Statement of Accounts
For the year ended 31 March 2009

Chairman of the Council 2008/09	Councillor J Davies
Leader of the Council 2008/09	Councillor I C Bates
Executive Councillor for Finance 2008/09	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 fairly' 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 changes this year are not significant.

This booklet presents the accounts of Huntingdonshire District Council for the period from 1 April 2008 to 31 March 2009. 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 can be made to reduce the amount that Council Tax payers must meet and these are shown in the Statement of Movement on the General Fund Balance.

The Balance Sheet summarises the Council's assets and liabilities at the end of the year (31 March 2009) 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 shows 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 2008/09

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

Revenue Spending

The original budget had a deficit of £1.6m which it was planned to fund from reserves. The Council has spent £470k less than expected, though £274k of spending on projects has been deferred to 2009/10. £1.2m of reserves will therefore be needed to cover the deficit.

The main items leading to the lower spending this year were additional investment interest (-£329k), extra recharges to capital (-£270k), leisure centre savings (-£245k), extra government grant (-£150k), full recovery of VAT (-£105k) and deferred schemes (-£274k). This has been significantly off-set by additional concessionary fares costs (+£257k), and reduced income (+£587k) from land charges, car parks, planning and rents.

2007/08	Revenue spending	2008/09		
Outturn		Budget	Outturn	Variation
		£000	£000	£000
17,078	**Net Expenditure**	**20,420**	**19,950**	**-470**
	Funded from:			
-11,650	Government Support (RSG + NNDR)	-12,158	-12,158	0
-6,326	Council Tax	-6,668	-6,668	0
7	Collection Fund Deficit	28	28	0
891	Deficit funded (-) from Reserves *	-1,622	-1,152	-470
-17,078		**-20,420**	**-19,950**	

*General Reserve and Delayed Projects Reserve

Capital Spending

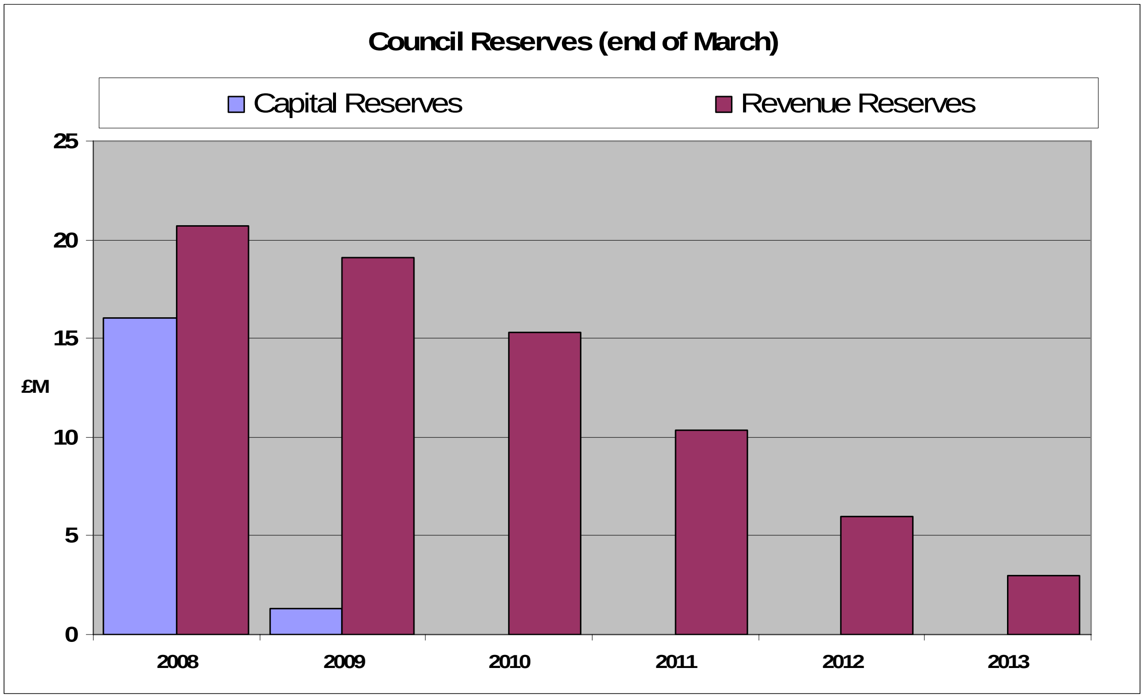
The original net budget was for £16.2m and assumed that there would be schemes brought forward from 2007/08 of £1.3m and, due to the high level of spending, a carry forward to 2009/10 of £2m. Progress on schemes has been much better than expected with only £1m being brought forward at the start of the year and, after allowing for savings of £0.4m and additional recharges from revenue to capital of £0.4m, only £0.3m of schemes need to be deferred to 2009/10.

Capital Spending	2008/09 £000
Environmental Services	219
Industrial and Economic Development	1,667
Parks and Countryside	766
Leisure Centres	2,919
Community Grants	156
Housing	3,856
Community Safety	162
Highways and Transportation	1,515
Vehicles and Plant	130
Office accommodation (new Customer Services Centre and Offices in St Mary's Street)	6,989
IT	1,266
Other	318
Gross	**19,963**
Less external contributions and capital grants	-3,081
Net	**16,882**
Funded from	
Capital Reserves (capital receipts)	16,434
Borrowing	447
Revenue	1

Reserves

As a result of these levels of revenue and capital spending, our reserves have fallen by over £17m in the last year, £16m capital and £1.2m revenue. Capital reserves are virtually exhausted and so future capital expenditure will need to be financed from borrowing.

The Council's last financial forecast was produced in February and showed revenue reserves falling 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 2008/09 outturn.

Balance Sheet Adjustments

There have been some significant changes in the Balance Sheet this year relating to Capital Impairment, Long Term Borrowing and the Pensions Reserve.

Capital Impairments or reductions in asset values are caused by one or a combination of the following items. Firstly, falling rental values due to economic downturns such as we are currently facing. Secondly, where a completed capital project, normally a building, is valued at a lower sum than it cost to construct because the building had been designed to meet a specific Council need for which there may no or very limited market demand for the specific configuration or size. This occurred when Eastfield House was completed due to few organisations needing that particular mix of depot and office requirements. Finally when a building is falling into disrepair or is demolished.

All the Council's properties were revalued as at 1 April 2009 and whilst there were increases in value of £7.6m there were substantial impairments of £20.1m. Of this sum

£11.4m related to Pathfinder House (new building and demolishing of old building) and £6.1m to the Council's commercial and industrial properties. Impairment is normally charged to services in the final accounts unless they are deemed to be exceptional because of their nature and/or scale. The Eastfield House adjustment last year and the Pathfinder House adjustment this year have been treated as exceptional to recognise that they were predominantly not due to the general fall in rental values and to avoid the major distortion that would arise when office/depot costs are allocated to the majority of Council services thus making comparison with other authorities impossible.

Following discussion with the Council's external auditor, the Council decided to borrow long term funds, in anticipation of Capital Reserves running out, if the interest rates were particularly low. Rates were very low in January and so £10m was borrowed.

The pension fund's actuary reviews the adequacy of the pension fund to meet future liabilities each year. This year he has taken into account the additional employee's contributions, assumptions about longevity and the impact on the funds investments from falls on the stock market resulting from the recession. The net effect is that the eventual forecast deficit has risen from £19m to £30m. 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 2008/09 was 16.3%, an increase from 14.3% the previous year, and the Council's MTP already provides for increases in 2009/10 and 2010/11 resulting from the last valuation.

Treasury Management
In June, the Council's Cabinet will receive a report on Treasury Management activity during 2008/09. It explains how the Council considered the most effective way to invest its funds in the light of the problems with Icelandic banks. The view was taken that institution with high credit ratings and UK building societies should continue to be used as the Government has a history of protecting building societies (recently reinforced when the Dunfermline BS got into difficulties). The report also highlights that the Council's investments exceeded their benchmarks – in-house by 1.8% and our external fund manager by 0.8%.

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.

2007/08 Actual	Revenue Income and Expenditure	2008/09 Actual	
£000		£000	£000
69,891	**Gross Expenditure**	88,145	
-11,978	**Less** government prescribed adjustments**	-24,030	
57,913			**64,115**
	Income and other items		
-7,432	Fees and charges	-8,313	
-29,710	Government grants including reimbursement of housing and council tax benefits	-32,800	
-2,742	Investment Income	-2,491	
-580	Trading undertakings deficit (+) / surplus (-)	-363	
-40,464			**-43,967**
17,449	**Total to be funded**		**20,148**
	Funding		
-6,319	Council Tax	-6,640	
-2,045	General Government Grants	-1,685	
-9,976	NNDR from national pool	-10,671	
-18,340			**-18,996**
+891	**Surplus to or deficit (-) met from reserves**		**-1,152**
	Revenue Reserves used (-)		
+1,171	General Revenue Reserves	-1,091	
-280	Provision for delayed projects	-61	-1,152

**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.

CONCLUSION

The Council has been 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 through until 2023/24 to ensure that future spending fully takes account of its longer term implications. A future need for spending adjustments through extra grant income, increased fees and charges, efficiency improvements and service adjustments has been identified. Lower spending than expected in 2008/09 gives more flexibility to plan these adjustments. The delivery of these targets will balance service delivery with limited increases in the Council Tax.

Terry Parker
Director of Commerce & Technology
22 September 2009

Statement of Accounts approved by the Corporate Governance Panel
Chairman: **Cllr. C Stephens**
22 September 2009

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 2009

The Responsibilities of the Director of Commerce and Technology

In preparing this Statement of Accounts which present fairly the financial position of the Authority at 31 March 2009 and its income and expenditure for the year ended 31 March 2009, 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
22 September 2009

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.huntsdc.gov.uk/Councils+and+Democracy/Council/Code+of+Corporate+Governance.htm 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 2009 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.huntsdc.gov.uk/NR/rdonlyres/0C4046F2-C533-437B-B16A-C2BAE99C03C1/0/CommunityStrategy.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.

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 is prepared and an action plan to enhance and improve the scrutiny process is in place. An annual report for 2008/09 has been put on hold for the current year as a result of the changes arising from the restructuring of the overview & scrutiny panels, implementation of partnership scrutiny and resourcing issues

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;
- 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 19 complaints of which 2 were referred for further investigation, no action was necessary in 3 cases and the remainder were referred to the monitoring officer for further action, such as training. 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 £371,000 was paid to 52 Councillors, the basic allowance being £4,100 per annum. In addition Councillors can claim a limited range of travel and sundry expenses; this amounted to £77,000 in the year. Therefore a total of £448,000 for allowances and expenses 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 the rate of 10p & 17p per mile. In total £ 10,700 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 following is an extract from the 2009/10 Strategy produced in January 2009:

Risks associated with investments

The collapse of the Icelandic Banks in October 2008 resulted in the Capital Receipts Advisory Group (CRAG) reviewing its appetite for risk as regards counterparties that the Council would be willing to invest with. Whilst investments could be made with the Government's Debt Management Office which are theoretically risk-free, as they are backed by the Government, there is a significant downside to this level of safety in that the rates offered have been up to 2% below the market rate – a major issue when base rate itself is only 2%.

Following detailed discussion, CRAG recommended that the, then current, counterparty list of banks and building societies should continue to be used. They felt that Building societies are such key financial institutions within the UK that if one got into financial difficulties it would either be taken over by another building society or supported by the Government. They also have a significant proportion of their funds covered by retail savings so are less at the risk of market volatility.

Whilst we have a reasonable number of institutions to invest with, the list reduces every time a bank or building society is taken over by another institution. It is possible that the level of borrowing in anticipation of future needs could become limited by the availability of acceptable counterparties. This will be monitored closely.

Although many organisations rely on credit ratings to determine suitable counterparties and the Government advice refers to bodies with a “high” credit rating, recent events have shown that ratings are not totally reliable. The following changes have been made to mitigate this risk but they still only reduce it rather than remove it:

- The Council’s Treasury Management advisors (Sterling) provide notice of institutions where the credit rating agencies have indicated a ‘rating watch’ which indicates that there may be a concern over the long-term stability of the bank or building society. These will often result in the counterparty being immediately removed from our list.

- Country limits have been set of £6M for non-EU countries, £10M for individual EU countries and £20M for EU in total. The EU limits exclude the UK.

- For shorter term investments the short-term credit rating is the most relevant, however as we may be investing in the medium-term when we have borrowed in advance it is prudent to take long-term credit ratings into account for any investment longer than 1 year. These should be A- or higher (FITCH) or the equivalent with other rating agencies.”

Subsequent 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.

- Investments will not normally be for longer than one month.

- It is considered that the action taken when the Dunfermline Building Society got into difficulties endorsed the view that Building Societies will be protected by the Building Society industry or the Government and we have also been advised that the Dunfermline was in a much weaker position than the other Societies.

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 2009, 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 currently adequate"

8. Whistleblowing and Benefit Fraud

A Whistleblowing Policy and Procedure have been adopted, and is 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 Fraud Team have been selected as finalists in the national awards organised by the Institute of Revenues, Rating and Valuation for 'Excellence in Anti Fraud' and will hear whether they are the winners at the IRRV annual conference in October

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.

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 2008. For 2007/08 the Council has achieved a Use of Resources Assessment '3' score for the internal control theme, which includes risk management. A risk register is in place which is used to inform the review of the system of internal audit. Regular reports on the risks facing the Council are reported to the Corporate Governance Panel. Training has been provided to Corporate Governance Panel and other Members

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. To that end, it has considered its own effectiveness to ensure that it was receiving all the information necessary to fulfil its terms of reference and fulfil its 'charged with governance' role. An action plan has been prepared to deal with issues that were highlighted by the review.

13. Assurance

In March 2009 the CGP in taking account of the guidance issued by CIPFA in Jan 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 September 2008;
- 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 2007/08, provides a summary of the Audit Commission's assessment of the Council. It draws on findings from inspections during the year including the 'Direction of Travel' report and the external auditor's assessment of how well the Council has managed their resources – the Use of Resources Assessment.

The main messages of this letter were –

"Huntingdonshire District Council is improving outcomes in most areas that matter to local residents. Improvements continue to be made in environmental services, particularly in recycling and composting, and in keeping the district clean. Crime levels continue to reduce and remain low. The Council works well in many partnerships. It works effectively with its partners to improve job opportunities for local residents and acts well with other councils on enforcement issues and promoting recycling. Access to services has improved with the opening of a new customer service centre. Enhanced focus on migrants and new arrivals is assisting them to access Council services more effectively. The Council performs well in delivering value for money. But numbers of affordable houses completed has decreased.

Progress is being made on sustaining improvement. A range of plans have been adopted which clearly link to Council and community priorities. Objectives are being achieved, for example delivering choice based lettings. Plans and service development are based on needs identified through consultation. Capacity is being strengthened through joint working. Actions to address poorer performing services, such as planning, have delivered improvements".

The Annual Audit and Inspection Letter highlighted two areas where action is needed by the Council:

- 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.

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.

The Use of Resources Assessment is designed to assess how well local authorities manage and use their financial and other resources. The Assessment focuses on the importance of having available sound and strategic financial and resource management to ensure that resources are available to support the Council's priorities and to improve services.

The Use of Resources Assessment for 2007/08 covers five themes, each of which were assessed on a 1 – 4 scale, 1 representing inadequate performance, 2 adequate performance, 3 good performance and 4 innovative practice. The Council's scores for each of the five themes are reproduced in the following table:-

Theme	2006/07	2007/08
Financial reporting	3	2
Financial management	3	3
Financial standing	3	3
Internal control	2	3
Value for money	3	3
Overall	3	3

This level of performance equates to the Council performing well and consistently above minimum requirements on the Audit Commission scale.

For 2008/09 and as part of the Comprehensive Area Assessment (CAA – a new framework for assessment of local public services) a new organisational assessment has been introduced. The organisational assessment has two elements, Use of Resources assessment and Managing Performance (formerly known as the Direction of Travel).

The Use of resources assessment has three themes - Managing Finances, Governing the Business and Managing Resources. The Key Lines of Enquiry (KLOE) that support these themes are very similar to the previous framework with the exception of the KLOE that supports the theme Managing Resources, this is a new KLOE.

The emphasis of the assessment has also changed to one which is now focusing on the outcomes delivered as apposed to the systems and processes in place and consequently it is classed by the Audit Commission as a "harder test". Therefore, to achieve a level 2 or 3 for the new assessment will be far more challenging.

The Use of Resources assessment will still be scored on the same scale of 1 to 4 and merged with the Managing Performance assessment, which will also be scored for the first time using the same 1 to 4 in order to provide an overall organisation score.

A self assessment for both the Use of Resources and Managing Performance assessment has been submitted to our external auditors. These assessments will feed into the CAA assessment with the results being made available in the autumn 2009.

Development areas identified by external organisations/inspections or by the Council are incorporated into the Council's overall Improvement Plan. Progress on the achievement of this Plan is monitored by the Overview & Scrutiny Panels and by the Cabinet.

16. Governance Issues Previously Identified

- Put in place effective arrangements to identify and deal with failure in service delivery.

    - The corporate complaints system has been recast as part of a wider feedback system, which has been adopted by the Corporate Governance Panel in December 2008. The changes include the introduction of formal procedures to monitor and analyse feedback and to implement any necessary changes

- Tackle areas of comparative under performance

    - Overall performance as measured by performance indicators is positive, with 67 per cent of the Council's performance indicators in 2007/08 improving against an all district average of between 57 and 59 per cent. This reflects its improvement over the last three years, with 66 per cent of indicators improving. In 2007/08, 33 per cent of the Council's performance indicators were amongst the best in the country, an improvement on 2006/07 and matching the average for district council

- Maintain the high profile of delivering agreed audit actions on time by effective monitoring, and reviewing achievements when Chief Officer Management Team consider Heads of Service quarterly performance reports.

    - Performance has been consistently improving; for the 12 month period to July 2009, 68% of agreed audit actions have been introduced on time against the benchmark of 60%; and overall, 84% have been completed.

- Delivery of the Review of Council structure being led by Cabinet Member

    - The Review of the Council's democratic structure was adopted by the Council in April 2009. Changes to internal systems & processes have been implemented from the new municipal year. Community engagement proposals are subject to consultation with partners for implementation later in 2009/2010.

- Review of the Constitution to address any issues not dealt with in the structural review.

    - The biennial review of the Constitution has been undertaken and changes approved by Council in June 2009.

- Delivery of Improvement plan, (external inspection action plans incorporated into Council Improvement plan i.e. Use of Resources, Value for Money, Data Quality etc).

    - Significant progress has been made in achieving the Council's improvement plan. An update on progress is monitored through the Comprehensive Performance Management Framework and considered quarterly by Cabinet.

- Undertake Partnership review programme

    - The framework, guidance and evaluation criteria have been revised to be more 'fit for purpose', and to better support and inform the current CAA process and was approved by COMT in July this year. In addition, a revised partnership list for evaluation purposes has been compiled with the feedback from Heads of Service and Activity Managers. The list consists of those partnerships which are considered to have a significant impact on the delivery of the strategic and operational priorities within the Sustainable Community Strategy and Growing Success. Work on the evaluation of these partnerships will commence in the autumn.

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 -

- 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.
- HSP 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.
- Audit Letter recommendations
  - 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.
- Scrutiny Annual Report
  - Following changes to Overview and Scrutiny to ensure an Overview and Scrutiny annual report reflecting their work during 2009/10 is prepared to for publication.

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 Bates, Leader of the Council

Signed:
David Monks, Chief Executive

I hereby confirm that the Council's Corporate Governance Panel have approved the Governance Statement

Signed:
Councillor C J Stephens
Chairman of the District Council's Corporate Governance Panel

Pathfinder House
St Mary's Street
HUNTINGDON
Cambs PE29 3TN
September, 2009

Auditor’s Report

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

Opinion on the financial statements

We have audited the Authority accounting statements and related notes of Huntingdonshire District Council for the year ended 31 March 2009 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 and 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 prepared by the Audit Commission.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Huntingdonshire District Council and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Commerce and Technology and auditor

The Director of Commerce and Technology's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

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

We read other information published with the 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 financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 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 specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 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 ending 31 March 2009.

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 GRANT THORNTON UK LLP
Byron House
Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

22 September 2009

Accounting Policies

1. General

The Statement of Accounts summarises the council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice 2008* (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 fairly 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 31

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.

4. Revenue Expenditure funded from Capital under Statute

From 2008/09 "deferred charges" are recategorised as "revenue expenditure funded from capital under statute". They represent 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 assets 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 by:

- 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 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

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, starting in 2009/10, the year following its first use of borrowing to fund capital expenditure it must make an annual provision to repay this borrowing. 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 within the significant limitations of the legislation and this will be dealt with at its September 2009 meeting ready for implementation in the 2009/10 accounts.

Depreciation, impairment losses and amortisations will therefore be replaced by this provision in the SMGFB, by the way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

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.

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 the lower of cost and net realisable value. 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 and Pensions Reserve, that cannot be used to finance expenditure.

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.

The opening balance on the Balance Sheet has been restated to comply with the latest requirements.

Details of the Council's expenditure, income, assets and liabilities relating to The Local Government Pension Scheme, are given on pages 64 to 68.

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 2009. Government grants to cover general expenditure are credited to the Income and Expenditure Account. These include the Revenue Support Grant and for 2008/09 Area Based Grant (ABG) which replaces the Local Area Agreement Grant.

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.

FRS 15 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, A change in accounting policy was adopted in 2008/09 to comply with this.

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 but full recovery was temporarily permitted in 2007/08 and 2008/09.

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 are classified into three types:

- Loans and receivables – assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments)
- Available for sale assets – assets with a quoted market price and no fixed determinable payment (e.g. equity investments)
- Fair value through the Profit and Loss – assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking, or a derivative.

The Council only has items in the Loans and receivables category.

Loans and receivables 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.

However, the Council has made loans for home improvement which are interest-free (soft loans). 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 amortized 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

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. This 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 work, 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 to which it relates is depreciated.

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.

Income and Expenditure Account

2007/08			2008/09		
Net Expenditure £000		Note	Gross Expenditure £000	Income £000	Net Expenditure £000
	Net Cost of Services				
	Cultural, Environmental & Planning Services				
5,552	Leisure	**1**	7,142	-1,237	5,905
6,132	Environmental Services		8,040	-1,325	6,715
3,311	Refuse Collection		3,409	-152	3,257
2,659	Planning and Development	**2**	10,087	-2,635	7,452
	Housing Services				
4,330	Housing General Fund		30,271	-25,887	4,384
157	Local Taxation Benefits		6,903	-6,682	221
1,268	Highways and Transportation		4,099	-1,739	2,360
	Central Services				
1,061	Local Taxation Collection		1,499	-570	929
252	Other Central Services		590	-226	364
4,748	Exceptional item	**3**	12,168		12,168
3,063	Corporate and Democratic Core		3,664	-659	3,005
216	Non-distributed costs		273	-1	272
32,749	**NET COST OF SERVICES**		**88,145**	**-41,113**	**47,032**
	Corporate Income and Expenditure				
-734	Gain (-) on disposal of assets				-363
3,555	Parish Precepts				3,737
-580	Trading undertakings surplus(-)/deficit	**4**			467
55	Interest payable				222
-2,797	Interest and investment income				-2,713
9	Amounts payable into the Housing Capital Receipts Pool				6
-57	Pensions interest cost and expected return on assets	**11**			1,199
32,200	**NET OPERATING EXPENDITURE**				**49,587**
	Principal Sources of Finance				
-9,874	Income from on the Collection Fund				-10,377
-2,045	General Government Grants	**12**			-1,685
-9,976	Distribution from the Non-domestic rate pool				-10,672
10,305	**DEFICIT FOR THE YEAR**				**26,853**

Statement of Movement on the General Fund Balance

2007/08 £000		2008/09 £000
-19,240	**General Fund Balance brought forward**	**-20,410**
10,305	Deficit for the year (Income and Expenditure Account)	26,853
-11,475	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-25,762
-1,170	**Increase(-)/Decrease in General Fund Balance for the year**	**1,091**
-20,410	**General Fund Balance carried forward**	**-19,319**

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

2007/08 £000		2008/09 £000	2008/09 £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		
-1,261	Amortisation of intangible assets	-1,034	
-7,829	Depreciation and impairment of fixed assets	-21,574	
169	Government grants deferred amortisation	83	
-2,084	Write downs of deferred charges to be financed from capital resources	0	
0	Revenue funded from capital under statute	-2,338	
734	Net gain on sale of fixed assets	363	
-2,893	Net charges made for retirement benefits in accordance with FRS17	-4,328	
-173	Amount by which finance costs calculated in accordance with the SORP are different from those required by statute	-41	
-13,337			**-28,869**
	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		
-171	Commutation adjustment	-102	
-9	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	-6	
2,411	Employer's contributions payable to the Cambridgeshire County Council Pension fund and retirement benefits payable direct to pensioners	2,902	
2,231			**2,794**
	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		
-369	Net transfer to or from earmarked reserves**		**313**
-11,475	**Net additional amount required to be credited to the General Fund Balance for the year**		**-25,762**

** excluding Collection Fund

Statement of Total Recognised Gains and Losses

2007/08 £000		2008/09 £000
10,305	Deficit on the Income and Expenditure Account	26,853
-942	Surplus arising from the revaluation of assets	-7,601
-5,863	Actuarial gains (-) and losses on Pension Fund assets and liabilities	9,634
-31	Deficit/ surplus (-) on the Collection Fund	5
3,469	**Total recognised gain (-) / loss for the year**	**28,891**

The movement of £28,891k in 2008/09 represents the reduction in reserves as shown on the balance sheet during the year.

Balance Sheet as at 31 March 2009

Restated 2008 £000		Note	2009 £000	2009 £000
2,503	Intangible assets	14		2,147
	Tangible fixed assets			
	Operational assets			
23,566	Land and buildings		30,445	
6,709	Vehicles and plant		7,766	
8,589	Infrastructure		8,465	
1,406	Community asset		1,406	48,082
	Non-operational assets			
19,528	Investment properties		15,345	
8,420	Assets under construction		3,125	
615	Surplus assets, held for disposal		1,548	20,018
71,336	***Total fixed assets***			**70,247**
10,100	Investments	17	15,238	
1,184	Long-term debtors	18	1,250	16,488
82,620	***Total long-term assets***			**86,735**
	Current assets			
96	Cash		687	
134	Stock	19	107	
7,025	Debtors	20	7,398	
30,250	Short-term investments		27,925	
455	Payments in advance		401	
37,960			36,518	
	Current liabilities			
-4,634	Creditors	21	-8,263	
-1,300	Receipts in advance		-2,605	
-2,050	Cash overdrawn		-1,879	
0	Short term borrowing		-6,000	
-7,984			-18,747	
29,976	***Net current assets***			**17,771**
	Long-term liabilities			
0	Long term Borrowing	22	-10,110	
-160	Deferred credits (including capital receipts)		-140	
-1,399	Deferred grants and contributions		-1,050	
-18,656	Pension scheme liability	29	-29,716	
-20,215				**-41,016**
92,381	***Total assets less liabilities***			**63,490**
	Financed by:			
70,163	Capital adjustment account	24	61,506	
942	Revaluation reserve	25	8,543	
16,023	Capital reserve	27	72	
-173	Financial instruments adjustment account	26	-214	
3,672	Earmarked reserves	28	3,980	
20,410	General Fund balance	28	19,319	
-18,656	Pensions reserve	29	-29,716	
92,381				**63,490**

Terry Parker BA (Hons) FCA, Director of Commerce and Technology 22 September 2009

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes
2007/08 has been restated as deferred charges is now *revenue expenditure funded from capital under statute* and moved to revenue activities

	2007/08 restated		2008/09	
	£000	**£000**	**£000**	**£000**
Revenue Activities				
Cash outflows				
Employment costs	23,018		24,052	
Other operating cash payments	12,485		8,068	
Precepts paid out	68,723		72,342	
Contribution to the NNDR pool	47,157		50,617	
Housing benefits	21,903		24,750	
Cash inflows				
Council tax receipts	-69,388		-72,265	
Non-domestic rate receipts	-47,444		-51,416	
Non-domestic rate receipts from national pool	-9,641		-11,032	
Revenue support grant	-1,674		-1,486	
Local Authority Business Growth Incentive Grant	-771		-150	
DWP grants for benefits	-27,487		-30,669	
Other Government grants	-2,000		-982	
Cash received for goods and services	-2,977		-7,499	
Other operating cash receipts	-3,550	**8,354**	-3,369	**961**
Returns on Investments and Servicing of Finance				
Cash outflows				
Interest paid	55		222	
Cash inflows				
Interest received	-2,797	**-2,742**	-2,713	**-2,491**
Capital Activities				
Cash outflows				
Purchase of fixed assets	12,895		15,257	
Long-term investments	0		5,138	
Other capital cash payments	0	**12,895**	517	**20,912**
Cash inflows				
Sale of ex-Council houses	-688		-240	
Sale of other assets	-481		-242	
Long-term investments	-37,007		0	
Capital grants received	-2,630		-1,217	
Other capital cash receipts	-1,335	**-42,141**	-119	**-1,818**
Net cash inflow before financing		**-23,634**		**17,564**
Management of liquid resources				
Net increase/decrease in short-term deposits		**24,250**		**-2,324**
Financing				
Cash inflows –new loans raised		**0**		**-16,000**
Change in balance at bank (- is reduced overdraft)		**616**		**-760**

Notes to the Main Financial Statements

These accounts were authorised for issue on 22 September 2009 by the Corporate Governance Panel; this is the date up to which any post-balance sheet events have been considered.

Notes to the Income and Expenditure Account

1. Cost of services – leisure

The Authority contributed the following deficit support to the Leisure Centres in the District which are managed jointly with other bodies

	2007/08		2008/09	
	£000	**£000**	**£000**	**£000**
St Ivo	754		673	
Huntingdon	663		749	
St Neots	638		694	
Ramsey	368		424	
Sawtry	442	**2,865**	455	**2,995**
Other leisure services	471		343	
Parks	2,164		2,340	
Other	52	**2,687**	227	**2,910**
Net cost of leisure services		**5,552**		**5,905**

The Leisure Centre Management Committees are constituted under section 102 of the Local Government Act 1972 and consequently are required to report independently of Huntingdonshire District Council by means of separate statements of accounts. From 1 April 2009 the Management Committees will cease to exist and from then all the expenditure and income will be accounted for by Huntingdonshire District Council and any assets, basically stock, will be transferred to this Authority. Based on the 2008/09 figures gross expenditure of £8.3m and income of £5.3m will replace the net deficit funding of £3m. Reserves of £139k will also be transferred.

2. 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	2008/09
	£000	**£000**
Income	-508	-422
Expenditure	410	450
Surplus (-)/deficit	**-98**	**28**
Cumulative surplus (-)/deficit (3 years)	-141	-101

3. Exceptional item

There has been a material impairment of the Council offices because the old administrative offices have been demolished, the valuation of the replacement building is less than its capital cost and there is impairment on other administrative buildings including the depot. The valuations were carried out externally and independently by MG Storey FRICS and MJ Beardall BLE (Hons) MRICS of Barker Storey Matthews

Impairment 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. The cost is reversed out in the Statement of Movement on General Fund Reserve so there is no impact on the council tax.

4. Trading Undertakings

The following items are defined as trading undertakings by the SORP. The SORP now requires that notional interest is not charged to service and trading accounts but that it can be taken into account when deciding on the fees and charges to be levied. The table below shows the surplus before the notional interest is taken into account.

	2007/08		**2008/09**	
	Turnover	**Surplus**	**Turnover**	**Surplus/ Deficit (-)**
	£000	**£000**	**£000**	**£000**
Markets				
Huntingdon	55	13	53	15
Ramsey	5	1	5	3
St Ives	136	76	120	77
Management	1	-62	1	-62
	197	**28**	**179**	**33**
Industrial properties	**625**	**390**	**493**	**-427**
Commercial properties	**225**	**162**	**229**	**-73**
Total	**1047**	**580**	**901**	**-467**

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

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 nil in 2008/09 because the Council had not funded any capital expenditure from borrowing as at 31 March 2008.

6. Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Authority is required to disclose the level of expenditure on publicity:

	2007/08 £000	2008/09 £000
Recruitment advertising	143	99
Other advertising	200	240
	343	**339**

7. Members' Allowances and Expenses

	2007/08 £000	2008/09 £000
Allowances	345	371
Expenses	77	77
	422	**448**

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.

	2007/08	2008/09
£50,000 - £60,000	4	14
£60,000 - £70,000	10	3
£70,000 - £80,000	2	8
£80,000 - £90,000	1	1
£90,000 - £100,000	2	2
£130,000 - £140,000	0	0
£140,000 - £150,000	1	0
£150,000 - £160,000	0	1

9. Audit and Inspection Fees

	2007/08 £000	2008/09 £000
External audit	77	78
Grant claim certification	20	26
Statutory inspections	6	6
National Fraud Initiative	0	3
	103	**113**

10. Related Party Transactions

The Council must disclose in the accounts any material transactions with related parties which include Councillors, Chief Officers, Central Government and other Local Authorities. No material transactions have been identified for disclosure that are not reported elsewhere in these Accounts. Creditors and debtors with Central Government and Local Authorities are shown in notes 20 and 21, whilst Government grants are analysed in note 36 to the cash flow.

11. Pension Costs

Details of pension costs are included in the statement of pension costs, assets and liabilities on page 66.

12. Government Grants Income

Grants not attributable to specific services

	2007/08 £000	**2008/09 £000**
Revenue Support Grant	1,674	1,486
Area Based Grant	0	49
Local Authority Business Growth Incentive Grant	371	150
	2,045	**1,685**

Notes to the Balance Sheet

13. 2007/08 Restated Balance Sheet

The 2007/08 Balance Sheet has been restated for the impact of the latest FRS17 guidance on the valuation of the pension deficit. The Council had a future pension deficit of £18.3m at the start of the year which, when adjusted increases to £18.7m.

14. Assets

All assets held at current value were revalued at 1 April 2009 and applied to the 2008/09 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 26depreciated replacement cost as appropriate. Accounting policy 6 explains the measurement of the valuation and the depreciation policy adopted.

As at 31 March 2009 the Council was contractually committed to capital works valued at approximately £5.1m of which £4.6m related to the new HQ project.

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	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 2008	**24,424**	**8,121**	**9,011**	**1,406**	**19,528**	**8,420**	**615**	**3,763**	**75,288**
Additions	7,633	2,549	363		1,203	3,030	25	455	**15,258**
Disposals		-78							**-78**
Reclassifications	7,464		-49		-322	-8,325	1,009	223	**0**
Revaluations	4,724				1,028		96		**5,848**
Impairment losses	-13,800				-6,092		-197		**-20,089**
At 31 March 2009	**30,445**	**10,592**	**9,325**	**1,406**	**15,345**	**3,125**	**1,548**	**4,441**	**76,227**

Depreciation and impairments at 1 April 2008	**858**	**1,412**	**422**					**1,260**	**3,952**
Charge for 2008/09	894	1,443	438					1,034	**3,809**
Revaluation gains in respect of accumulated depreciation	-1,752								**-1,752**
Disposals		-29							**-29**
At 31 March 2009	**0**	**2,826**	**860**					**2,294**	**5,980**

Balance Sheet amount at 1 April 2008	**23,566**	**6,709**	**8,589**	**1,406**	**19,528**	**8,420**	**615**	**2,503**	**71,336**
Balance Sheet amount at 31 March 2009	**30,445**	**7,766**	**8,465**	**1,406**	**15,345**	**3,125**	**1,548**	**2,147**	**70,247**

Notes

1. The Council operates five leisure centres, managed jointly with other bodies, 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

Major assets held at 31 March 2009	Number
Offices and depot	4
Leisure centres	5
Markets	2
Bus stations	2
Public conveniences	7
Car parks	24
Mobile home park	1
Country parks	2
Recreation grounds	6
Pavilions	3
Eco homes	2
Vehicles and plant	105
Investment properties	132
Surplus assets held for disposal	20

15. Financing of Capital Expenditure

	2007/08 £000	2008/09 £000
Capital receipts	13,888	16,433
External contributions and capital grants	2,631	3,081
Borrowing	0	447
Revenue	0	1
Total financed	**16,519**	**19,962**

16. 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 following values of assets are held under finance leases by the authority, accounted for as a part of tangible fixed assets:

	Land & Buildings £000
Gross value of assets held under finance leases	267
Net Value at 1 April 2008	267
Additions	
Revaluations	
Depreciation charged in year	
Disposals	
Value at 31 March 2009	267

There were no finance charges allocated for the period 2008/09.

Outstanding obligations (excluding finance costs) at 31 March 2009, accounted for as part of long-term liabilities, are as follows:

	Land & Buildings £000	**Vehicles, Plant & Equipment £000**
Amounts payable with in one year		
Amounts payable between in 2 -5 years	1	0
Amounts payable in over 5 years		
Additions		
Revaluations		
Depreciation charged in year		
Disposals		
Value at 31 March 2009		
Cumulative depreciation as at 31 March 2009	0	0

There were no new obligations taken on before 31.3.09 but which did not commence until after year end

Operating leases

Operating lease payments

	2008 £000	**2009 £000**
Buildings	0	0
Vehicles	88	97
Total	**88**	**97**

Future liability under existing operating leases

	2008 £000		**2009 £000**	
	Buildings	Other	Buildings	Other
Leases expiring in 1 year	0	70	0	75
Leases expiring in 2- 5 years	0	52	0	73
Leases expiring in more than 5 years	0	0	0	0
	0	**122**	**0**	**148**

17. Long-term Investments

	2008 £000	2009 £000
Long-term investments held at 31 March		
CDCM Investment Fund	10,000	5,113
In-house managed funds	0	10,125
Other (net of provision for losses)	100	0
	10,100	**15,238**

Most long term surplus cash held in the Council's reserves was invested through the services of the external fund manager CDCM, however the Authority temporarily invested £10m for 4 to 5 years when it borrowed £10m from the Public Works Loans Board (PWLB) in anticipation of its need to borrow to finance capital expenditure.

As funds managed by CDCM mature they are being brought into the in-house portfolio; as at 31 March 2009 the short-term funds with CDCM totalled £8m. Monies required to meet the Council's cash flow requirements over the next two years are managed in-house, and at the year-end amounted to £14.5m.

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

Other long-term investments at 31 March 2009 of £0.1m (net) include £0.4m invested with Chancery bank, of which £0.3m is 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

18. Long-term Debtors

	Balance 1.4.08 £000	Repayments/ new advances £000	Revaluation/ Gain/-loss £000	Balance 31.3.09 £000
Loans – St Neots Town Council	116	-10		106
Housing advances	616	-20		596
House improvement loans	378	143	-42	479
House mortgages	35	-10		25
Employee loans	39	5		44
	1,184	**108**	**-42**	**1,250**

19. Stock

	31.3.08 £000	31.3.09 £000
Diesel	43	10
Printing	26	36
Refuse sacks	22	20
Other	43	41
	134	**107**

20. Debtors

	31.3.08 £000	31.3.09 £000
Amounts falling due in one year:		
Government Departments	1,049	2,055
NNDR National Pool (creditor 2008/09)	360	0
Public Authorities	381	1,728
Housing tenants	215	386
Local taxation	1,922	2,231
NNDR payers	299	916
Investment interest	1,050	0
General debtors	3,688	2,476
Total debtors	**8,964**	**9,792**
Less provision for bad debts		
Local Taxation	-611	-894
General Debtors	-836	-902
Other	-492	-598
	-1,939	**-2,394**
Net Position	**7,025**	**7,398**

21. Creditors

	31.3.08 £000	31.3.09 £000
Government Departments	641	1,717
Local Authorities	468	1,351
Leisure Centre Management Committees	15	158
Other	3,510	5,037
	4,634	**8,263**

22. Long term Borrowing

The Council borrowed £10m from the Public Works Loans Board (PWLB) in anticipation of the borrowing needed in future years. In December 2008 the long-term PWLB rates were considered to be very low and so £5m was borrowed for 50 years at 3.90% and £5m for 49 years at 3.91%. The Balance Sheet figure includes accrued interest of £110k.

23. Reserves

The Council maintains 6 types of reserves, some are available to meet expenditure and others are not:

Available to fund expenditure

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

Not available to fund expenditure

- The Revaluation Reserve and the Capital Adjustment Account relate to the requirements of the capital accounting rules.
- 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.
- Pension Fund Liability represents the balance on the pension fund, which is an accounting entry to meet the requirements of FRS17.

24. Capital Adjustment Account

	2007/08		2008/09	
	£000	**£000**	**£000**	**£000**
Balance as at 1st April		**68,481**		**70,163**
Financing of capital expenditure				
Capital receipts	13,888		16,433	
External grants & contributions	2,630	16,518	3,082	19,515
Provision for depreciation	-3,921		-3,736	
Deferred charges and debtors	-5,300		-5,420	
Commutation adjustment	-171		-102	
Impairment	-5,169		-18,872	
Disposal	-275	-14836	-42	-28,172
Balance as at 31st March		**70,163**		**61,506**

25. Revaluation Reserve

	2007/08	2008/09
	£000	£000
Balance as at 1st April	**0**	**942**
Surplus on revaluation	942	7,601
Balance as at 31st March	**942**	**8,543**

All land and buildings have been revalued as a result of the 5 yearly full valuation; The most significant gains have been in the following areas - leisure centres, £4.3m; £1.1m for investment properties (industrial and commercial units) and £0.8m for car parks

26. Financial Instruments Adjustment Account

	2007/08	2008/09
	£000	£000
Balance as at 1st April	**0**	**-173**
Adjustment for fair value of private sector housing improvement loans	-173	-41
Balance as at 31st March	**-173**	**-214**

27. Capital Reserve (Usable Capital Receipts and capital contributions)

	2007/08		2008/09	
	£000	£000	£000	£000
Balance as at 1st April		**28,157**		**16,023**
Receipts				
Sale of Council houses	688		240	
Sale of land and other buildings	392		165	
Repayment of loans	43		34	
Improvement grants	46		43	
Non-specified investments	585	1754	0	482
Receipts applied during the year		-13,888		-16,433
Balance as at 31st March		**16,023**		**72**

The balance represents a capital contribution that will be utilised during 2009/10

28. Revenue Reserves

	Balance 1.4.08 £000	Movement £000	Balance 31.3.09 £000
Earmarked reserves:			
S106 agreements	878	276	1,154
Commuted S106 payments reserve	1,084	115	1,199
Repairs and renewals funds	1,111	-46	1,065
Delayed projects reserve	335	-61	274
Other reserves	243	28	271
	3,651	**312**	**3,963**
Collection Fund	21	-4	17
	3,672	**308**	**3,980**
General fund balance	**20,410**	**-1,091**	**19,319**

29. Pensions Scheme Liability and Pensions Reserve

	Restated Balance 1.4.08 £000	Movement £000	Balance 31.3.09 £000
Pensions Reserve	-18,656	-11,060	-29,716

Details included in Pensions section page 66

30. Contingent Assets and Liabilities

Contingent Assets

1. A claim for recovery of tax has been made to the HMRC as the result of a recent Court of Appeal judgement which allowed claims for VAT refunds to be made back to 1973, when VAT was introduced. The judgement was linked to 6 areas of 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.

   The net claim is for around £1m plus interest. There is a separate legal challenge relating to whether interest would be simple or compound. There is a strong likelihood that the HMRC will pay at least part of the claim although the timing is unclear.

2. Cambridgeshire County Council owes £309k as a capital contribution towards expenditure on leisure centres in 2008/09, however they are deferring the payment until 2010/11 which creates a risk that the payment will not be made.

3. Claims have been made for the refund of VAT relating to off-street parking but whilst legal cases determined this year 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:
    - Necessary associated sewer maintenance in excess of £65k p.a.
    - 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 2009 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 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.

31. 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 2008 £000		31 March 2009 £000
	Financial assets by class	
	Loans and receivables	
7,025	Debtors due within one year	7,398
1,184	Debtors due after one year	1,283
10,100	Long-term investments	15,238
30,250	Short-term investments	27,927
96	Cash and equivalents	687
48,655	*Total loans and equivalents*	*52,533*
48,655	**Total financial assets**	**52,533**

	Financial liabilities by class	
	Other liabilities at amortised cost	
0	Long-term liability at fixed rate of interest	-10,110
4,634	Creditors payable within one year	-8,263
0	Short-term liability at fixed rate of interest	-6,000
2,050	Bank overdrafts	-1,879
6,684	*Total other liabilities at amortised cost*	*-26,252*
6,684	**Total financial liabilities**	**-26,252**

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 recognized
- 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 2008			**31 March 2009**	
Carrying amount	**Fair value**		**Carrying amount**	**Fair value**
£000s	**£000s**		**£000s**	**£000s**
		Financial assets		
		Loans and receivables		
8,209	7,826	Total debtors	8,681	8,471
40,350	39,481	Total investments	43,165	41,763
96	96	Cash and equivalents	687	687
48,655	**47,403**	**Total**	**52,533**	**50,921**
		Financial liabilities by class		
		Other liabilities at amortised cost		
0	0	Long-term loan	-10,110	-9,757
4,634	4,634	Total creditors	-8,263	-8,263
0	0	Short-term loans	-6,000	-6,000
2,050	2,050	Bank overdrafts	-1,879	-1,879
6,684	**6,684**	**Total**	**-26,252**	**-25,899**

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 the 31 March 2009 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

32. Post balance sheet event - Leisure Centre Management Committees

The Leisure Centre Management Committees are constituted under section 102 of the Local Government Act 1972 and consequently are required to report independently of Huntingdonshire District Council by means of separate statements of accounts. From 1 April 2009 the Management Committees will cease to exist and from then all the expenditure and income will be accounted for by Huntingdonshire District Council and any assets, basically stock, will be transferred to this Authority

Notes to the Cash Flow Statement

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

2007/08 has been restated as deferred charges is now *revenue expenditure funded from capital under statute* and moved to revenue activities

	2007/08	restated	2008/09	
	£000	£000	£000	£000
Net revenue activities cash flow		8,354		961
Net interest received	-2,742		-2,491	
Depreciation	3,920		3,736	
Impairment	4,748		18,873	
Sale of council houses	-688		-242	
Capital grants and adjustments for soft loans	-102		-32	
Pensions appropriation	482		1,426	
Surplus on sale of fixed assets	-46		-123	
Housing capital receipts pool	9		6	
Changes in:				
Creditors	-3,393		4,921	
Debtors	-194		-209	
Stock	-43		27	
		1,951		25,892
Income and Expenditure Account deficit		**10,305**		**26,853**

34. Reconciliation of net cash flow to the movement in net funds

	1.4.08 £000	Movement £000	31.3.09 £000
Cash in hand	96	590	686
Cash overdrawn	-2,050	170	-1,880
Short-term borrowing	0	-6,000	-6,000
Short-term investments	30,250	-2,324	27,926
Long-term borrowing	0	-10,000	-10,000
	28,296	**-17,564**	**10,732**

35. Analysis of change in management of liquid resources and financing

	1.4.08 £000	Movement £000	31.3.09 £000
Short-term borrowing	0	-6,000	-6,000
Short-term investments	30,250	-2,324	27,926
	30,250	**-8,324**	**21,926**

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 2009 before the Council collected council tax instalments in April 2009.

36. Analysis of Government Grants

	2007/08		2008/09	
	£000	£000	£000	£000
Revenue support grant		1,674		1,486
Benefits grants:				
Council tax benefits	5,831		6,382	
Rent allowances	21,656	27,487	24,287	30,669
Other:				
Local Authority Business Growth Incentive Grant	771			150
Other capital grants	1,429			1,182
Benefits administration	979			891
Other	1,124	4,303		1,048
		33,464		35,426
Debtor		-66		0
		33,398		**35,426**

Collection Fund

2007/08 £000	2007/08 £000		Note	2008/09 £000	2008/09 £000
	-73	**Balance brought forward 1st April**			**163**
69,196		Council tax income	2	72,951	
-7		Transfers from General Fund		28	
5,776		Council tax benefits		6,327	
306	**75,271**	Change provision for non-collection	4	-349	**78,957**
		***Less* Precepts on the Fund**			
-53,575		Cambridgeshire County Council		-56,427	
-8,584		Cambridgeshire Police Authority		-9,040	
-3,009		Cambridgeshire Fire Authority		-3,138	
		Huntingdonshire District Council:			
-6,312		General expenses		-6,668	
-3,555	**-75,035**	Parish Precepts		-3,737	**-79,010**
	163	**Deficit-/surplus on council tax**			**110**
47,382		**NNDR collectable**		50,843	
-225		*less* Government contribution to cost of collection		-226	
-47,157	**0**	*less* payment due to National Pool	5	-50,617	**0**
	163	**Deficit- /surplus carried forward at 31st March**			**110**

Notes to the Collection Fund

1. These accounts present the movements in the Collection Fund, which is a statutory fund 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.

The surplus on the Collection Fund is split between that relating to Huntingdonshire District Council (£16k surplus) which is included in the earmarked reserves on page 54 and the amounts due from the precepting authorities which are included as debtors in the Balance Sheet.

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

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

(c) The balance at the year end is distributable between the major precepting bodies in proportion to their respective precepts in 2009/10

(d) In the accounts of the Council the balance attributable to this Authority is a reserve, but the sums due to or from the major precepting authorities are treated as a creditor or debtor

3. Precepts and demands

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

	2007/08	2008/09
	£000	£000
Cambridgeshire County Council	53,557	56,578
Cambridgeshire Police Authority	8,581	9,065
Cambridgeshire Fire Authority	3,009	3,146
St Neots Town Council	696	760
Huntingdon Town Council	570	597
St Ives Town Council	469	480

4. Council Tax

	2007/08		2008/09	
	£000	£000	£000	£000
Base debit	83,877		88,844	
Add MOD contribution	527	84,404	512	89,356
Deduct Property exemptions	-3,786		-4,113	
Disability exemptions	-87		-93	
Discounts	-5,559		-5,872	
Write offs	-131		-49	
Provision for non-collection	437	-9,126	-300	-10,427
		75,278		**78,929**

Taxbase at 31 March 2009

Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	10,950	2,076	0.67	5,913
B	18,276	2,444	0.78	12,314
C	16,832	1,751	0.89	13,406
D	11,001	991	1.00	10,010
E	8,208	722	1.22	9,150
F	3,321	275	1.44	4,399
G	1,618	132	1.67	2,477
H	144	23	2.00	243
Total	**70,350**			**57,912**

	2007/08	2008/09
Council tax charge per band D property	£1,306	1,370
Actual taxbase used (Band D equivalent)	57,402	57,846
Estimated taxbase	57,434	57,785

5. National Non-domestic Rates (NNDR)

	2007/08		2008/09	
	£000	£000	£000	£000
NNDR based on uniform business rate	54,948		56,943	
Adjustment to previous years	-1,098		-1,676	
Less Mandatory relief	-6,292	**47,558**	-3,923	**51,344**
Less Discretionary relief	-92		-87	
Add Charity relief from General Fund	23	-69	22	-65
Net yield		**47,489**		**51,279**
Less Collection costs & interest on refunds	-273		-322	
Less irrecoverables & provision for bad debts	-59	-332	-340	-662
Contribution to National Pool		**47,157**		**50,617**

The uniform business rate set by the Government for 2008/09 was 46.2p(2007/08 44.4p)

Total ratable value at 31 March 2008 £125.3m
Total ratable value at 31 March 2009 £124.5m

6. Irrecoverables and Provisions for bad debts

Council Tax

	2007/08	2008/09
Change in Bad Debt provision	-437	300
Irrecoverables	131	49
Total	**-306**	**349**

NNDR

	2007/08	2008/09
Change in Bad Debt provision	-59	303
Irrecoverables	118	37
Total	**59**	**340**

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 (2007), which takes account of the latest relevant Financial Reporting Standards (FRS 26 & FRS 27), and the amendment to 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. Change of accounting policy

For 2008/09, there is a change of accounting policy following adoption of the revised FRS 17. Derivatives and investments, which must be valued at fair value, are now valued, where there is an active market, at bid price rather than mid market value.

The amendment to FRS17 has also changed the disclosure requirements.

3 Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The rate for 2007/08 was determined on the basis of contribution rates set in the 2004 valuation. The latest (2007) valuation of the Pension Fund concluded that to meet future funding required higher rates 16.3% (from 1 April 2008), 18.4% (from 1 April 2009) and 20.4% (from 1 April 2010) to meet estimated liabilities 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

	2007/08 £000	2008/09 £000
Net Cost of Services:		
Current Service Cost	2,950	2,226
Past Service Costs	_	894
Losses on Settlements and Curtailments	_	9
Net Operating Expenditure:		
Interest Cost	5,395	6,185
Expected Return on Scheme Assets	-5,452	-4,986
Net Charge to the Income and Expenditure Account	**2,893**	**4,328**
Actual Return on Plan Assets	-3,646	-13,510
Statement of Movement in the General Fund Balance:		
Reversal of net charges made for retirement benefits in accordance with FRS 17	-2,893	-4,328
Actual amount charged against the General Fund Balance for Pensions in the Year:	2,411	2,902
Employer's contributions to the scheme		

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £9.634m (£5,889 actuarial gains 2007/08 as restated) 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 £14.519m.

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

	31 March 2008 as restated	31 March 2009
	£000	£000
Actuarial Gains/ -Losses	5,889	-9,634
Cumulative Actuarial Gains/ -Losses	-4,885	-14,519

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 2008 £000	31 March 2009 £000
Opening liability	**99,622**	**89,097**
Current service cost	2,950	2,226
Interest Cost	5,395	6,185
Contributions by members of scheme	931	1,093
Actuarial losses/-gains	-16,515	-8,799
Estimated benefits paid	-3,107	-2,930
Estimated unfunded benefits paid	-179	-182
Past service costs	-	894
Losses/-gains on curtailments	-	9
Closing liability	**89,097**	**87,593**

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

	31 March 2008	31 March 2009
	£000	£000
Opening fair value of assets	**75,559**	**70,441**
Expected return on assets	5,452	4,986
Actuarial losses/-gains	-10,626	-18,433
Contributions by the employer	2,232	2,720
Contributions by members of scheme	931	1,093
Contributions re unfunded benefits	179	182
Benefits paid	-3,107	-2,930
Unfunded Benefits paid	-179	-182
Settlements	-	-
Closing fair value of assets	**70,441**	**57,877**

Asset values are at bid value as required by FRS17. (Assets as at 31 March 2008 have been restated at bid price, resulting in an actuarial loss).

8. Scheme History

	31 March 2005	31 March 2006	31 March 2007	31 March 2008 As restated	31 March 2009
	£000	**£000**	**£000**	**£000**	**£000**
Present value of liabilities	-82,744	-99,686	-99,622	-89,097	-87,593
Fair value of assets	56,291	69,964	75,559	70,441	57,877
Surplus/-Deficit	**-26,453**	**-29,722**	**-24,063**	**-18,656**	**-29,716**
Experience gains/-losses on liabilities	-5,192	-118	281	816	229
Above, as percentage of present value of liabilities	6.27%	0.12%	-0.28%	-0.92%	-0.26%
Experience gains/-losses on assets	2,724	9,996	722	-10,626	-18,433
Above, as percentage of fair value of assets	4.84%	14.29%	0.96%	-15.08%	-31.85%

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 £3.121m into Cambridgeshire County Council's Local Government Pension Fund in the year to 31 March 2010.

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 2008.

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

County Fund – Main Assumptions	**2007/08**	**2008/09**
Rate of inflation	3.6%	3.1%
Rate of increase in salaries	5.1%	4.6%
Rate of increase in pensions	3.6%	3.1%
Rate of discounting scheme liabilities	6.9%	6.9%
Mortality		
Longevity at 65 for current pensioners		
Men	19.6 years	19.6 years
Women	22.5 years	22.5 years
Longevity at 65 for future pensioners		
Men	20.7 years	20.7 years
Women	23.6 years	23.6 years
Expected long-term rate of return on assets		
Equity Investments	7.7%	7.0%
Bonds	5.7%	5.6%
Property	5.7%	4.9%
Cash	4.8%	4.0%
Take-up option to convert pension into tax free lump sum up to HMRC limits	25%	25%

In accordance with CIPFA guidance the discount rate employed for the 2007/08 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 2008 (or date of joining the fund, if later).

	Proportion of Total assets held by the Fund	
	31 March 2008	**31 March 2009**
Equity Investments	70%	64%
Bonds	13%	17%
Property	12%	10%
Cash	5%	9%
Total Fund Assets	**100%**	**100%**

11 Further information

Further information about the Pension Fund can be found in Cambridgeshire County Council's Pension Fund Annual Report, which is available on request from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.