, together with the management structure of the authority, and the Scheme of Delegation contains a comprehensive summary of all decision making powers delegated to Officers by the executive and non-executive parts of the Council. A series of procedure rules demonstrate clearly the inter-relationship between those various elements.

A Member-led cross party review of the Council's democratic arrangements was undertaken in 2008/09 that evaluated the Council's performance since the adoption of the current structure, the implications of change necessitated by the Local Government and Public Involvement in Health Act 2007 and the emerging themes of strengthening local democracy in recent Government consultation documents and guidance.

The review concluded that the existing structure had worked well since its inception and the principles of the executive/scrutiny split had become embedded in the organisation. Nevertheless, the Council agreed various changes to promote local democracy and community engagement in the process, involving –

- a new look to Council meetings with headline debates, Cabinet 'white paper' proposals, monitoring of LAA performance, public question time and evening meetings;
- public consultation on a move to an executive leader in 2011;
- restructuring of the role of the Deputy Leader to improve support for the Leader and other executive councillors;
- a move to evening Cabinet meetings to assist executive councillors in full time employment;
- a refocusing of overview and scrutiny to enhance scrutiny of LSP priorities, partners and general well-being;
- co-option of independent persons to Overview and Scrutiny Panels to promote community engagement and widen experience;
- establishment of neighbourhood forums to promote community local democracy and community engagement;
- role descriptions for holders of special responsibility allowances, all councillors and group leaders; and
- signing of the IDeA Member Development Charter to enhance support for elected councillors.

A review of the changes to the Council's democratic structure, which have been in place for over a year, has recently been initiated.

Cabinet

Chaired by the Leader of the Council, the Cabinet has responsibility for all executive functions of the authority. Having moved to monthly evening meetings following the review of the democratic structure, the Cabinet is now better placed to consider reports and recommendations from Overview and Scrutiny Panels that meet earlier in the month.

Portfolios of executive responsibilities are allocated by the Leader to seven executive councillors with the Deputy Leader now concentrating on a supportive function with specific responsibility for Member development and achievement of the IDeA Member Development Charter.

Key decisions, defined as issues involving income/expenditure of £50,000 plus or that affect two of more wards, are listed in a Forward Plan publicised four months in advance with executive decisions published within three days to facilitate potential call-in by scrutiny.

The arrangements for delegated decision making, the conduct of business at meetings etc. are defined in Cabinet procedure rules contained in the Council's constitution.

Overview & Scrutiny Panels

The Council has appointed 3 Overview and Scrutiny Panels (Social Well-Being, Environmental Well-Being, and Economic Well-Being) which discharge the functions conferred by Section 21 of the Local Government Act 2000 in relation to the matters set out in Article 6 of the constitution. The composition of the three Panels reflect the three main principles of the Sustainable Community Strategy.

Within their terms of reference, the Overview and Scrutiny Panels will:-

- review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
- make reports and/or recommendations to the full Council and/or the Cabinet and/or any Joint Committee in connection with the discharge of any functions;
- review the performance of the Council and the achievement of performance indicators and targets;
- scrutinise the performance of partnerships in relation to LAA targets and crime and disorder;
- exercise the Councillor "call for action" arrangements;
- consider any matter affecting the area or its inhabitants; and
- exercise the right of call-in, for reconsideration, of decisions made but not yet implemented by the Cabinet, an individual member of the Cabinet, a Committee of the Cabinet or a key decision made by an Officer.

An annual report of the activities of the Overview & Scrutiny Panels for 2009/10 was completed and approved by the Panels in June. It has been publicised in the Council's website and sent to interested parties

Corporate Governance Panel

The Council has established a Corporate Governance Panel to consider the issues of audit, governance and finance including:

- ensuring that the financial management of the Council is adequate and effective;
- approving the Council's statement of accounts;
- ensuring that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions including arrangements for the management of risk;

- considering the Council's Code of Corporate Governance and approving the annual statement in that respect;
- overall responsibility within the Council for ensuring that the assurance framework is in place and operating effectively
- determination of the Council's feedback procedure, monitoring compliance with the procedure, compensatory payments to complainants and formulation of recommendations to the Cabinet or Council on any action to be taken as a consequence; and
- receiving and considering the external auditor's reports including the Annual Report to those charged with Governance and the Annual Audit Letter.

3. Codes of conduct defining standards of behaviour

A Members' Code of Conduct provides the statutory framework for the ethical conduct and behaviour of Members of the Council and persons appointed or co-opted to Committees. Training is provided by the Monitoring Officer to ensure Members are thoroughly aware of the standards expected of them and to embed the principles set out in the Code into the culture of the Council.

Notwithstanding the absence of a statutory model, an Employees' Code of Conduct defines the behaviour that the Council expects of its employees, with training provided as part of the induction process and annual reminders issued to both Members and employees of the need to register any new or changed interests.

A protocol for relations between Members and employees establishes the principles to be observed in the relationships at both an individual level and between executive and non-executive bodies and employees. A further protocol on community leadership by Members and Codes of Good Practice for both planning and licensing explain to Members the high standards of behaviour and conduct expected of them in carrying out their constituency and quasi-judicial decision making roles. Published on the Council's Internet and Intranet, the Codes and protocols are supplemented by training to ensure a thorough understanding and compliance with the principles and standards that they establish. Responsibility for receiving complaints about standards of behaviour and carrying out the preliminary assessment of what action, if any, is required, transferred from the Standards Board for England to local authority Standards Committees in May 2008. Since May 2008 the monitoring officer has received and dealt with 32 complaints (five cases have involved District Councillors and the remainder Parish Councillors) of which 5 were referred for further investigation. No action was necessary in 18 cases and the remainder were referred to the monitoring officer for other action, such as training and the submission of an apology to the complainant. The Council has made the necessary changes to its Constitution and put in place the appropriate procedures to deal with this additional responsibility.

Allowances

Councillors' allowances are set by the Council based on the recommendations of an Independent Remuneration Panel as required by the legislation. Allowances can be fixed for a 4 year period with an agreed formula to deal with annual adjustments without the need for further review. Regulation 10 of the Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/1021) refers. The Council's allowances were set by the Council in February 2007 to come into effect in May of that year. A further review by the Independent Remuneration Panel is therefore not required until 2011.

During the year £379,000 was paid as allowances to 52 Councillors, the basic allowance being £4,235.04 per annum. In addition Councillors can claim a limited range of travel and sundry expenses. This amounted to £23,886.23 in the year. Therefore, a total of £402,886.23 was paid during the year

The Chief Executive and Directors incurred travel and subsistence costs in the course of their duties. No taxable expenses were reimbursed. Car fuel costs were reimbursed at rates ranging between 10p & 17p per mile. In total £10,600 of expenses were reimbursed.

4. Review of the Constitution

The Council's Constitution, which incorporates the Council procedure rules (Standing Orders), Code of Financial Management (financial regulations), Code of Procurement (Standing Orders as to Contracts) etc., is reviewed formally at biennial intervals, with an opportunity provided for both the executive and non-executive, as well as individual Members and employees, to reflect on its robustness and operation in practice over the previous two years. Interim changes may be made from time to time that are necessitated by legislative developments, reviews of working practices or alteration to decision making responsibilities. Any such change is communicated by updating the Constitution both electronically on the Internet and Intranet and in hard copy. A biennial review of the constitution was undertaken in 2009, together with a Member led review of the Council's democratic arrangements which resulted in a number of changes.

5. Capacity and Capability

Members

The Council has signed the IDeA Member Development Charter and is preparing an Action Plan to achieve Charter status. Role descriptions have been introduced for all Executive Councillors, other Councillors in receipt of special responsibility allowances, political group leaders and Ward Councillors

A training and development programme has been designed for Members that embraces the professional, organisational and behavioural knowledge and skills that they require to enable them to perform their roles both internally and within the community. Skills and needs audits are undertaken periodically and personal development plans will be prepared for individual Members. A record of all training undertaken is held on Members' individual files. Training is provided both internally by senior management and by external consultants and specialists.

A Members' induction scheme is in place for new Members. Specific training is provided for Members who sit on the –

Licensing Committee/Panel
Development Management Panel
Standards Committee
Overview & Scrutiny Panels
Corporate Governance Panel.

Employees

The Council is committed to developing the skills of employees to enable roles to be carried out effectively and enhance career progression. Skills of employees are assessed as part of the annual appraisal process and an appropriate personal training and development plan is agreed. In addition corporate training programs such as Management and Leadership, Equality and Diversity, and Health and Safety training are in place.

6. Treasury Management

Treasury Management is the process by which the Council:

- ensures it has sufficient cash to meet its day-to-day obligations
- borrows when necessary to fund capital expenditure, including borrowing in advance when rates are considered to be low
- invests any surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The Council's Treasury Management Strategy provides clear objectives for the management of its borrowing and investments. It emphasises the need for effective management and control of risk. The Strategy for 2010/11 was approved in January 2010

Risks associated with investments

The risk is managed by:

High credit quality:

- Investing in institutions with a high credit quality which takes into account factors in addition to credit ratings including credit default swap prices
- Specifying the minimum credit rating of the counterparty in the value of the investment according to the size even though many do not have a credit rating because the regulatory framework means that deposits from local authorities would be paid before retail deposits
- Reacting immediately to any changes to credit ratings which often results in the counterparty being removed from the approved list

Spreading the risk

- Spreading the investments by counterparty taking into account where institutions are linked to the same group
- By having country limits
- By imposing limits for non-specified investments (time deposits of more than one year and corporate bonds)

Duration of investments

- A maximum duration of 5 years

Additional Restrictions

In order to manage risk whilst maintaining acceptable returns the following additional limitations have been introduced:

- Even if borrowing rates appear to be particularly good value compared with current and expected trends, any additional forward borrowing to finance the Council's MTP will only be undertaken after considering how acceptably safe counterparties would be identified to cover the investment of such sums pending their use.

- Maximum use will be taken of investment call accounts, where we can recover our funds in less than 24 hours, with highly rated banks as long as their rates continue to be reasonable.

Budget
The Council needs to achieve £8 million savings that our medium term financial plan suggests is required by 2014/15. A Budget Plan is being implemented which has identified service efficiency savings and potential income through increased charges.

A resident, stakeholder and staff budget consultation exercise has been undertaken throughout July and August, via face to face interviews, a survey on our web site and paper based surveys at Library's, Customer Service Centres and Leisure Centres. The results will be considered by Chief Officer Management Team and Members in this Autumn.

A voluntary redundancy scheme is currently being developed and will be open to all members of staff from September 2010

7. Internal Audit

Internal audit work is undertaken in accordance with the CIPFA Code of Audit Practice. The Director of Commerce & Technology is accountable for the Council's internal audit arrangements. A risk-based strategic plan detailing the risks and activities of the Council is prepared, from which the annual audit plan is drawn. Written reports are prepared for all audits: these include an opinion on the degree of risk perceived and the assurance that can be obtained from the system. An annual report is submitted to the Corporate Governance Panel by the Internal Audit & Risk Manager in which he expresses his opinion on the Council's internal control environment based upon the work the internal audit service has completed.

In respect of the 12 month period ending 31st August 2010, the opinion expressed was that the "Council's internal control environment and systems of internal control provide limited assurance over the effective exercise of its functions. In respect of these systems that refer to, or are substantially related to, internal financial control, the controls operated by management are adequate"

8. Whistleblowing and Benefit Fraud

A Whistleblowing Policy and Procedure have been adopted, and are available on the Council's Website and Intranet. They are reviewed annually and publicised widely. A 'phone line and 'web form' are available for complainants' use at all times.

The Fraud Team undertakes investigation of allegedly fraudulent applications for housing and council tax benefit. This work complies with various legislative requirements. In addition the team also conduct investigations into fraudulent housing applications, council tax discounts and exemptions made by local taxation customers.

The Council participate in the National Fraud Initiative and a summary of the outcomes of the latest data matching exercise was reported to the Corporate Governance Panel in December 2009.

9. Complaints Procedure

The Council has adopted a feedback procedure which is in place to identify and deal with failure in service delivery. Complaints, or feedback to help service improvement, can be made in person at the Council offices, via telephone, fax, e-mail or the Council's website.

The revised procedure has been in place for over a year. In that period there has been an increase in the number of complaints that the Council receives and complainants now tend to pursue their complaints further through the process. There is no suggestion that there are more service failures as the number of complaints examined by the Ombudsman which have lead to a local settlement remains negligible and no findings of maladministration have been found. There are, nevertheless, greater demands on senior managers to respond to complaints.

10. RIPA and FOI

A policy has been adopted by the Council dealing with covert surveillance under the Regulation of Investigatory Powers Act 2000 and is published on the intranet. A group of officers has been established and meets on a regular basis to discuss surveillance issues and appropriate training is provided to staff and members. The 3rd Inspection Report of the Office of Surveillance Commissioners, published in June 2008 described the Council's use of RIPA as 'exemplary'.

11. Risk Management

The Council maintains a risk register which contains the significant corporate and operational risks which are likely to affect the achievement of corporate objectives. The register is reviewed by the Risk Management Group, who report to the Chief Officers' Management Team and the Corporate Governance Panel. The Cabinet are responsible for formally deciding the acceptability of the highest levels of residual risk or if additional mitigation is required. Amendments to the risk management strategy were approved in December 2009. A risk register is in place which is used to inform the internal audit plan and the review of the system of internal audit. Regular reports on the risks facing the Council are reported to the Corporate Governance Panel.

12. Assurance Framework

To ensure that the Council is complying with its Governance arrangements and meeting the requirements of the Code (as set out in the principles, core principles and specific requirements) an Assurance Framework in the form of an annual cycle is in place which includes:

- an annual review of governance arrangements;
- preparation of an Annual Governance Statement (AGS);
- implementation of an action plan associated with the AGS;
- a half yearly review of progress against the action plan;
- continued reference to systems and reporting as necessary to provide assurance and support for good governance; and
- the Audit Manager’s annual report and comments by the external auditors and other inspections

This cycle is designed to reflect good practice in delivering a framework of assurance for Members and employees in terms of governance arrangements and to help to ensure accountability and transparency for local people and other stakeholders such as the Council’s external auditors and Government inspectors.

The Corporate Governance Panel has overall responsibility within the Council for ensuring that the assurance framework is in place and operating effectively.

13. Assurance

In March 2009 the CGP in taking account of the guidance issued by CIPFA in January 2009 agreed that the annual review of Governance arrangements will include the annual review of the effectiveness of the system of internal audit. The system of internal audit provides the framework of assurance necessary to satisfy the Council that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.

Sources of assurance can be taken from:

- the Internal Audit Manager’s annual opinion on the internal control environment;
- the risk register and assurance on the operation of key controls;
- the Council's performance management framework revised and refreshed in conjunction with a review of the Corporate Plan "Growing Success” in January 2010;
- the consideration and monitoring by the Chief Officers’ Management Team of reports and decisions prepared for, and taken by, Cabinet;

- arrangements which have been made to ensure that reports to Members are subject to completion of a template that requires authors to certify that they have had regard to the implications implicit in the report, including legal, financial and risk issues;
- reviews of the Constitution which have included variations to the Council's overview and scrutiny processes;
- the 2008/09 Audit and Inspection Letter from the Audit Commission; and
- the Council's Improvement Plan – incorporating the actions from external audits.

14. Governance of Partnerships

Increasingly the Council is seeking to promote joint working and partnership to deliver local objectives, improve efficiency and achieve savings. A Partnership evaluation framework, including the criteria for the good governance of partnerships identified by the Audit Commission report "Governing Partnerships: Bridging the Accountability Gap" has been developed. The framework balances the need for appropriate governance of partnerships which reflect their cycle of development to ensure that innovation and new ways of working are not stifled by over-burdensome procedures, while at the same time ensuring that arrangements exist which are compatible with the governance needs of the Council. Using the framework the Council has undertaken an initial assessment of partnerships and a (3 year) programme is being implemented to continuously review and develop strategic and operational partnerships.

In addition the Council is actively involved in developing governance of County-wide partnerships, supporting the delivery of a Local Area Agreement (LAA). There is a continuing debate and review to ensure that Cambridgeshire Together and supporting structured – the partnership charged with ensuring the LAA - has appropriate governance arrangements.

15. Annual Audit and Inspection Letter: (March 2009)

The Annual Audit & Inspection Letter for 2008/09, provides a summary of our external Auditors (Grant Thornton) assessment of the Council.

The key findings of this letter for the Council to address being; the introduction of accounting under International Financial Reporting Standards (IFRS); improve contract management arrangements and procurement processes; ensure that its medium term financial planning takes account of the current economic climate and the likely restrictions in public spending. All these findings are currently being addressed.

The Annual Audit and Inspection Letter is available on the Council's website; http://www.huntsdc.gov.uk/NR/rdonlyres/6334B36A-3B71-46E3-B56D-

514364A0FE21/0/audit___inspection_letter_march_2009.pdf and from the Head of People, Performance & Partnerships.

External Inspection. In October 2009 the Council were advised, by the Audit Commission, that our Organisational Assessment (part of Comprehensive Area Assessment relating to 2008/09) had been assessed at level 3 'performing well'. The Organisational assessment consisted of two external assessments; the Use of Resources and Managing Performance assessments, both of which are scored on a scale of 1 to 4 and then merged into an Organisational assessment score by the Audit Commission.

The Organisational assessment ceased when the Coalition Government abolished CAA in May of this year

16. Governance Issues Previously Identified

- **Code of Procurement**. There have been a number of occasions during the year where internal audit reviews have identified examples of breaches of the Code of Procurement. Steps will be taken to improve the level of compliance

  Progress to date:

  Directors reported back to CGP in December 2009 with an action plan. The following items have been delivered against that plan.

  - Projected procurement dates have been supplied by managers for current and next year.
  - Revised procurement strategy has been delayed due to the introduction of the E-marketplace but will be completed by end of September.
  - First cycle of modular training completed. Further cycle to commence in November 2010.
  - Procurement Code reviewed and approved by Council.
  - Review of suppliers/groups- categories is a permanent ongoing review. Savings have already resulted on stationery, printing and clothing.
  - Improvements to the Contract Register and the Procurement website have been completed.
  - E-Marketplace up and running for stationery. Further products will be rolled out over the coming months.

- **Huntingdonshire Strategic Partnership** Evaluation. New guidance has been issued by the Audit Commission to help in the assessment of the Governance arrangements and effectiveness of the Local Strategic Partnerships. Consideration will be given to how this guidance can be implemented in conjunction with the Councils own Partnership framework

  Progress to date:

  The Huntingdonshire Strategic Partnership regularly looks at performance against the Sustainable Community Strategy and important part of the achievement of the partnership's vision and objectives. Regular quarterly reports are submitted to the partnership and an annual report is currently being prepared. In light of current budget reductions across partner organisations, a review of partnership and the effects on services is currently underway

- **Annual Audit and Inspection Letter recommendations, March 2009**
  - Maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance; and
  - Develop a stronger focus on outcomes measures

  Progress to date:

  Performance reports detailing progress against objectives continue to be reported to Chief Officer Management Team, Overview and Scrutiny Panels and Cabinet on a quarterly basis.
  A review of targets and measures in our corporate plan "Growing Success" was undertaken with Heads of Service during January 2010 and reported to the Corporate Plan working group in February 2010. The review also included targets and measures at divisional level with the emphasis on outcomes.
  Progress against our targets in 'Growing Success' have been published in the September edition of District Wide.

- **Scrutiny Annual Report**. To ensure an Overview and Scrutiny annual report, reflecting their work during 2009/10, is prepared to for publication

  Progress to date:

  The annual report of the Overview & Scrutiny Panels for 2009/10 was completed and approved by the Panels in June. It has been publicised on the Council's website and sent to interested parties

17. Governance Issues

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the Council has identified the following issues for attention in the forthcoming year –

- Identifying budget savings in order to balance the budget, as identified in the Financial Forecast report which considers the Council position until 2024/2025.
- Complaints – Number of complaints and time taken to resolve.
- The continued need to ensure that the code of Procurement is fully complied with.
- Preparing for any new inspection regime.

During the coming year steps will be taken to address these issues to further enhance the Council's Governance arrangements. In these circumstances we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Council's Improvement Plan and as part of our next annual review.

Signed: Ian C. Bates

Ian Bates
Leader of the Council

Signed: David Monks

David Monks
Chief Executive

I hereby confirm that the Councils Corporate Governance Panel have approved the Governance Statement

Signed:

Date: 28 September 2010

Councillor T D Sanderson
Chairman of the District Council's Corporate Governance Panel

Pathfinder House
St Mary's Street
HUNTINGDON
Cambridgeshire
PE29 3TN
September, 2010

Auditor's Report

Independent auditor's report to the Members of Huntingdonshire District Council

Opinion on the accounting statements

We have audited the accounting statements and related notes of Huntingdonshire District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Huntingdonshire District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice is set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting 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 accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

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

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 for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance. We are satisfied that, in all significant respects, Huntingdonshire District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

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.

Grant Thornton UK LLP

Paul Winrow
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

28 September 2010

Income and Expenditure Account

2008/09 Net Expenditure £000		Note	2009/10 Gross Expenditure £000	2009/10 Income £000	2009/10 Net Expenditure £000
	Net Cost of Services				
	Cultural, Environmental & Planning Services				
5,905	Leisure	**3**	11,841	-6,033	5,808
6,715	Environmental Services		7,523	-1,265	6,258
3,257	Refuse Collection		3,120	-128	2,992
7,452	Planning and Development	**1**	5,800	-3,099	2,701
	Housing Services				
4,384	Housing General Fund		34,876	-31,241	3,635
221	Local Taxation Benefits		7,994	-7,794	200
2,360	Highways and Transportation		3,071	-1,912	1,159
	Central Services				
929	Local Taxation Collection		1,376	-486	890
364	Other Central Services		575	-283	292
12,168	Exceptional item	**2**	4,422	0	4,422
3,005	Corporate and Democratic Core		3,832	-630	3,202
272	Non-distributed costs		392	-923	-531
47,032	**NET COST OF SERVICES**		**84,822**	**-53,794**	**31,028**
	Corporate Income and Expenditure				
-363	Gain (-) on disposal of assets				-567
3,737	Parish Precepts				3,915
467	Trading undertakings surplus(-)/deficit	**4**			-523
222	Interest payable				476
-2,713	Interest and investment income				-1,521
6	Amounts payable into the Housing Capital Receipts Pool				3
1,199	Pensions interest cost and expected return on assets				2,352
49,587	**NET OPERATING EXPENDITURE**				**35,163**
	Principal Sources of Finance				
-10,377	Income from the Collection Fund				-10,986
-1,685	General Government Grants	**11**			-2,541
-10,672	Distribution from the Non-domestic rate pool				-10,215
26,853	**DEFICIT FOR THE YEAR**				**11,421**

Statement of Movement on the General Fund Balance

2008/09 £000		2009/10 £000
-20,410	**General Fund Balance brought forward**	**-19,319**
26,853	Deficit for the year (Income and Expenditure Account)	11,421
-25,762	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-7,663
1,091	**Increase(-)/Decrease in General Fund Balance for the year**	**3,758**
-19,319	**General Fund Balance carried forward**	**-15,561**

The following note explains the items that are required by statute and non statutory proper practices to be debited or credited to the General Fund Balance for the year

2008/09 £000		2009/10 £000	2009/10 £000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
-1,034	Amortisation of intangible assets	-839	
-21,574	Depreciation and impairment of fixed assets	-7,191	
83	Government grants deferred amortisation	64	
-2,338	Revenue funded from capital under statute	-1,411	
363	Net gain on sale of fixed assets	567	
-4,328	Net charges made for retirement benefits in accordance with FRS17	-4,263	
0	Amount by which Council Tax income included in the Income and Expenditure Account is different from the amount taken to the General Fund in accordance with regulation	1	
-41	Amount by which finance costs calculated in accordance with the SORP are different from those required by statute	15	
-28,869			**-13,057**
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund balance for the year		
-102	Commutation adjustment	-17	
0	Minimum revenue provision for capital financing	3	
-6	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	-3	
2,902	Employer's contributions payable to the Cambridgeshire County Council Pension Fund and retirement benefits payable direct to pensioners	3,377	
2,794			**3,360**
	Transfers to or from the General Fund balance that are required to be taken into account when determining the Movement on the General Fund balance for the year		
313	Net transfer to or from earmarked reserves		**2,034**
-25,762	**Net additional amount required to be credited to the General Fund Balance for the year**		**-7,663**

Statement of Total Recognised Gains and Losses

2008/09 £000		2009/10 £000
26,853	Deficit on the Income and Expenditure Account	11,421
-7,601	Change in the revaluation of assets	9
9,634	Actuarial gains (-) and losses on Pension Fund assets and liabilities	37,445
5	Deficit/surplus (-) on the Collection Fund	16
0	Inclusion of leisure centre repairs and renewals fund	-139
28,891	**Total recognised gain (-) / loss for the year**	**48,752**

The movement of £48,752k in 2009/10 represents the reduction in reserves as shown on the balance sheet during the year.

Balance Sheet as at 31 March 2010

Restated 2009			2010	
£000		Note	£000	£000
2,147	Intangible assets	12		2,036
	Tangible fixed assets	12		
	Operational assets			
30,445	Land and buildings		35,468	
7,766	Vehicles and plant		7,793	
8,465	Infrastructure		8,744	
1,406	Community asset		1,406	53,411
	Non-operational assets			
15,345	Investment properties		15,799	
3,125	Assets under construction		1,020	
1,548	Surplus assets, held for disposal		1,514	18,333
70,247	***Total fixed assets***			73,780
15,238	Investments	16	10,570	
1,250	Long term debtors	17	1,442	12,012
86,735	***Total long-term assets***			**85,792**
	Current assets			
687	Cash		1,394	
107	Stock	19	189	
6,544	Debtors	18	11,979	
27,925	Short term investments	16	10,124	
401	Payments in advance		515	
35,664			24,201	
	Current liabilities			
-8,858	Creditors	20	-7,333	
-1,156	Receipts in advance		-1,001	
-1,879	Cash overdrawn		-1,307	
-6,000	Short term borrowing	21	-4,600	
-17,893			-14,241	
17,771	***Net current assets***			**9,960**
	Long-term liabilities			
-10,110	Long term borrowing	21	-10,110	
-140	Deferred credits (including capital receipts)		-241	
-1,050	Deferred grants and contributions	14	-2,616	
-29,716	Pension scheme liability	28	-68,047	
-41,016				**-81,014**
63,490	***Total assets less liabilities***			**14,738**
	Financed by:			
61,506	Capital adjustment account	23	52,752	
8,543	Revaluation reserve	24	8,533	
72	Capital reserve	26	0	
-214	Financial instruments adjustment account	25	-199	
3,987	Earmarked reserves	27	6,137	
-7	Collection Fund adjustment account		1	
19,319	General Fund balance	27	15,561	
-29,716	Pensions reserve	28	-68,047	
63,490				**14,738**

Terry Parker BA (Hons) FCA, Director of Commerce and Technology 28 September 2010

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

	2008/09 restated		2009/10	
	£000	£000	£000	£000
Revenue Activities				
Net cash inflow/(outflow) from operating activities		**1,479**		**3,337**
Returns on Investments and Servicing of Finance				
Cash outflows				
Interest paid	222		476	
Cash inflows				
Interest received	-2,713		-1,173	
		-2,491		**-697**
Capital Activities				
Cash outflows				
Purchase of fixed assets	15,257		11,897	
Long-term investments	5,138		0	
Other capital cash payments	517		248	
Cash inflows		**20,912**		**12,145**
Sale of ex-Council houses	-240		-593	
Sale of other assets	-242		-233	
Long-term investments	0		-5,037	
Capital grants received	-1,217		-531	
Other capital cash receipts	-119			
		-1,818		**-6,394**
Net cash inflow before financing		**18,082**		**8,391**
Management of liquid resources				
Net increase/decrease in liquid resources		**-2,842**		**-11,070**
Financing				
Cash outflows				
Repayment of amounts borrowed				**1,400**
Cash inflows				
New loans raised		**-16,000**		
Change in balance at bank (- is reduced overdraft)		**-760**		**-1,279**

The cash flow for 2008/09 has been restated to reflect changes to the Collection Fund

Accounting Policies

1. General

The Statement of Accounts summarises the council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice 2009* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflects the Financial Reporting Standards (FRS) and Statements of Standard Accounting Practice (SSAPs) applicable to Local Government. The main policies adopted in compiling the accounts are set out below.

2. Accounting Concepts

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- accrual of income and expenditure – placing items in the year they relate to rather than the year they take place.
- primacy of legislative requirements – legislation overrides standard accounting practice

The concepts of consistency and prudence are also followed where they do not conflict with the application of these underlying concepts. The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the authority.

Accounts are prepared under the historic cost convention, modified by the revaluation of land and buildings and the use of fair values for home improvement loans. Investments are included in the balance sheet at market value but their fair value is shown in note 35. Rental deposits for tenants have been treated as soft loans for the first time in 2009/10.

3. Amounts due (Debtors) and amounts payable (Creditors)

In the accounts, income and expenditure items are included in the year to which they relate, rather than the year in which cash payments are made or received, by the creation of debtors and creditors. Most of these sums are based on detailed records so no material estimates have had to be included. Where it is doubtful that bad debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

4. Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

5. **Intangible Fixed Assets**

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

6. **Tangible Fixed Assets**

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Non-operational assets - market value
- Other land and buildings (operational assets used for delivery of services) – market value
- Other land and buildings (specialised properties) - depreciated replacement cost
- Vehicles, plant & equipment and infrastructure assets - depreciated historical cost.

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of asset and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for in two ways:

- where attributable to the clear consumption of economic benefits - the loss is charged to the relevant service revenue account

- otherwise - written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal.

Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The balance of receipts is credited to the Capital Reserve, and can then only be used for new capital investment or to repay borrowing. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance (SMGFB).

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the SMGFB.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for land, community assets and non-operational properties), by allocating the value of the asset in the balance sheet over the time periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Operational Buildings - 50 years (less if there is evidence to the contrary)
- Vehicles – 25% reducing balance
- Plant and equipment – straight line basis
- Infrastructure – variable depending on the asset to a maximum of 40 years
- Land – Depreciation not charged
- Community Assets - Depreciation not charged
- Non-operational Assets - Depreciation not charged

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account

7 **Grants and contributions**: where grants and contributions are received for operational fixed and intangible assets, the amounts are credited to the Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue

account, in line with the depreciation policy applied to them. For grants and contributions received for non-operational assets or items treated as revenue expenditure funded from capital under statute (see note 4 above) they are credited to the asset account in the year they are received thus reducing the net cost of the asset.

8. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. . Depreciation, impairment losses and amortizations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two

Minimum Revenue Provision (MRP)

The basis for this provision is significantly restricted by legislation and the Council is required to formally approve a policy for the calculation of this provision. This was approved at its meeting in September 2009. The policy for 2009/10 is that MRP is on an annuity basis. This provides annual payments that are the same each year but where the interest element decreases and the principal repayment increases annually.

9. Leases

Finance leases. The Council has no finance leases in primary rental. The leases are for industrial units and certain items of equipment leased from Finance Companies. They are capitalised and included in the fixed assets shown on the balance sheet. They are accounted for using the policies applied to tangible fixed assets. The rental payments are apportioned between the finance charge (interest) and the principal element. The finance element of rentals is charged to the revenue account over the term of the lease and the principal element is treated as capital expenditure.

Operating leases. The Council leases cars for individual employees and for pool cars. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

10. Stock and Work in Progress

The value of stock is included in the accounts at cost. Work in progress is included at cost

11. Reserves

The Council maintains reserves to meet certain types of expenditure, for future policy purposes and to cover contingencies; they are included in the balance sheet as the General Fund Balance, Capital Reserve and Earmarked Reserves. They are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure is incurred that is to be financed from a reserve, it is charged to the relevant service revenue account and therefore included in the Income and Expenditure Account. The reserve is then transferred back into the General Fund Balance statement so that there is no charge against council tax for the expenditure.

However, there are other reserves, the Capital Adjustment Account, Revaluation Reserve, Financial Instruments Adjustment Account, Collection Fund Adjustment Account and Pensions Reserve, that cannot be used to finance expenditure.

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure
- Revaluation reserve – the gains of valuation of assets not yet realised by sales
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowings and investments
- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund
- Pensions Reserve – balancing account to allow the pensions liability to be included in the balance sheet

12. Interest Receipts

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest earned on the S106 reserve (one of the earmarked reserves) which is credited to that reserve.

13. Pensions

Cambridgeshire County Council administers the Local Government Pension Scheme in which Huntingdonshire District Council's employees may participate; it is accounted for as a defined benefits scheme. The accounting policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits arising from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated; this meets the requirements of FRS17.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Details of the Council's expenditure, income, assets and liabilities relating to The Local Government Pension Scheme, are given on pages 65 – 69.

14. Revenue Grants
Grants and subsidies have been credited to the appropriate revenue account and accruals have been made for balances known to be receivable for the period to 31st March 2010. Government grants to cover general expenditure are credited to the Income and Expenditure Account. These include the Revenue Support Grant and the Area Based Grant (ABG).

15. Allocation of Support Services
The costs of overheads and support services are charged to services on the basis of use in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2008.* The basis of the charge varies according to the nature of the support service provided (e.g. administrative buildings are apportioned on the basis of area occupied).The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.
- Non-Distributable Costs – for example the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

FRS15 requires part of the overheads relating to staff time spent on capital projects being treated as a revenue charge to the service rather than a charge to the capital project.

16. Value Added Tax
VAT is not included in the income and expenditure accounts (revenue and capital) unless it is not recoverable, in which case it is charged to the relevant service. Historically some VAT relating to exempt services has not been recoverable; full recovery was temporarily permitted in 2007/08 and 2008/09 but reverted to being irrecoverable in 2009/10.

17. Contingent assets and liabilities
If a liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated, the liability is disclosed as a contingent liability. Similarly contingent assets are not included in the accounts but disclosed as notes.

18. Financial Assets
Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market

(e.g. trade debtors, fixed term investments). These are initially measured at fair value and carried at their amortised costs. The Council has the following loans and receivables:

Debtors
Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end, taking into account the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified. Debtors falling due after more than one year are classified as long-term assets, which include housing improvement loans and housing advances.

Cash and equivalents
Cash and equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Investments
The Council has both long and short-term investments with various financial institutions. Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the balance sheet date.

The Council has made loans for home improvement which are interest-free (soft loans). It gives rental deposits to tenants which are repaid over a period of up to 2 years. A change in accounting policy has treated these as soft loans for the first time in 2009/10. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans in the Income and Expenditure Account is managed by a transfer to the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

19. Financial Liabilities
Financial liabilities are initially measured at fair value and are carried at their amortised cost. The Council has the following liabilities measured at amortised cost.

Creditors
Creditors are carried at their original invoice amount

Bank overdrafts
Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Long term loan
Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed as a note

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values

20. Collection Fund

From 2009/10 the billing authority for council tax (Huntingdonshire District Council) has been defined as an agent for the precepting authorities.

The collection of national non-domestic rates (NNDR) has also been classified as agency on behalf of central government which has resulted in changes to how NNDR is accounted for.

From 1 April 2009 the council tax included in the Income and Expenditure Account is the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

Cash collected by the billing authority from council tax debtors belongs proportionately to the billing authority and the major precepting authorities. There will be a debtor or creditor position between the billing authority and each major preceptor to be recognised at the year end since the cash paid to each major preceptor will not be its share of cash collected from the council taxpayers.

Cash collected from NNDR taxpayers by billing authorities belongs to the government and the amount not paid to the government at the balance sheet date is included as a creditor; similarly if the cash paid to the government exceeds the cash collected from NNDR taxpayers, the excess is included in the Balance Sheet as a debtor.

This change has had an impact on the Balance Sheet, Cash flow and Collection Fund. There have been prior period adjustments with the 2008/09 statements being restated and a Collection Fund Adjustment Account created.

Notes to the Main Financial Statements

1. Building Control

The Building (Local Authority Charges) Regulations 1998 require the costs of providing certain specified elements of the service to break-even over 3 years.

	2007/08 £000	2008/09 £000	2009/10 £000
Income	-508	-422	-405
Expenditure	410	450	397
Surplus (-)/deficit	**-98**	**28**	**-8**
Cumulative surplus (-)/deficit (3 years)	-141	-101	-78

2. Exceptional item

'Impairment' is a technical term for the reduction in the value of an asset other than through it "wearing out" over its natural life. There are two main causes for it. Firstly, during a recession rental values and hence the asset value, on which they are based will fall. Secondly, many local authority buildings include significant bespoke elements (e.g. civic meeting rooms). It is rare for the cost of these to be adequately reflected in the valuation.

In 2009/10 the final phase of the Council's headquarters building was completed and due to a combination of the factors above the independent rental-based valuation was £4.4m less than the actual construction cost. The valuation was undertaken on 1 April 2010 after the building was completed.

This would normally be charged to services as part of accommodation overheads, however due to the nature and size of the adjustment it is included in the Income and Expenditure account as an exceptional item of £4,422k. The cost is reversed out in the Statement of Movement on General Fund Reserve so there is no impact on the council tax.

The valuation was carried out by carried out externally and independently by MG Storey FRICS and MJ Beardall BLE (Hons) MRICS of Barker Storey Matthews

3. Leisure Centres

Up to and including 2008/09 the accounts of the Leisure Centre Management Committees were reported independently from the accounts of Huntingdonshire District Council. The Management Committees ceased to exist from 1 April 2009 and therefore all the income and expenditure has been accounted for by the Council in 2009/10 and included in the Income and Expenditure account.

The earmarked reserves on the balance sheet as at 31 March 2010 includes the leisure centre repair and renewal funds

4. Trading Undertakings

The following items are defined as trading undertakings by the SORP.

The industrial units and commercial properties made a loss in 2008/09 because the expenditure includes impairment on its assets.

	2008/09		2009/10	
	Turnover £000	**Surplus (-)/Deficit £000**	**Turnover £000**	**Surplus (-)/Deficit £000**
Markets				
Huntingdon	-53	-15	-52	-31
Ramsey	-5	-3	-5	-1
St Ives	-120	-77	-134	-99
Management	-1	62	0	85
	-179	**-33**	**-191**	**-46**
Industrial properties	**-493**	**427**	**-476**	**-282**
Commercial properties	**-229**	**73**	**-239**	**-195**
Total	**-901**	**467**	**-906**	**-523**

5. Minimum Revenue Provision

The net amount charged to revenue in compliance with the statutory requirement to set aside a minimum revenue provision for the repayment of external loans is £3k (nil in 2008/09 because the Council had not funded any capital expenditure from borrowing as at 31 March 2008).

6. Members' Allowances and Expenses

	2008/09 £000	2009/10 £000
Allowances	371	379
Expenses	77	67
	448	**446**

7. Audit and Inspection Fees

	2008/09 £000	2009/10 £000
External audit	78	103
Grant claim certification	26	18
Statutory inspections	6	8
National Fraud Initiative	3	1
	113	**130**

8. Employee Remuneration

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay and other employee benefits but not employer's pension contributions.

	2008/09	**2009/10**
£50,000 - <£55,000	14	20
£55,000 - <£60,000		1
£60,000 - <£65,000	2	2
£65,000 - <£70,000	1	2
£70,000 - <£75,000	6	6
£75,000 - <£80,000	2	2
£80,000 - <£85,000		
£85,000 - <£90,000	1	
£90,000 - <£95,000	1	
£95,000 - <£100,000	1	
£100,000 - <£105,000		2
£105,000 - <£110,000		1
£165,000 - <£170,000	1	
£170,000 - <£175,000		
£175,000 - <£180,000		1
Total	**29**	**37**

9. Remuneration for Senior Employees 2009/10

The details of the remuneration of the Senior Employees (Chief Officers) are shown in the table below. They are also included in the table above

Post holder	Salary including allowances £	Election Fees	Salary including allowances and fees	Bonus (1) £	Benefits in kind £	Total remuneration £	Employer pension contributions £	Remuneration including pension contributions £
Chief Executive (David Monks)	149,984	7,812	**157,796**	8,940	11,039	**177,775**	28,909	**206,684**
Director of Central Services	93,191	2,537	**95,728**	5,418	5,277	**106,423**	16,695	**123,118**
Director of Commerce and Technology	94,985		**94,985**	5,418	1,507	**101,910**	16,674	**118,584**
Director of Environment and Community Services	91,727		**91,727**	5,418	6,475	**103,620**	16,674	**120,294**

Note

1. The bonus includes a payment for 2009/10 and a retrospective payment for 2008/09

10. Related Party Transactions

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Related parties include Councillors, Chief Officers, Central Government and other Local Authorities. Creditors and debtors with Central Government and Local Authorities are shown in notes 18 and 20, whilst Government grants are analysed in note 33. The Council collects council tax on behalf of the precepting authorities on an agency basis, and similarly acts as an agent in collecting national non domestic rates for Central Government.

In 2009/10 the Council introduced a scheme of allowing Parish Councils to deposit surplus funds with the Council. Only one Parish has deposited £100k and one Member of the Council is also a Councillor of that Parish Council. No other material transactions have been identified for disclosure that are not reported elsewhere in these Accounts.

11. Government Grants Income

Grants not attributable to specific services.

	2008/09 £000	2009/10 £000
Revenue Support Grant	1,486	2,358
Area Based Grant	49	71
Local Authority Business Growth Incentive Grant	150	112
	1,685	**2,541**

12. Assets

All assets held at current value were revalued at 1 April 2009 and applied to the 2009/10 accounts; revaluations are made every five years. The valuations were carried out externally and independently by MG Storey FRICS and MJ Beardall BLE (Hons) MRICS of Barker Storey Matthews on the basis of market value or depreciated replacement cost as appropriate. Accounting policy 6 explains the measurement of the valuation and the depreciation policy adopted.

The Council offices were revalued as at 1 April 2010 after the completion of the new building during the year, and applied to the 2009/10 accounts. The valuation of the leisure centres is not current because they are undergoing major developments and they will be revalued once the works are finished.

As at 31 March 2010 the Council was contractually committed to capital works valued at approximately £3.5m.

The useful lives of the assets are estimated as:

Class of asset	Buildings	Plant and equipment	Vehicles	Infrastructure
Useful life by years	30 - 45	3 – 20	3 - 10	10 - 40

	Operational assets				Non-operational assets			Intangible assets	TOTAL
	Land and buildings (note 1)	Vehicles, plant, equipment	Infra-structure	Community assets	Investment properties (note 2)	Assets under construction	Surplus assets held for disposal	Intangible assets (note 3)	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	**30,445**	**10,592**	**9,325**	**1,406**	**15,345**	**3,125**	**1,548**	**4,441**	**76,227**
Additions	8,246	1,454	427		414	691		652	**11,884**
Disposals	-120	-778	-67					-608	**-1,573**
Reclassifications	2,210	180	331			-2,796		75	**0**
Revaluations	-14				40		-34		**-8**
Impairment losses	-4,488								**-4,488**
At 31 March 2010	**36,279**	**11,448**	**10,016**	**1,406**	**15,799**	**1,020**	**1,514**	**4,560**	**82,042**
Depreciation and impairments (note 4) **at 1 April 2009**	**0**	**2,826**	**860**					**2,294**	**5,980**
Charge for 2009/10	811	1,573	479				-35	838	**3,666**
Revaluation gains in respect of accumulated depreciation/adjustments									
Disposals		-744	-67				35	-608	**-1,384**
At 31 March 2010	**811**	**3,655**	**1,272**				**0**	**2,524**	**8,262**
Balance Sheet amount at 1 April 2009	**30,445**	**7,766**	**8,465**	**1,406**	**15,345**	**3,125**	**1,548**	**2,147**	**70,247**
Balance Sheet amount at 31 March 2010	**35,468**	**7,793**	**8,744**	**1,406**	**15,799**	**1,020**	**1,514**	**2,036**	**73,780**

Notes

1. The Council operates five Leisure Centres provided by the Council on land associated with schools. These are included in the accounts at market value.

2. Investment properties are generally held for economic development purposes, but are required to be shown as investment properties.

3. Intangible assets represent software licenses.

4. Where assets have been fully-depreciated they have been written-out of the accounts as part of disposals in the table of asset values and of depreciation

Major assets held at 31 March 2010	**Number**
Operational assets	
Offices and depot	4
Leisure Centres	5
Markets	2
Bus stations	2
Public conveniences	7
Car parks	23
Vehicles and plant	111
Eco homes	2
Pavilions	4
Non-operational	
Investment properties	100
Mobile home park	1
Community assets	
Country parks	2
Recreation grounds	6
Surplus assets held for disposal	20

13. Financing of Capital Expenditure

	2008/09 £000	**2009/10 £000**
Capital receipts	16,433	823
External contributions and capital grants	3,081	3,085
Borrowing	447	10,737
Revenue	1	0
Total financed	**19,962**	**14,645**

14. Deferred grants and contributions

	2008/09 £000	**2009/10 £000**
Balance as at 1 April	1,399	**1,050**
Increase in deferred grants and contributions	940	1,690
Use of account to fund depreciation	-72	-124
Impairment	-1,217	0
Balance as at 31 March	**1,050**	**2,616**

15. Leases

Finance Leases

Historically the Council occasionally used finance leases to meet the cost of industrial units, vehicles, plant and equipment. There are only two leases remaining and they are in a secondary stage. The assets held under finance leases are accounted for as a part of tangible fixed assets; their current value is £267k. There were no finance charges allocated for the period 2009/10

Outstanding obligations (excluding finance costs) at 31 March 2010, accounted for as part of long-term liabilities, are as follows:

	Land & Buildings £000	**Vehicles, Plant, Equipment £000**
Amounts payable within one year		
Amounts payable between in 2 - 5 years	1	0
Cumulative depreciation as at 31 March 2010	0	0

There were no new obligations taken on before 31.3.10 which did not commence until after year end

Operating leases

Operating lease payments

	2008/09 £000	**2009/10 £000**
Buildings	0	0
Vehicles	97	98
Total	**97**	**98**

The liability in the subsequent financial year for existing operating leases

	2008/09 £000		**2009/10 £000**	
	Buildings	Other	Buildings	Other
Leases expiring in 1 year	0	23	0	9
Leases expiring in 2 - 5 years	0	46	0	73
Leases expiring in more than 5 years	0	0	0	0
	0	**69**	**0**	**82**

16. Investments

Long term

The long term investments were made in December 2008 when the Authority invested £5m for 4 years and £5m for 5 years at the time when it borrowed £10m from the Public Works Loans Board (PWLB) in anticipation of its need to borrow to finance capital expenditure.

Other long term investments at 31 March 2010 include £0.4m invested with Chancery bank, which is all converted to share capital as a consequence of financial restructuring of the Bank. Because it is in administration, an equal provision is made against losses and there is little likelihood of the recovery of the monies

	2008/09 £000	2009/10 £000
Long-term investments held at 31 March		
CDCM Investment Fund	5,112	0
In-house managed funds	10,126	10,570
	15,238	**10,570**

Short term

Most long term surplus cash held in the Council's reserves was invested through the services of the external fund manager CDCM, however as funds managed by CDCM mature they are being brought into the in-house portfolio; as at 31 March 2010 the funds with CDCM were all short term and totalled £5.1m. Monies required to meet the Council's cash flow requirements over the next year are managed in-house, and at the year-end amounted to £5m.

The funds managed by CDCM and in-house are all invested in cash instruments. The interest rate risk exposure resulting from these investments is minimal because all the investments are at fixed rates

	2008/09 £000	2009/10 £000
Short term investments held at 31 March		
CDCM Investment Fund	13,293	5,112
In-house managed funds	14,632	5,012
	27,925	**10,124**

17. Long-term Debtors

	Balance 1.4.09 £000	Repayments/ new advances £000	Revaluation/ Gain/-loss £000	Balance 31.3.10 £000
Loans – St Neots Town Council	106	-10		96
Housing advances	596	-23		573
House improvement loans	479	33	19	531
House mortgages	25	-5		20
Tenants' rental deposits (1)	0	115	-4	111
Employee loans	44	67		111
	1,250	**177**	**15**	**1,442**

Note 1. Tenants' rental deposits greater than1 year have been transferred from short-term debtors to long-term in 2009/10

18. Debtors

	31.3.09 £000 (Restated)	31.3.10 £000
Amounts falling due in one year:		
Government Departments	2,055	1,567
NNDR National Pool (creditor 2008/09)	0	5,087
Public Authorities	1,728	2,265
Local taxation	1,194	330
General debtors	2,862	4,356
Total debtors	**7,839**	**13,605**
Less provision for bad debts		
Local Taxation	-181	-76
General Debtors	-902	-1,109
Other	-212	-441
	-1,295	**-1,626**
Net Position	**6,544**	**11,979**

The local taxation debtor as at 31/3/09 has been restated to take out the council tax due to other precepting authorities. A debtor for NNDR payers has been removed to reflect that the debtor is now part of the NNDR pool

The NNDR pool debtor as at 31 March 2010 is due to the estimated collection of NNDR which forms the basis of on-account payments to the Government, being greater than that actually collected

19. Stock

	31.3.09 £000	31.3.10 £000
Leisure Centres	0	55
Diesel	10	37
Printing	36	24
Refuse sacks	20	18
Other	41	55
	107	**189**

20. Creditors

	31.3.09 £000 (Restated)	31.3.10 £000
Government Departments	1,032	1,007
NNDR pool (debtor 2009/10)	1,504	0
Public Authorities	1,351	1,260
Leisure Centre Management Committees	158	0
Other	4,813	5,066
	8,858	**7,333**

The NNDR pool creditor as at 31/3/09 has been restated to reflect that prepayments and NNDR payer debtors should be accounted for as part of the NNDR pool creditor. 'Other creditors' has been reduced to take out the preceptor creditors as a result of changes in accounting for council tax

21. Borrowing

Short-term

In 2009/10 the Council introduced a scheme whereby Parish Councils could invest their surplus funds with the Authority. These are treated as short term loans in the balance sheet, but total just £100k as at the balance sheet date. The rate is the prevailing bank base rate during the life of the loan and the loan is repayable after a minimum of 3 months with a minimum of 30 days notice given by the investor

Long-term

The Council has borrowed £10m from the Public Works Loans Board (PWLB). The Balance Sheet figure includes accrued interest of £110k.

£000	Interest rate	Date borrowed	Repayment date
5,000	3.91	19 Dec 2008	19 Dec 2057
5,000	3.90	19 Dec 2008	19 Dec 2058

22. Reserves

The Council maintains 8 types of reserves, some are available to meet expenditure and others are not:

Available to fund expenditure:

- General Fund balance is available to finance any revenue or capital expenditure.
- Earmarked reserves are available to finance expenditure for specified purposes.
- The Capital Reserve represents the balance of capital receipts and capital contributions that are available to finance capital expenditure.

Not available to fund expenditure:

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure
- Revaluation reserve – the gains of valuation of assets not yet realised by sales
- Financial Instruments Adjustment Account represents the difference in the carrying value of home improvement loans and the fair value taking into account the loss of interest due to the loans being interest-free.
- Collection Fund Adjustment Account is a new account in 2009/10 that accounts for the difference between the income from council tax included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.
- Pension Fund Liability represents the balance on the pension fund, which is an accounting entry to meet the requirements of FRS17.

23. Capital Adjustment Account

	2008/09		2009/10	
	£000	**£000**	**£000**	**£000**
Balance as at 1st April		**70,163**		**61,506**
Financing of capital expenditure				
Capital receipts	16,433		823	
External grants & contributions	3,082	19,515	3,070	3,893
Minimum revenue provision	0		3	
Provision for depreciation	-3,736		-3,542	
Deferred charges and debtors	-5,420		-4,409	
Commutation adjustment	-102		-17	
Impairment	-18,872		-4,486	
Disposal	-42	-28,172	-196	-12,647
Balance as at 31st March		**61,506**		**52,752**

24. Revaluation Reserve

	2008/09	2009/10
	£000	**£000**
Balance as at 1st April	**942**	**8,543**
Surplus on revaluation	7,601	-10
Balance as at 31st March	**8,543**	**8,533**

25. Financial Instruments Adjustment Account

	2008/09	2009/10
	£000	**£000**
Balance as at 1st April	**-173**	**-214**
Adjustment for fair value of private sector housing improvement loans	-41	19
Adjustment for fair value of rental deposits given as loans to tenants	0	-4
Balance as at 31st March	**-214**	**-199**

26. Capital Reserve (Usable Capital Receipts and Capital Contributions)

	2008/09		2009/10	
	£000	**£000**	**£000**	**£000**
Balance as at 1st April		**16,023**		**72**
Receipts				
Sale of Council houses	240		593	
Sale of land and other buildings	165		155	
Disposal of vehicles	0		15	
Repayment of loans	34		33	
Improvement grants	43		27	
Non-specified investments	0	482		823
Receipts applied during the year		-16,433		-895
Balance as at 31st March		**72**		**0**

27. Revenue Reserves

	Balance 1.4.09 (Restated) £000	Movement £000	Balance 31.3.10 £000
Earmarked reserves:			
S106 agreements	1,154	97	1,251
Commuted S106 payments reserve	1,199	-60	1,139
Repairs and renewals funds	1,065	115	1,180
Delayed projects reserve	274	96	370
Special reserve	0	1,913	1,913
Other reserves	272	12	284
	3,964	**2,173**	**6,137**
Collection Fund	23	-23	0
	3,987	**2,150**	**6,137**
General fund balance	**19,319**	**-3,758**	**15,561**

The Collection Fund as at 1 April 2009 has been restated by transferring £7k to the Collection Fund Adjustment Account. This represents the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund

28. Pensions Scheme Liability and Pensions Reserve

	Balance 1.4.09 £000	Movement £000	Balance 31.3.10 £000
Pensions Reserve	-29,716	-38,331	-68,047

Details included in Pensions section, assets and liabilities, page 67

29. Contingent Assets and Liabilities

Contingent Assets

1. A claim for recovery of tax has been made to the HMRC as the result of a Court of Appeal judgement which allowed claims for VAT refunds to be made back to 1973, when VAT was introduced. The judgement related to income where the treatment of VAT was corrected by HMRC from 1996 but for which they argued there was no entitlement to reclaims pre-1996. Whilst some sums were paid in 2009/10 there is an outstanding claim of £320k which is dependent on a legal judgement on a similar case.

   There is a separate legal challenge relating to whether interest would be simple or compound. It is unlikely that a judgment will be made in the next financial year.

2. Claims have been made for the refund of VAT relating to off-street parking but whilst legal cases have not totally removed the possibility of a refund the position is now much less hopeful.

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Contingent liabilities

1. Following the transfer of the Council's housing stock to Huntingdonshire Housing Partnership in 2000 the Council bears continuing unlimited liability in two respects:
   i. Necessary associated sewer maintenance in excess of £65k p.a.
   ii. Environmental pollution arising on the land transferred, though an insurance policy is in place to cover the majority of any liability.

2. The Council's insurer was MMI until 1993 and it is still liable for claims relating to the period when it insured the Council. The Council has entered a Scheme of Arrangement whereby MMI could claw back the claims payments made since 30 September 1993, should MMI become insolvent. As at 31 March 2010 the maximum clawback is £601k.

3. The Authority has settled a claim for negligence from an ex-employee. There is a dispute between two insurance companies that covered the Council during the relevant periods over which is liable to meet this claim. The dispute was heard by the High Court and as a result the Council has received a payment from one insurance company of £200k. However, the company has appealed the decision and whilst there is a realistic prospect that the original decision will be upheld, the Court of Appeal or the House of Lords might reverse the decision. The Council would then have to repay the monies but there is a reasonable possibility that the other insurance company would then become liable.

4. The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. It is not yet clear whether any financial liability will fall on the Council.

5. The appellants in respect of the former RAF Upwood planning appeal have made a full costs claim against the Council. Whilst it is hoped that this claim will be unsuccessful, the decision as to whether costs may be awarded, is totally outside the control of the Council.

30. Reconciliation of the net deficit on the Income and Expenditure Account to the movement in cash on revenue activities

	2008/09		2009/10	
	£000	£000	£000	£000
Net revenue activities cash flow		1,479		3,337
Net interest received	-2,491		-1,044	
Depreciation	3,736		3,540	
Impairment	18,873		4,488	
Capital grants and adjustments for soft loans	-32		-15	
Transfer to earmarked reserves			2,261	
Pensions appropriation	1,426		886	
Surplus on sale of fixed assets	-365		-567	
Housing capital receipts pool	6		0	
Changes in:				
Creditors	4,921		-18	
Debtors	-727		-1,365	
Stock	27		-82	
		25,374		8,084
Income and Expenditure Account deficit		**26,853**		**11,421**

31. Analysis of changes in cash and liquid resources during the year

	1.4.09 £000 (Restated)	Movement £000	31.3.10 £000
Cash in hand	687	707	1,394
Cash overdrawn	-1,879	573	-1,306
Short-term borrowing	-6,000	1,400	-4,600
Short-term investments	27,926	-17,802	10,124
Amounts Relating to Council Tax and NNDR	-608	6,737	6,129
	20,126	**-8,385**	**11,741**

Liquid resources are loans and investments of less than 1 year which are used to manage the cash flow of the Authority. The increase in short-term investments is due to the cash requirements of the Council and is reflected in a decrease in long-term investments. The short-term borrowing was a temporary position as at 31 March 2010 before the Council collected council tax instalments in April 2010.

32. Analysis of Government Grants

	2008/09		2009/10	
	£000	£000	£000	£000
Revenue support grant		1,486		2,358
Benefits grants:				
Council tax benefits	6,382		7,456	
Rent allowances	24,287	30,669	29,872	37,328
Other:				
Local Authority Business Growth Incentive Grant	150		112	
Other capital grants	1,182		725	
Benefits administration	891		1,010	
Other	1,048	3,271	1,755	3,602
		35,426		**43,288**

33. Authorised for issue

The audited Statement of Accounts were authorised for issue by the Director of Commerce and Technology on 28th September 2010. This is the date up to which events after the balance sheet date have been considered.

34. Post balance sheet event

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Fund by around 6-8%.

35. Financial Instruments

Financial instruments by category

The financial assets and liabilities included on the balance sheet comprise the following categories of financial instruments

31 March 2009 £000		31 March 2010 £000
	Financial assets by class	
	Loans and receivables	
6,544	Debtors due within one year	11,979
1,283	Debtors due after one year	1,442
15,238	Long-term investments	10,570
27,927	Short-term investments	10,124
687	Cash and equivalents	1,394
51,679	*Total loans and equivalents*	*35,509*
51,679	**Total financial assets**	**35,509**
	Financial liabilities by class	
	Other liabilities at amortised cost	
-10,110	Long-term liability at fixed rate of interest	-10,110
-8,858	Creditors payable within one year	-7,333
-6,000	Short-term liability at fixed rate of interest	-4,600
-1,879	Bank overdrafts	-1,307
-26,847	*Total other liabilities at amortised cost*	*-23,350*
-26,847	**Total financial liabilities**	**-23,350**

Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets are recorded on the Balance Sheet at their amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- An estimated interest rate based on 10 year PWLB rates has been used to calculate the fair value of private sector housing improvements loans
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values of the Council's financial instruments, together with the carrying amounts included on the balance sheet are analysed as follows:

31 March 2009			31 March 2010	
Carrying amount	**Fair value**		**Carrying amount**	**Fair value**
£000s	**£000s**		**£000s**	**£000s**
		Financial assets		
		Loans and receivables		
7,827	7,617	Total debtors	13,421	13,372
43,165	41,763	Total investments	20,694	21,039
687	687	Cash and equivalents	1,394	1,394
51,679	**50,067**	**Total**	**35,509**	**35,805**
		Financial liabilities by class		
		Other liabilities at amortised cost		
-10,110	-9,757	Long-term loan	-10,110	-9,514
-8,858	-8,858	Total creditors	-7,333	-7,333
-6,000	-6,000	Short-term loans	-4,600	-4,600
-1,879	-1,879	Bank overdrafts	-1,307	-1,307
-26,847	**-26,494**	**Total**	**-23,350**	**-22,754**

Nature and extent of risks arising from Financial Instruments
The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay sums due
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise as a result of changes in measures such as interest rates

Credit risk
Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

In relation to investments the Authority has adopted CIPFA's *Code of Practice on Treasury Management in the Public Services,* has an agreed Treasury Management Strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. These documents address the risks associated with investments.

The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the balance sheet date. There are no investments that as at 31 March 2010 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

Liquidity risk
A substantial proportion of its investments are short-term deposits which mature within a year. In addition, as the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The PWLB loan has the following maturity profile:

£000	Date borrowed	Repayment date
5,000	19 Dec 2008	19 Dec 2057
5,000	19 Dec 2008	19 Dec 2058

Market risk
The Authority has minimal exposure to market risk because its investments and loans are at fixed rates of interest.

Price risk and foreign exchange risk are not applicable.

Collection Fund

2008/09 £000	2008/09 £000		Note	2009/10 £000	2009/10 £000
		INCOME			
-72,950		Council Tax before transfers	5	-75,853	
		Transfers from General Fund			
-6,327		- Council Tax benefits		-7,394	
-1		- Transitional relief		-1	
-50,843		- Income from business ratepayers	6	-51,368	
-212		Contribution towards previous years Collection Fund deficit		0	
	-130,333				-134,616
		EXPENDITURE			
79,194		Precepts and demands	4	82,709	
		Business rate			
50,617		- Payment to national pool		51,140	
226		- Costs of collection		228	
		Bad and doubtful debts/appeals			
49		- Write-offs		162	
300		- Provisions		105	
0		Contribution towards previous years estimated collection fund surplus		375	
	130,386				134,719
		MOVEMENT ON FUND BALANCE			
-163		Fund balance as at 1 April		-110	
-110		Fund balance as at 31 March		-7	
	53	Movement on fund balance for year			103

Notes to the Collection Fund

1. Huntingdonshire District Council is a billing authority responsible for collecting Council Tax and NNDR in its area for itself, for major preceptors (the County Council, Police Authority and Fire Authority) and NNDR for Central Government.

Following national consideration of the role performed by billing authorities, it has been confirmed that they act as agent when collecting tax for major preceptors. The Collection Fund is presented in a new format to reflect this change in recommended practice. The accounts for 2008/9 have been restated accordingly.

2. Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

Parish and Town Council precepts are transferred to the General fund before being paid to the Parish or Town Council.

Interest is not payable/chargeable to the Collection fund on cash flow variations between it and the General Fund.

3. There is no requirement for a separate Collection Fund balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the coming year. The major preceptors share of the assets and liabilities of the Collection Fund are shown as a debtor in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are in the Collection Fund Adjustment Account reserve.

4. Precepts and demands

The following authorities made a precept or demand that was greater than £250k

	2008/09	2009/10
	£000	**£000**
Cambridgeshire County Council	56,578	58,961
Cambridgeshire Police Authority	9,065	9,546
Cambridgeshire Fire Authority	3,146	3,265
Huntingdonshire District Council-General Expenses	6,668	7,022
Huntingdonshire District Council-Parish Precepts	3,737	3,915
	79,194	82,709
Included in the Parish Precepts figure above:		
St Neots Town Council	760	804
Huntingdon Town Council	597	657
St Ives Town Council	480	506

5. Council Tax

Taxbase at 31 March 2010				
Tax band	**Properties**	**Exemptions & discounts**	**Band D multiplier**	**Band D equivalent**
A	11,174	2,100	6/9	6,046
B	18,495	2,477	7/9	12,459
C	16,910	1,752	8/9	13,474
D	11,084	1,009	9/9	10,075
E	8,272	721	11/9	9,229
F	3,367	294	13/9	4,439
G	1,618	134	15/9	2,474
H	147	23	18/9	249
Total	**71,067**			**58,445**

	2008/09	2009/10
Council tax charge per band D property	1,370	1,427
Actual taxbase used (Band D equivalent)	57,846	58,338
Estimated taxbase	57,785	57,960

6. National Non-domestic Rates (NNDR)

The uniform business rate set by the Government for 2009/10 was 48.5p (2008/09 46.2p).

Total ratable value at 31 March 2009 £124.5m
Total ratable value at 31 March 2010 £124.9m

Pension Costs, Assets and Liabilities

This section provides information about the Council's assets, liabilities, income and expenditure related to The Local Government Pension Scheme in relation to its employees.

1 Introduction

This statement is in accordance with the Pension SORP 'The Financial Reports of Pension Schemes – A Statement of Recommended Practice (2008), which takes account of the latest relevant Financial Reporting Standards (FRS26 & FRS27), and FRS17.

2 The Pension Scheme

Employees of Huntingdonshire District Council may participate in the Cambridgeshire County Council Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.
The cost of retirement benefits recognised in the Net Cost of Services is the full value of benefits earned by employees, rather than costs of benefits paid out as pensions each year. The authority and employees pay contributions into a fund, at a level calculated to balance the pension liabilities with investment assets.

3 Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The rate for 2009/10 was determined on the basis of contribution rates set in the valuation on 31 March 2007. This valuation of the Pension Fund concluded that to meet future estimated liabilities higher rates were required: 16.3% (from 1 April 2008), 18.4% (from 1 April 2009) and 20.4% (from 1 April 2010) in accordance with Government regulations.

Due to reduced returns, the revised contribution rates are not adequate to cover 100% of the liabilities and these notes outline the latest position according to the fund actuary.

4. Transactions relating to Retirement Benefits

Whilst the Net Cost of Services takes account of the cost of retirement benefits accruing to employees, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance.

The following transactions have been made in the Income and Expenditure Account, and the Statement of Movement in the General fund Balance during the year:

5. Income and Expenditure Account

	2008/09 £000	2009/10 £000
Net Cost of Services:		
Current Service Cost	2,226	1,897
Past Service Costs	894	0
Losses on Settlements and Curtailments	9	14
Net Operating Expenditure:		
Interest Cost	6,185	6,036
Expected Return on Scheme Assets	-4,986	-3,684
Net Charge to the Income and Expenditure Account	**4,328**	**4,263**
Actual Return on Plan Assets	-13,510	18,966
Statement of Movement in the General Fund Balance:		
Reversal of net charges made for retirement benefits in accordance with FRS17	-4,328	-4,263
Actual amount charged against the General Fund Balance for Pensions in the Year: Employer's contributions to the scheme	2,902	3,377

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £37.445m (£9.634m actuarial losses 2008/09) were included in the Statement of Total Recognised Gains and Losses (see table below). The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses being £51.964m.

6. Amount recognised in the Statement of Total Recognised Gains and Losses

	31 March 2009	31 March 2010
	£000	£000
Actuarial Gains/Losses (-)	-9,634	-37,445
Cumulative Actuarial Gains/Losses (-)	-14,519	-51,964

7. Assets and Liabilities in relation to pension fund

Reconciliation of present value of the scheme liabilities in respect of Huntingdonshire District Council:

	31 March 2009 £000	31 March 2010 £000
Opening liability	**89,097**	**87,593**
Current service cost	2,226	1,897
Interest Cost	6,185	6,036
Contributions by members of scheme	1,093	1,124
Actuarial losses/gains (-)	-8,799	52,727
Estimated benefits paid	-2,930	-3,056
Estimated unfunded benefits paid	-182	-202
Past service costs	894	0
Losses/-gains on curtailments	9	14
Closing liability	**87,593**	**146,133**

Reconciliation of fair value of the scheme assets in respect of Huntingdonshire District Council:

	31 March 2009	31 March 2010
	£000	£000
Opening fair value of assets	**70,441**	**57,877**
Expected return on assets	4,986	3,684
Actuarial losses/ gains (-)	-18,433	15,282
Contributions by the employer	2,720	3,175
Contributions by members of scheme	1,093	1,124
Contributions re unfunded benefits	182	202
Benefits paid	-2,930	-3,056
Unfunded Benefits paid	-182	-202
Closing fair value of assets	**57,877**	**78,086**

Asset values are at bid value as required by FRS17.

8. Scheme History

	2005/06	2006/07	2007/08	2008/09	2009/10
	£000	**£000**	**£000**	**£000**	**£000**
Present value of liabilities	-99,686	-99,622	-89,097	-87,593	-146,133
Fair value of assets	69,964	75,559	70,441	57,877	78,086
Surplus/-Deficit	**-29,722**	**-24,063**	**-18,656**	**-29,716**	**-68,047**
Experience gains/ losses (-) on liabilities	-118	281	816	229	-533
Above, as percentage of present value of liabilities	0.12%	-0.28%	-0.92%	-0.26%	0.36%
Experience gains/ losses (-) on assets	9,996	722	-10,626	-18,433	15,282
Above, as percentage of fair value of assets	14.29%	0.96%	-15.08%	-31.85%	19.57%

The impact on the Council's assets and liabilities, as stated above, has been incorporated in the Council's Financial Accounts.

The net pension liability shows the underlying commitment that the authority has in the long term to pay retirement benefits. Statutory arrangements for funding the deficit ensure that contributions will be adjusted over the remaining working life of employees to meet the liabilities, as assessed by the scheme actuary.

The Council expects to contribute £3.481m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2011.

9. Basis for estimating Liabilities and Assets

The estimates, for the purposes of FRS17, have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Fund.

Liabilities are based on the latest formal valuation as at 31 March 2007, and rolled forward, assessed on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund, dependent on assumptions about mortality rates, salary levels etc. discounted to their present value as at 31 March 2010.

The main assumptions used by the actuary in the Pension Fund calculations are as shown below.

County Fund – Main Assumptions		2008/09	2009/10
Rate of inflation		3.1%	3.8%
Rate of increase in salaries		4.6%	5.3%
Rate of increase in pensions		3.1%	3.8%
Rate of discounting scheme liabilities		6.9%	5.5%
Mortality			
Longevity at 65 for current pensioners			
Men		19.6 years	20.8 years
Women		22.5 years	24.1 years
Longevity at 65 for future pensioners			
Men		20.7 years	22.3 years
Women		23.6 years	25.7 years
Expected long-term rate of return on assets			
Equity Investments		7.0%	7.8%
Bonds		5.6%	5.0%
Property		4.9%	5.8%
Cash		4.0%	4.8%
Take-up option to convert pension into tax free lump sum up to HMRC limits	For pre-April 2008 service	25%	25%
	For post-April 2008 service	25%	63%

In accordance with CIPFA guidance the discount rate employed for the 2009/10 financial year is the return available on long-dated, high quality corporate bonds at the FRS17 valuation date.

Pension fund assets are valued at fair value, principally market value for investments, but using the bid price rather than mid-market value, in accordance with latest financial instruments. The table below shows the mix of assets held and the expected rate of return for each category of asset. Actuarial advice on expected return on assets is based on long-term future expected investment return for each asset class as at 31 March 2009 (or date of joining the fund, if later).

	Proportion of Total assets held by the Fund	
	31 March 2009	**31 March 2010**
Equity Investments	64%	72%
Bonds	17%	15%
Property	10%	8%
Cash	9%	5%
Total Fund Assets	**100%**	**100%**

11 Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP

GLOSSARY OF TERMS

Actuarial Assumptions – these are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation – the gradual write off of initial costs of intangible assets.

Bad Debt Provision – bad debts are amounts owed to the Council which it does not believe will ever be paid back to them. The Council makes a provision for the amount of bad debt it expects to occur.

Capital Contract – this is a contract the Council has with a company to carry out major building or construction work that will take a significant amount of time.

Capital Adjustment Account – the account which reflects the extent to which the District Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital Receipts – income received from selling fixed assets.

CIPFA – this is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Contingent Liabilities – these are amounts that the Council may be, but is not definitely, liable for.

Council Tax – a tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors – these are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets – these are assets that are held for a short period of time, for example cash in the bank, stocks and debtors.

Debtors – sums of money owed to the District Council but not received at the year end.

Depreciation – the amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of a fixed asset value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked Reserves – money set aside for a specific purpose.

Finance Lease – a lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease owns the asset then this is known as a finance lease (see also operating lease).

Fixed Assets – tangible assets that give benefit to the District Council and the services it provides for more than one year.

FRS – financial reporting standard.

Government Grants Deferred Account – the value of grants and other external contributions towards capital expenditure which has not yet been written down to the revenue account. As the assets are used this account is reduced by a sum equivalent to the annual depreciation of the asset.

Impairment – an asset has been impaired when it is judged to have lost value.

Intangible Assets – purchased intangible assets (e.g. software licences) should therefore be classed as assets.

Liabilities – amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources – current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Market Value of Assets – the price that an asset can currently be bought or sold at.

National Non Domestic Rates – rates which are levied on business properties. The District Council collects these rates and pays them into a national pool, which is then re-distributed on the basis of population.

Net Asset value – the value of the Council's assets less its liabilities.

Operating Leases – a lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. If the person paying the lease does not own the asset then this is known as an operating lease. In this case the person is paying to borrow an asset (see also Finance Leases).

Precept – a payment to the Council's General fund, or another local authority, from the Council's Collection Fund.

Prior Year Adjustments – these are changes made to the previous year's accounts to show things that were not known until after the prior year accounts were produced.

Revaluation Reserve – the account that reflects the amount by which the value of the District Council's assets has been revised following revaluation or disposal.

Revenue Support Grant (RSG) – a grant from Central Government towards the cost of providing services.

SSAP – Statement of Standard Accounting Practice.

Statement of Movement on the General Fund Balance (SMGFB) – an account that comprises of statutorily defined items to reduce the charge on the Council Tax.