

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in the **AQUARIUS ROOM, ST IVO LEISURE CENTRE, WESTWOOD ROAD, ST IVES, CAMBRIDGESHIRE, PE27 6WU** on **TUESDAY, 23 JUNE 2009** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 2)

To approve as a correct record the Minutes of the meeting of the Panel held on 13th May 2009.

**Miss H Ali
388006**

2. MEMBERS' INTERESTS

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda Item. Please see Notes 1 and 2 overleaf.

3. EXTERNAL AUDIT REPORTS (Pages 3 - 30)

To consider a report by the Head of Financial Services on the Annual Audit and Inspection Letter and the Audit Strategy Document received from the Council's External Auditors.

**S Couper
388103**

4. EXCLUSION OF THE PUBLIC

To resolve:-

that the public be excluded from the meeting because the business to be transacted contains exempt information relating to individuals.

5. HOUSING BENEFIT COMPLAINT: AWARD OF COMPENSATION
(Pages 31 - 32)

To consider a report by the Head of Customer Services providing details of a compensation payment made under the Council's internal complaints system.

**Mrs J Barber
388105**

6. RE-ADMITTANCE OF THE PUBLIC

To resolve:-

to re-admit the public.

7. **FINAL ACCOUNTS 2008/09** (Pages 33 - 152)

To consider a report by the Head of Financial Services seeking approval of the draft Statement of Accounts for the 2008/09 financial year.

Mrs E Smith
388157

Annex B of this report has been marked "TO FOLLOW".

8. **INTERNAL AUDIT SERVICE: INTERNAL AUDIT PLAN** (Pages 153 - 162)

To consider a report by the Audit and Risk Manager regarding the internal audit plan for the 12 months period commencing August 2009.

D Harwood
388115

9. **ANTI-FRAUD AND CORRUPTION FRAMEWORK** (Pages 163 - 176)

To receive a report by the Audit and Risk Manager on the Anti-Fraud and Corruption Framework.

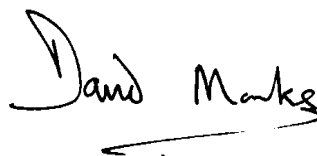
D Harwood
388115

10. **COMPLAINTS** (Pages 177 - 180)

To consider a report by the Director of Central Services on the internal complaints determined by the Local Government Ombudsman in 2008/09.

A Roberts
388015

Dated this 22 day of June 2009



Chief Executive

Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
 - (a) *the well-being, financial position, employment or business of the Councillor, their family or any person with whom they had a close association;*
 - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
 - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or*
 - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

Please contact Miss H Ali, Democratic Services Officer, Tel No: 01480 388006 / e-mail: Habbiba.Ali@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the District Council's website – www.huntingdonshire.gov.uk (*under Councils and Democracy*).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the Great Hall, Priory Centre, St Neots on Wednesday, 13 May 2009.

PRESENT: Councillors M G Baker, P L E Bucknell, S J Criswell, P J Downes, A Hansard and T V Rogers and C J Stephens.

1. ELECTION OF CHAIRMAN

RESOLVED

that Councillor C J Stephens be elected Chairman of the Panel for the ensuing Municipal Year.

Councillor C J Stephens in the Chair.

2. MINUTES

The Minutes of the meeting of the Panel held on 16th April 2009 were approved as a correct record and signed by the Chairman.

3. MEMBERS' INTERESTS

No declarations were received.

4. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

that Councillor M G Baker be appointed as Vice-Chairman of the Panel for the ensuing Municipal Year.

Chairman

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**EXTERNAL AUDIT REPORTS
(Report by the Head of Financial Services)**

1. INTRODUCTION

- 1.1** Each year the Panel receives an Annual Audit and Inspection Letter which provides a summary of the Audit Commission's assessment of the Council. This year's Letter is attached as Annex A and it will be presented to the Panel by Nigel Smith from the Audit Commission.
- 1.2** The second report is the Audit Strategy for the 2008/09 Accounts (Annex B) which is about to commence. It will be presented by Paul Winrow or Liz Sanford from Grant Thornton.

2. CONTENT

Annual Audit and Inspection Letter

- 2.1** For completeness, the Letter includes reference to the audit of the 2007/08 accounts and last year's Use of Resources results, both of which have previously been reported to the Panel.
- 2.2** The new information is in the section on "How the District Council is performing" on pages 5 to 9. The comments recognise that the Council had made significant improvements and this is summarised in paragraph 1 on page 3. However some of the comparisons are now becoming dated and there are examples (e.g. speed of determining planning applications) where there has been subsequent improvement.
- 2.3** The letter criticises the variation between years of the number of new affordable homes completed. A large proportion are on section 106 sites where the developer passes land over as the private homes are built. Thus, the speed of completion reflects the developers' changing perceptions of the demand for new homes in the area and so is largely outside of the Council's control. In the last 3 years, affordable homes have averaged 186 per year and in 2009/10 more than 300 are predicted.
- 2.4** It was inevitable that this council would be judged as below average for length of hostel stays as the authorities without homeless hostels, or with self contained ones, are given a zero which is the top score. The indicator was deleted for 2008/09 as it is not a meaningful measure of the performance of an authority's wider homelessness prevention and housing options services.
- 2.5** The Letter will be circulated to all members following the Panel's meeting.

Audit Strategy for 2008/09 Final Accounts

- 2.6** The report outlines one long standing risk and two new ones that Grant Thornton will be able to address as part of their audit. The document also outlines a range of general matters relating to the audit.
- 2.7** The audit will cover the main Council audit and the separate audits of the Leisure Centre Committees for the last time. Now that the separate Joint Committees have been dissolved the Leisure Centres will in future be an integral part of the main audit.

BACKGROUND INFORMATION

Planning statistics held in the planning division
Housing statistics held in the housing division

Contact Officer:

Steve Couper, Head of Financial Services ☎ **01480 388103**

Annual Audit and Inspection Letter

Huntingdonshire District Council

Audit 2007/08

March 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Key messages

- 1 The following Direction of Travel summary highlights key issues.

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.

Action needed by the Council

- 2 Maintain focus on service performance in order to improve the rate of improvement and tackle areas of comparative under performance.
- 3 Develop a stronger focus on outcomes measures.

Purpose, responsibilities and scope

- 4 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 5 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 6 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Council is planning to publish it on its website).
- 7 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 8 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 9 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Huntingdonshire District Council performing?

10 Huntingdonshire District Council was assessed as Excellent in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. The following chart is the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission (percentage figures may not add up to 100 per cent due to rounding)

The improvement since last year - our Direction of Travel report

What evidence is there of the Council improving outcomes?

11 Performance overall in Council priorities is good. The Council has six aims for its communities, which reflect those of the local strategic partnership, and three aims for the Council itself, each with a series of objectives. These aims are:

- a clean, 'green' and attractive place;
- housing that meets local need;
- safe, active and inclusive communities;
- healthy living;
- developing communities sustainably;
- a strong, diverse economy;
- to improve our systems and practices;

How is Huntingdonshire District Council performing?

- to learn and develop; and
 - to maintain sound finances.
- 12** The Council is improving in its priority of 'a clean, green and attractive place' with some high performance. Recycling and composting levels are amongst the best 25 per cent of councils nationally, achieving 55.1 per cent, improving from 51.7 per cent in 2006/07. The cleanliness of the district continues to be kept to a high standard. The amount of household waste collected and the cost of waste collection are above average, but reducing. The Council, working with its county waste partners, has in place a major programme of education and marketing promotion to advise residents of ways to reduce waste, re-use and recycle more.
- 13** Performance on housing is mixed. Ninety six affordable homes were completed in 2007/08, which is significantly less than the 223 achieved in 2006/07. But 284 are due for completion in 2008/09. The Council has increased its affordable housing percentage from 29 per cent to 40 per cent for new developments, but numbers delivered will be influenced by economic conditions. The Housing Corporation has allocated over £8 million in the district for 2008/11 to support new affordable homes. Council owned land has been given for affordable housing in Huntingdon where an eco-scheme will be built; funded by a Growth Area Fund. The average length of stay in hostel accommodation has remained constant at 11 weeks for 2006/07 and 2007/08, even though significantly more individuals have been accommodated than in 2006/07. Performance remains below average when compared to other councils.
- 14** The Council is performing well in its priority of a 'safe community' and overall improvements are being made. The level of crime compared with national figures is low and, according to local surveys, most people feel safe in Huntingdonshire. Over the last 12 months total crime in the district has fallen by 10 per cent, with a 12 per cent reduction in criminal damage; a 23 per cent reduction in burglary and a 9 per cent reduction in vehicle crime. Performance in most indicators is good. The Council is working to resolve specific safe issues. For example work is currently being undertaken to build a skateboard park in Stukeley Meadows targeted at young people who have been skate boarding in the town centre.
- 15** Improvements are being achieved in the speed of processing planning applications. Following poor performance all three indicators improved in the last year, with performance in 2007/08 above average for dealing with major and other applications. However, performance is amongst the worst 25 per cent of councils for the speed of processing minor applications. The Council has been formally designated as a standards authority for major applications for 2007/08. Improvements have been achieved through the implementation of a targeted improvement plan.

How is Huntingdonshire District Council performing?

- 16 The Council is improving job opportunities to meet its priority of developing a strong, diverse economy. The Council opened the Creative Exchange in St Neots in November 2008 which provides individual work spaces for creative businesses. The building is the result of a partnership between the Council, Longsands College, the Department for Communities and Local Government and the East of England Development Agency. The project cost £2 million. The first lettings have been agreed and businesses have moved in. The Council is working with partners on an annual food and drink festival, undertaking visitor perception surveys to measure the health of towns, working with partners to deliver community learning projects and directly assisting local accommodation providers to improve accommodation in the district. As a result a range of opportunities for businesses and visitors and improved skills are being delivered which helps support the local economy.
- 17 Investment in leisure facilities is increasing usage and contributing to health improvements. The Council is three quarters of the way through a large scheme at Huntingdon Leisure Centre with £1.3 million invested. Phase one has been completed which has converted the ground and first floor of the sports hall. The number of badminton courts has been reduced and a new fitness suite and children's zone built. Since opening the new facilities have exceeded targets and income. Usage levels in 2007/08 reached new record levels, with 1.7 million public visits across its leisure sites.
- 18 The Council is contributing effectively to the community priority of 'healthy living'. The Council is providing under-represented groups with the opportunity to participate in sport and active recreation. A range of targeted activities has seen a 22 per cent increase in disabled participants over 2006/07. Activities include a holiday activity programme tailored for disabled participants; disability multi-sport festivals; and support to 'Active and Able' multi-sport clubs. The Council provides targeted schemes enabling vulnerable people to participate in physical leisure activities. There has been an increase of 41 per cent over 2006/07 taking part in exercise referral, health walks, cardiac rehabilitation and a community sports and recreation project.
- 19 The Council is improving access and services to those made vulnerable by their circumstances. Access to services for migrants and new arrivals is improving. The Council produced a booklet called 'Living and Working in Huntingdonshire' providing key information for people who have just moved to the UK to help them feel welcome and help them to settle into the local community. It is available in English, Polish, Portuguese and Lithuanian. New arrivals are also able to find out information on a variety of services and activities within the district via information surgeries being provided in partnership with employers and during lunch hours or change of shifts. The Markets are now wheelchair accessible and the Council has reconfigured its car parks to ensure disabled bays are close to shops/facilities. The Council is improving access through improvements in customer services. A new customer service centre opened in Huntingdon in summer 2007. Work has been completed on improving the Council website, enabling customers to book leisure services. A wider range of local residents are able to access services.

How is Huntingdonshire District Council performing?

- 20 Effective engagement is being made with young people when developing plans and services. As part of the Summer Fusion Project young people took part in creative exercises giving them an opportunity to have their say on future developments at the Huntingdon Riverside Park. As a result the Council is considering including a teenage play area as well as the play area for younger children. Young people conducted peer consultation to find out what young people liked and disliked about their town or village. This, combined with a larger young people consultation across the district, was fed into the consultation for the review of Huntingdonshire Sustainable Community Strategy.
- 21 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 councils.
- 22 The Council is making adequate progress on equalities. It achieved level two of the Local Government Equality Standard in 2006/07. Eight equality and diversity training days for employees have been undertaken since April 2007, including two manager refresher training sessions and 30 Equality Impact Assessments were completed during 2007/08. The Council is working towards the 'achieving' level of the new equality framework by March 2010.
- 23 Value for money is good. The Council scored three for value for money (performing well) in its Use of Resources assessment 2007/08. Benchmarking data indicates an overall positive relationship between the cost of the Council's services and the quality provided to local residents. The Council has a good track record of improvement for priority services and has maintained its council tax charge within the lowest 10 per cent of district councils. Where the Council has high levels of spend it has been able to adequately demonstrate that these are linked to its priorities and there are high levels of customer satisfaction with the services being provided, for instance, with leisure services. The Council also introduced a Partnership Framework during 2007/08 against which all partnerships are assessed to ensure that partnerships are not duplicating activities and they are providing value for money.

How much progress is being made to implement improvement plans to sustain improvement?

- 24 The Council has developed a range of plans for improvement. Strategies and plans adopted during 2007/08 include an environmental strategy for the next five years: Growing Awareness; and strategies for play; culture; economy; customer service; communications and marketing; and consultation and engagement. Key strategies include action plans and link to Council and community priorities as set out in the corporate plan: Growing Success. The play strategy has enabled the Council to draw down £300,000 of grant from the Big Lottery to be used for the funding of four play schemes in the district. The local economy strategy has recently been reviewed, with partners, to ensure it is still relevant with the change in the economic climate. It is clear how the Council plans to deliver improvement.

How is Huntingdonshire District Council performing?

- 25 Plans are updated to reflect changing needs. The corporate plan 2007/08 sets out community and Council aims and identifies priority objectives to be achieved during the year. The plan was refreshed in September 2008 to include 37 short, medium and long term objectives to help achieve aims and ambitions for Huntingdonshire's communities and the Council itself. In addition the Council has identified a smaller number (eight) of objectives which were considered to be a priority for the immediate future. This was based on the results of the Council's annual survey which identified issues including the affordability of housing and skills levels. The Council plans to review its corporate plan every three years to ensure its priorities are still the right ones.
- 26 The Council is clear about the contribution it is making towards the wider local area agreement (LAA) priorities and targets. The Council has clearly linked LAA priorities to its own priorities, for example the Council's new priority (agreed in 2008/09) of helping to mitigate and adapt to climate change feeds into the LAA indicator of promoting energy efficiency and use of renewable energy to householders. LAA indicators are linked into the Council's divisional scorecards and reported quarterly to Management Team. This ensures a strong focus on area priorities.
- 27 Key objectives are being achieved. Ninety per cent of key actions and milestones in the customer service strategy action plan are on track to be achieved within required timescales. Seventy six of 107 actions in the corporate equality policy are fully completed and 26 are ongoing. The Council has achieved a number of milestones, including the opening of the customer service centre and establishing choice based lettings.
- 28 Additional capacity is being delivered through effective joint working with partners in the county. There is an active joint waste partnership which has developed the same fixed penalties across the county for fly-tipping. Partners share enforcement capacity sharing resources and surveillance cameras across boundaries. A joint contract with Fenland District Council for dry recyclables has reduced costs. The Council jointly funds a health improvement practitioner with Cambridgeshire Community Services and has a service level agreement with Cambridgeshire PCT to set up a smoking cessation in the workplace project. This helps the Council achieves its priorities.
- 29 Plans are in place to improve ICT. The Council recognises that it needs to invest in, and use, ICT effectively to enhance capacity. A revised ICT strategy, approved in January 2009, identifies a number of areas for improvement. Projects to address areas for improvement have been funded and a programme of work has been drawn up and is underway. These include enabling payments to be made via the website and using ICT to support increased remote and mobile working.

The audit of the accounts and value for money

- 30** Your appointed auditor has reported separately to the Corporate Governance Panel the issues arising from our 2007/08 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 29 September 2008; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 31** The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 32** For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	2 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

Note: 1 = lowest, 4 = highest

The key issues arising from the audit

- 33** The Council has made improvements in its Use of Resources arrangements and performance during 2007/08 to demonstrate an improved assessment rating in the internal control theme. However, there has been a decrease in the score for financial reporting from level three to level two.
- 34** The key area of improvement that the Council made in respect of its internal control arrangements was the embedding of training on managing business risks to members and specifically officers. All Heads of Service have received training on risk management and have quarterly meetings with the Council's Insurance and Risk Officer to discuss their risks.
- 35** The Council also made significant progress during the year to develop and implement an assurance framework.
- 36** The Council's performance against the financial reporting theme declined from the prior year. The key reasons for this were that not all disclosure notes were available at the start of the audit, namely the new requirement to make full financial instruments disclosures had not been fully met. Also, as a result of the audit a number of non-trivial adjustments were made to the accounts. Work is on-going with key officers at the Council to ensure that the risk of these issues recurring in subsequent audits is minimised.
- 37** Our assessment of the value for money theme highlighted that satisfaction with the Council is high for most key services. Where the Council has high levels of spend it has been able to adequately demonstrate that these are linked to its priorities and there are high levels of customer satisfaction with the services being provided.

Looking ahead

- 38 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 39 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 40 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement

Closing remarks

- 41 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Corporate Governance Panel on 23 June 2009. Copies need to be provided to all Council members.
- 42 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	March 2007
Annual Governance Report	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Annual audit and inspection letter	March 2009

-
- 43 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 44 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Nigel Smith
Comprehensive Area Assessment Lead

March 2009

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

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www.audit-commission.gov.uk

Huntingdonshire District Council & Leisure Centre Management
Committees
Audit Strategy Document
For the year ending 31 March 2009

Last updated 2 June 2009

Our Ref PW/LS/HDC 2008-9
Your Ref

Head of Financial Services
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
CAMBS
PE29 3TN

2 June 2009

Dear Steve

**HUNTINGDONSHIRE DISTRICT COUNCIL (THE COUNCIL) & LEISURE CENTRE MANAGEMENT
COMMITTEES AUDIT STRATEGY DOCUMENT FOR THE YEAR ENDING 31 MARCH 2009**

This Audit Strategy Document (ASD) has been prepared in order to highlight the key elements in the proposed strategy for the audits of Huntingdonshire District Council and the Leisure Centre Management Committees for the year ending 31 March 2009. The purpose of the document is further detailed in Section 1.

We look forward to the forthcoming audit and working with the Finance Team and the Corporate Governance Panel.

Yours sincerely

Grant Thornton UK LLP

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1 Engagement terms and objectives

ISAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the integrity and objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected

1.1 Engagement terms

Our overall audit plan dated May 2008 sets out our terms of reference as auditors and has been provided to the Corporate Governance Panel.

The purpose of this memorandum is to highlight the key elements in the proposed strategy for the audit of the Council and the Leisure Centre Management Committees for the year ending 31 March 2009.

The document is also used to report to management in order to meet the mandatory requirements of International Standard on Auditing (UK and Ireland) (ISAUK) 260.

1.2 Engagement objectives

Our engagement objectives are as follows:

- To audit the financial statements of the Council and the Leisure Centre Management Committees;
- To produce a concise and constructive report of key issues to the Corporate Governance Panel for each of the bodies subject to audit; and
- To draw to your attention any material weaknesses in internal control that come to our attention during our audit work.

1.3 Ethical standards

We have implemented policies and procedures to meet the requirements of the Auditing Practices Board's (APB) Ethical Standards.

We have considered our independence and objectivity in respect of the audit for the year ending 31 March 2009 and do not believe there are any matters which should be brought to the attention of the Corporate Governance Panel. Further details on our independence and robustness are set out in Appendix A.

1.4 Communication of adverse or unexpected findings

We will communicate any adverse or unexpected findings affecting the audit on a timely basis with the appropriate person within the Council. Such communication will be made either informally or via an audit progress memorandum where necessary.

The actual or potential resolution of significant audit and accounting issues will be discussed and agreed with the Council's management and documented for the Corporate Governance Panel's consideration.

1.5 Other matters

We set out further information in Appendix A covering:

- Roles and responsibilities of the Corporate Governance Panel;
- Audit quality assurance; and
- Communication with the Corporate Governance Panel.

2 Accounting and business risks

2.1 Potential accounting and business risks

Risk

We note that due to the economic downturn, valuations of land and buildings have fallen during the period of audit, which suggests that there is an audit risk that land and buildings are overvalued.

The construction of Pathfinder House has resulted in an impairment that the Council needs to account for in its 2008/9 financial statements.

Arrangements are in place to audit the 2008/09 Statement of Accounts for the Leisure Centre Management Committees. These Committees ceased to exist from 1 April 2009 with all assets and liabilities of the Committees transferring to the Council. There is an inherent risk the Council could under/overstate the figures within the Committee accounts which could impact upon the opening balance sheet of the Council.

Response

We will review the Council's methodology for revaluing its land and buildings, including assessment of impairments, and assess the level of compliance against FRS11 and FRS 15 as appropriate.

We will continue to work with the Council to ensure the transactions relating to the impairment of Pathfinder House are correctly processed in the financial statements.

We will audit the financial statements of the Leisure Centre Management Committees and report on the outcomes of these audits to the Corporate Governance Panel. We will review the Post Balance Sheet Event disclosure note included in the Council's financial statements for appropriateness and consistency.

2.2 Update on previous period's unresolved key issues

Risk

We note that there is no authorisation or review process in place at the Council in respect of journals which can be posted by all accountancy staff. There is therefore an increased risk of errors or other misstatement arising from journal processing. The Council accepts the risk in this area and considers that general independent checking of journals is not appropriate given:

- experience and knowledge of the accountancy team
- only the accountancy team can create journals.

Consideration will be given to whether there are any particular types of journals (e.g. significant impact on the final accounts) that should be checked or subsequently reviewed.

Response

We will review the controls in place for authorising journals and sample test journal transactions to gain assurance in this area.

3 Our audit approach

3.1 Audit strategy

We will be working closely with the Finance Team to ensure that we meet audit deadlines and conduct the audit efficiently, with the minimum of disruption to the Council's staff. Our audit will be planned on an individual task basis at the start of the audit, and timetables agreed with all staff involved.

In summary our audit strategy comprises:

- Updating our understanding of the Council through discussions with management and a review of the management accounts
- Reviewing the design and implementation of the internal financial control systems to the extent that they have a bearing on the financial statements
- Assessing the audit risk and, based on that assessment and the assessment of the design of the internal control system,

ISAUK 260 requires communication of:

- our concept of materiality and its application to the audit approach
- the way we propose to address the risk of material misstatements
- our assessment of and reliance on internal controls.

developing and implementing an appropriate audit strategy

- Testing the operating effectiveness of the internal financial controls, where appropriate
- Reviewing material disclosure issues in the financial statements
- Verifying all material income and expenditure and balance sheet accounts and performing a substantive analytical review of these accounts.

3.2 Our audit approach

Our audit approach is based on an assessment of the audit risk relevant to the individual financial statement assertions. Areas where the risk of material misstatement is more likely to occur are categorised as **critical**. It is in these areas that we focus much of our audit effort. Our work in other areas will typically be proportionately lower than for critical areas.

3.3 Critical areas

The critical assertions for the Council are deemed to be

	Completeness	Existence/ Occurrence	Valuation - Gross	Valuation - Net	Rights & Obligations	Cut-off	Presentation & Disclosure
Tangible Assets	X		X	X			
Investments			X				
Income and Debtors		X		X			X
Expenditure and Creditors		X		X			X

Critical areas are those where the risk of material misstatement is more likely to occur.

Not critical areas are those that are material in size or by nature but where the susceptibility to material misstatement is lower.

3.4 Audit automation using IDEA

We plan to utilise IDEA, a data interrogation software tool, at the start of the audit fieldwork to assist in the accuracy and completeness of our audit fieldwork. This will allow the audit team to take data directly from the Council's system and produce relevant information to be used in the audit process.

3.5 Reliance on internal audit

We will liaise with internal audit throughout the audit as part of the managed audit approach.

3.6 Audit of IT and outsourced systems

Our audit approach assumes that audited bodies use a computer system for accounting applications that process a large number of transactions, which includes transactions processed by service bureaux or internally. Accordingly, our approach requires a review of internal controls in the Council's IT environment.

If we plan to perform tests of automated control procedures to reduce the scope of our substantive procedures, the operating effectiveness of general controls, that impact upon the operating effectiveness of automated key control procedures, will be evaluated.

3.7 Internal controls

We are required to evaluate the design of an entity's controls, including relevant control activities, over risks that could lead to material misstatement in the financial statements, and determine whether they have been implemented. Our emphasis is on identifying and obtaining an understanding of control activities that address the areas where we consider that material misstatements are more likely to occur.

To comply with Auditing Standards we:

- focus on the key areas of understanding your business, and assessing the design of your internal control systems related to financial reporting, and
- Spend time with the senior management of the Council, in order to gather the additional information to document your systems, in particular in the area of governance.

This work has been performed as part of our interim audit visit. No significant issues have been identified as a result of this work which have impacted upon our audit strategy.

Our work cannot be relied upon necessarily to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might develop.

3.8 Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer present fairly the financial position of the Council.

Materiality is set at the planning stage to ensure that an appropriate level of audit work is conducted. It is also considered at the reporting stage in order to assess the impact of an item on the financial statements. Any identified errors greater than 2% of materiality will be recorded on a schedule of potential misstatements, assessed individually and in aggregate, discussed with you and, if not adjusted, signed off by you as immaterial as part of your letter of representation to us.

An item of low value may be judged material by its nature (e.g. directors' emoluments), and an item of higher value may be judged not material, if it does not distort the presentation of the financial statements.

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

ISA 320 Audit Materiality

4 Administrative matters

4.1 Timetables and milestones

The following proposed timetable and deadlines have been set:

Event	Date
Interim review including internal controls review	March 2009
Approval of Accounts required by	30 June 2009
Commence fieldwork	13 July 2009
Manager visit to review work	24 July 2009
Partner to review work	24 July 2009
Clearance meeting to discuss our findings	TBA
Report to Corporate Governance Panel	22 Sept 2009

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that we work closely with your team to achieve this timetable.

4.2 Engagement team

Our engagement team for the audit will include:

Name	Role	Contact details
Paul Winrow	Engagement Lead	T: 07787 152884 E: paul.winrow@gtuk.com
Liz Sanford	Client Service Manager	T: 07920 284358 E: liz.sanford@gtuk.com
Adam Smith	In-charge Accountant	T: 07768 001991 E: adam.smith@gtuk.com

4.3 Fees

Our fee estimate (excluding VAT) was disclosed to the Council in our overall audit plan, submitted to the Corporate Governance Panel in April 2008:

The proposed accounts audit fee is on the basis that:

- Draft statutory accounts are presented to us by 30 June 2009 for audit, subject only to routine audit adjustments;
- Supporting schedules for all figures in the accounts are supplied by the agreed dates as per our arrangements letter sent to the Council on 16 February 2009;
- All books and records, including those held electronically are made available to us;
- A trial balance together with reconciled control accounts are presented to us on the commencement of fieldwork date;
- Your staff are available to help us locate information and to provide explanations; and
- All deadlines agreed with us are met.

Our ability to deliver the services outlined to the agreed timetable and fee will depend upon these schedules being available/tasks being completed by the due dates in the agreed form and content. If there are any variances to the above plan, we will discuss them with you and agree any additional fees before costs are incurred, wherever possible.

Any additional costs will be billed as soon as they are agreed with the Director of Commerce and Technology and these fees will be due when the fee notes are issued.

4.4 Information required

Lists of information to be prepared have been supplied to management.

A Quality assurance, independence, communication with the Corporate Governance Panel and roles and responsibilities

(i)

Audit quality assurance

Grant Thornton's audit practice is currently monitored by the Audit Inspection Unit, an arm of the Financial Reporting Council which has responsibility for monitoring the firm's public interest audit engagements. The audit practice is also monitored by the Quality Assurance Directorate of the ICAEW.

Furthermore, audits of councils are subject to the Audit Commission's quality review process. In addition from 2009, the audit of Local Government financial statements are subject to review by the Quality Assurance Directorate for the first time.

We would be happy to discuss further the firm's approach to quality assurance.

(ii)

Independence and robustness

To maintain our independence as auditors we ensure that:

- Audit partners and client service managers are rotated off the audit of audited bodies every five years;
- Grant Thornton, its partners and the audit team have no family, financial, employment, investment or business relationship with the Council; and

- Our fees paid by the Council do not represent an inappropriate proportion of total fee income for either the firm, office or individual partner.

At all times during the audit, we will maintain a robustly independent position in respect of key judgement areas.

(iii) Audit and non-audit services

Services supplied to Council during the year are set out below:

	£
Audit services	
Audit work under the Code of Audit Practice	102,846
Other services	
None	0

(iv) Communication with the Corporate Governance Panel

We welcome communication with the Corporate Governance Panel and as part of the audit process we propose discussing with them the scope of the audit in advance of the commencement of our work. In addition we also propose to meet with the Panel

following the conclusion of our procedures in order to communicate the matters arising.

We would also welcome the Corporate Governance Panel's input in relation to any areas of known concern within the Council.

We would also be interested to hear if there are other matters that the Corporate Governance Panel would like us to address and to understand more fully the Panel's expectations and requirements from the audit process.

(v) Roles and responsibilities

Officers are responsible for the preparation of the financial statements which show a true and fair view of the Council's affairs and for making available to us all the information and explanations we consider necessary.

Legislation also requires that the Council maintains such books and records as will be sufficient to show the nature of all transactions and disclose, at any time, the financial position of Council.

The Council's management is responsible for:

- the identification, assessment, management and monitoring of risk
- developing, operating and monitoring the system of internal control
- providing assurance to Members that this has been done.

The Corporate Governance Panel is required to review the Council's internal financial controls. In addition, the Panel is required to review all other internal controls and approve the

statements included in the annual report in relation to internal control and the management of risk.

The Corporate Governance Panel should receive reports from management as to the effectiveness of the systems they have established, as well as the conclusions of any testing conducted by internal audit.

Agenda Item 5

By virtue of paragraph(s) 4, 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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**FINAL ACCOUNTS 2008/09
(Report by the Head of Financial Services)**

1. INTRODUCTION

- 1.1 The Council's Statement of Accounts needs to be approved by the Panel prior to the auditors commencing the audit.
- 1.2 Much of the content of the Council's Final Accounts is set by a statutory Code of Practice. As a result, they are not easy for the lay reader to understand but the inclusion of notes to various accounts helps explain the key aspects.
- 1.3 Their prime purpose is to form the official record of what has happened in the last year and, when audited, they will demonstrate that a proper level of financial stewardship has been achieved on behalf of local residents. The Annual Governance Statement, which will also form part of the booklet when it is published after audit, will be considered separately at the Panel's September meeting.
- 1.4 If the Council's auditors, Grant Thornton UK LLP, identify any significant concerns during the course of the audit then these will also be considered by the Panel in September.
- 1.5 In previous years the final accounts of the leisure centres have been approved by their individual Management Committees as they were officially separate authorities. Now that these separate bodies, and hence their Committees, have been dissolved there is a need for last year's Leisure Centre accounts to be approved by the Corporate Governance Panel prior to audit. In future years these transactions will be fully integrated into the Council's normal accounts. There are full accounts for the Huntingdon, St Ivo and St Neots Leisure Centre and one page statements for the Ramsey and Sawtry Leisure Centres.

2 LAST YEAR'S AUDIT

- 2.1 When last year's accounts were approved for publication in September 2008 the external auditor highlighted a number of points that were technically significant although they did not alter "the bottom line". This year discussion is taking place with external audit in advance of the June meeting in order to try and avoid such issues.
- 2.2 The auditor also raised two other issues :
 - A proposal that all journal entries should be independently checked
 - A concern that not all Members and Senior Managers had provided a declaration of interests form.

- 2.3 As previously, your officers rejected the need for general independent checking of journals because they are only completed by accountancy staff who are experienced and knowledgeable. However, having considered the risks involved, a review of the significant items that have a direct impact on the net revenue expenditure figures in the accounts has been undertaken.
- 2.4 Last year the declaration of interests were not requested sufficiently early. They have been requested earlier this year and it is hoped that as a result no problems will emerge.

3. USE OF RESOURCES

- 3.1 The previous Use of Resources expected robust discussion of the final accounts by the Panel. Whilst this no longer appears in the new assessment (Annex A) it is obviously good practice for the Panel to adequately understand the accounts in order to approve them. It is therefore intended to provide an introduction to the key elements and issues contained in the accounts when introducing them to the Panel. This should enable a more effective discussion.
- 3.2 Panel members are also encouraged to identify, in advance, any areas on which they require explanation or clarification to ensure that fuller explanations can be given at the meeting thus leading to improved discussion. Please notify Steve Couper of any such areas in advance of the meeting.
- 3.3 As usual, the timetable for preparing the Council's Statement of Accounts is tight and they will be circulated shortly after you receive your agenda.

4 RECOMMENDATIONS

- 4.1 It is recommended that the Panel approve the:
- Council's draft Statement of Accounts (Annex B)
 - Leisure Centre Committees' Accounts (Annex C)

ACCESS TO INFORMATION ACT 1985

Final Accounts and Working Papers held in the Accountancy Section

Contact Officer:

Eleanor Smith, Accountancy Manager ☎ 01480 388157

Steve Couper, Head of Financial Services ☎ 01480 388103

ANNEX A

Use of Resources

	Score of 2	Score of 3
<p>1.3.3 prepares accounts that meet statutory requirements, financial reporting standards and present fairly</p>	<p>Accounts comply with statutory requirements, timetables and standards.</p> <p>Approved by those charged with governance by 30 June and published, with audit opinion, by 30 September.</p> <p>Present fairly and contain non-trivial but not material errors.</p> <p>Good working papers, including analytical review, and rapid responses to audit requests.</p>	<p>Overall quality of approved accounts is good and supported by thorough documentation and analysis.</p> <p>Auditor considers errors to be clearly trivial and issues to be reported to those charged with governance not to be significant.</p> <p>Strong corporate commitment and culture to producing good quality accounts and supporting documentation. Early and efficient approval and publishing. Proactive dealing with issues, new standards and obtaining information from third parties.</p>

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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 Councilor 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

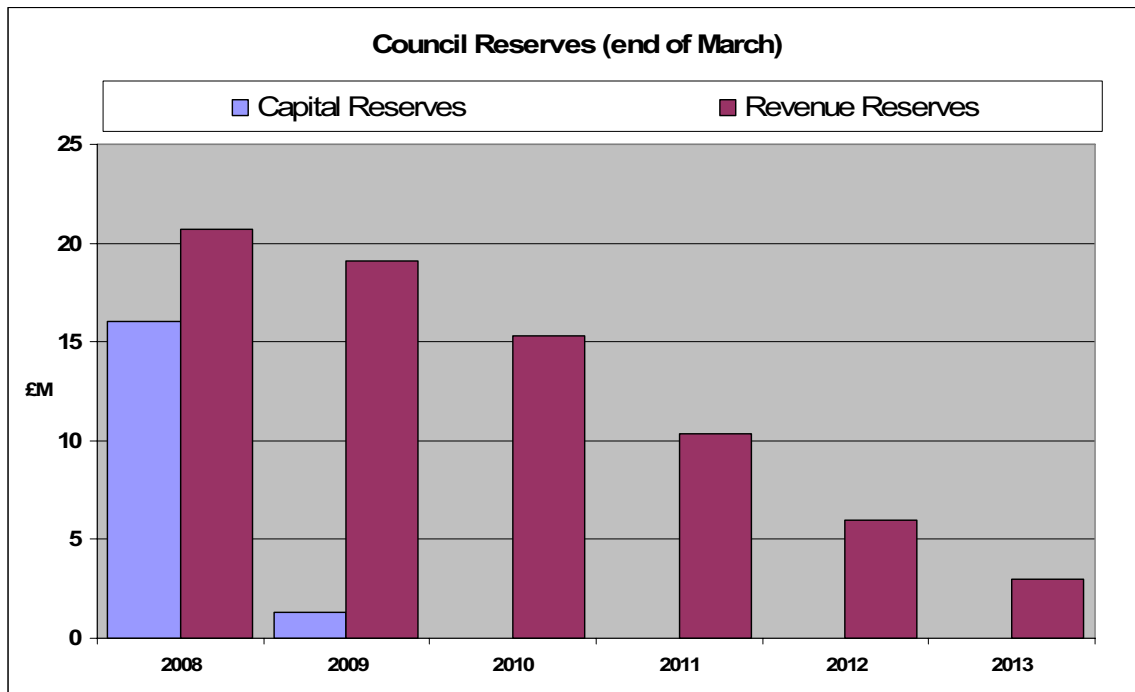
The original net budget was for £16.2m and assumed that there would be schemes brought forward from 2007/08 of £1.3m and, due to the high level of spending, a carry forward to 2009/10 of £2m. Progress on schemes has been much better than expected with only £1m being brought forward at the start of the 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 £7.2m there were substantial impairments of £19.6m. 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	87,656	
-11,978	Less government prescribed adjustments**	-23,541	
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
23 June 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
Dated 23 June 2009

Annual Statement on Governance

Auditor's Report

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 building 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 30

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 2009/09 "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, plant and equipment – 25% reducing balance
- 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 46 to 50.

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	6,981	-1,237	5,744
6,132	Environmental Services		8,037	-1,325	6,712
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		30,206	-25,887	4,319
157	Local Taxation Benefits		6,903	-6,682	221
1,268	Highways and Transportation		3,823	-1,739	2,084
	Central Services				
1,061	Local Taxation Collection		1,499	-570	929
252	Other Central Services		590	-226	364
4,748	Exceptional item	3	12,184		12,184
3,063	Corporate and Democratic Core		3,664	-659	3,005
216	Non-distributed costs		273	-1	272
32,749	NET COST OF SERVICES		87,656	-41,113	46,543
	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				49,098
	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				26,364

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)	26,364
-11,475	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-25,273
-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	£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		
-9,090	Depreciation and impairment of fixed assets	-22,151	
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	362	
-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	-8	
-13,337		-28,380	
	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		-25,273

** excluding Collection Fund

Statement of Total Recognised Gains and Losses

2007/08		2008/09
£000		£000
10,305	Deficit on the Income and Expenditure Account	26,364
-942	Surplus arising from the revaluation of assets	-7,246
-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	28,757

The movement of £28,757k 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			2009	
£000		Note	£000	£000
2,503	Intangible assets	14		2,147
	Tangible fixed assets			
	Operational assets			
23,566	Land and buildings		30,546	
6,709	Vehicles and plant		7,766	
8,589	Infrastructure		8,465	
1,406	Community asset		1,406	48,183
	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			70,348
10,100	Investments	17	15,238	
1,184	Long-term debtors	18	1,283	16,521
82,620	Total long-term assets			86,869
	Current assets			
96	Cash		687	
134	Stock	19	107	
7,025	Debtors	20	6,628	
30,250	Short-term investments		27,925	
455	Payments in advance		401	
37,960			35,748	
	Current liabilities			
-4,634	Creditors	21	-8,264	
-1,300	Receipts in advance		-1,834	
-2,050	Cash overdrawn		-1,879	
0	Short term borrowing		-6,000	
-7,984			-17,977	
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			63,624
	Financed by:			
70,163	Capital adjustment account	24	61,963	
942	Revaluation reserve	25	8,188	
16,023	Capital reserve	27	72	
-173	Financial instruments adjustment account	16	-182	
3,672	Earmarked reserves	28	3,980	
20,410	General Fund balance	28	19,319	
-18,656	Pensions reserve	29	-29,716	
92,381				63,624

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

23 June 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				
<i>Cash outflows</i>				
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	
<i>Cash inflows</i>				
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				
<i>Cash outflows</i>				
Interest paid	55		222	
<i>Cash inflows</i>				
Interest received	-2,797	-2,742	-2,713	-2,491
Capital Activities				
<i>Cash outflows</i>				
Purchase of fixed assets	12,895		15,257	
Long-term investments	0		5,138	
Other capital cash payments	0	12,895	517	20,912
<i>Cash inflows</i>				
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				
<i>Cash outflows – repayment of amounts borrowed</i>		0		-6,000
<i>Cash inflows – new loans raised</i>		0		-10,000
Change in balance at bank (- is reduced overdraft)		616		-760

Notes to the Main Financial Statements

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		2,179	
Other	52	2,687	227	2,749
Net cost of leisure services		5,552		5,744

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 Authority's buildings because the old administrative offices have been demolished and the valuation of the replacement building is less than its capital cost. The valuation was carried out externally and independently

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	-58
	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	2008/09
	£000	£000
Recruitment advertising	143	99
Other advertising	200	240
	343	339

7. Members' Allowances

The total paid in 2008/09 was £371k (2007/08 £345k).

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	2
£90,000 - £100,000	2	1
£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	2008/09
	£000	£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 35 to the cash flow.

11. Pension Costs

Details of pension costs are included in the statement of pension costs, assets and liabilities on page 47.

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 200 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 depreciated 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.

	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	24,416	8,121	9,011	1,406	19,528	8,420	615	3,763	75,280	
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	6,121				1,028		96		7,245	
Impairment losses	-13,343				-6,092		-197		-19,632	
At 31 March 2009	32,291	10,592	9,325	1,406	15,345	3,125	1,548	4,441	78,073	

Depreciation and impairments At 1 April 2008	852	1,412	422					1,260	3,946
Charge for 2008/09	893	1,443	438					1,034	3,808
Disposals		-29							-29
Reclassifications									
Revaluations									
Impairment losses									
Adjustment									
At 31 March 2009	1,745	2,826	860					2,294	7,725

	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	Intangible assets	
Balance Sheet amount at 1 April 2008	£000 23,566	£000 6,709	£000 8,589	£000 1,406	£000 19,528	£000 8,420	£000 615	£000 2,503	£000 2,503	£000 71,336
Balance Sheet amount at 31 March 2009	30,546	7,766	8,465	1,406	15,345	3,125	1,548	2,147	2,147	70,348

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	2008/09
	£000	£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	Vehicles, & Equipment
	£000	£000
Gross value of assets held under finance leases	267	0
Net Value at 1 April 2008	267	0
Additions		
Revaluations		
Depreciation charged in year		
Disposals		
Value at 31 March 2009	267	0
Accumulated depreciation as at 31 March 2009	0	0

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	Vehicles, Plant & Equipment
	£000	£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		
Cumulated 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 costs due in future years

	2008	2009
	£000	£000
Assets held under operating leases		
Charge to Income and Expenditure	88	97
Amounts due:		
Total future commitments as at 31st March	122	148

17. Long-term Investments

	2008	2009
	£000	£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	Repayments/ new advances	Revaluation/ Gain/-loss	Balance 31.3.09
	£000	£000	£000	£000
Loans – St Neots Town Council	116	-10		106
Housing advances	616	-20		596
House improvement loans	378	143	-9	512
House mortgages	35	-10		25
Employee loans	39	5		44
	1,184	108	-9	1,283

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	-274
Investment interest	1,050	0
General debtors	3,688	2,896
Total debtors	8,964	9,022
Less provision for bad debts		
Local Taxation	-611	-894
General Debtors	-836	-902
Other	-492	-598
	-1,939	-2,394
Net Position	7,025	6,628

21. Creditors

	31.3.08 £000	31.3.09 £000
Government Departments	641	1,717
Local Authorities	468	516
Leisure Centre Management Committees	15	158
Other	3,510	5,873
	4,634	8,264

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		-18,416	
Disposal	-275	-14,836	-42	-27,716
Balance as at 31st March		70,163		61,962

25. Revaluation Reserve

	2007/08	2008/09
	£000	£000
Balance as at 1st April	0	942
Surplus on revaluation	942	7,246
Balance as at 31st March	942	8,188

All land and buildings have been revalued as a result of the 5 yearly full valuation;
The revaluation for leisure centres is £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	
Balance as at 1st April	0	-173
Adjustment for fair value of private sector housing improvement loans	-173	-9
Balance as at 31st March	-173	-182

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	Movement	Balance
	1.4.08		31.3.09
	£000	£000	£000
Earmarked reserves:			
S106 agreements	878	276	1,154
Commutated 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 47

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.

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	
	<i>Loans and receivables</i>	
7,025	Debtors due within one year	6,628
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
<u>48,655</u>	<i>Total loans and equivalents</i>	<u>51,763</u>
48,655	Total financial assets	51,763
	Financial liabilities by class	
	<i>Other liabilities at amortised cost</i>	
0	Long-term liability at fixed rate of interest	-10,110
4,634	Creditors payable within one year	-8,264
2,050	Bank overdrafts	-1,879
<u>6,684</u>	<i>Total other liabilities at amortised cost</i>	<u>-20,253</u>
6,684	Total financial liabilities	-20,253

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		
		<i>Loans and receivables</i>		
8,209	7,826	Total debtors	7,911	7,701
40,350	39,481	Total investments	43,165	41,703
96	96	Cash and equivalents	687	687
48,655	47,403	Total	51,763	50,091
		Financial liabilities by class		
		<i>Other liabilities at amortised cost</i>		
0	0	Long term loan	-10,110	-9,757
4,634	4,634	Total creditors	-8,264	-8,264
2,050	2,050	Bank overdrafts	-1,879	-1,879
6,684	6,684	Total	-20,253	-19,900

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

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

Notes to the Cash Flow Statement

32. 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	
Adjustment for stock, debtors and creditors	-3,630		4,739	
Impairment	4,748		18,406	
Sale of council houses	-688		-242	
Capital grants	-102		-54	
Pensions appropriation	482		1,426	
Surplus on sale of fixed assets	-46		-123	
Housing capital receipts pool	9	1,951	6	25,403
Income and Expenditure Account deficit		10,305		26,364

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

	1.4.08	Movement	31.3.08
	£000	£000	£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

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

	1.4.08	Movement	31.3.08
	£000	£000	£000
Short-term borrowing	0	-6,000	-6,000
Short-term investments	30,250	-2,324	27,926
	30,250	-8,324	21,296

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.

35. 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		1,097
		33,464		35,475
Debtor		-66		0
		33,398		35,475

Collection Fund

2007/08			2008/09	
£000	£000	Note	£000	£000
	-73	Balance brought forward 1st April		163
69,196		Council tax income	72,951	
-7		Transfers from General Fund	28	
5,776		Council tax benefits	6,327	
306	75,271	Change provision for non-collection	-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	
-6,312		Huntingdonshire District Council:		
		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		<i>less</i> Government contribution to cost of collection	-226	
-47,157	0	<i>less</i> payment due to National Pool	-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 40 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
<i>Deduct</i> 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 45.8p(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:		
Employer's contributions to the scheme	2,411	2,902

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 2005	31 March 2006	31 March 2007	31 March 2008 As restated	31 March 2009
	£000	£000	£000	£000	£000
Actuarial Gains/ - Losses	-6,266	-1,553	7,045	5,889	-9,634
Cumulative Actuarial Gains/ -Losses	-16,266	-17,819	-10,774	-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 £000	31 March 2009 £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	Valuations as at	
	31 March 2008	31 March 2009
- 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	Males	Females
- current pensioners	19.6 years	22.5 years
- future pensioners	20.7 years	23.6 years

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.

The actuary has included an allowance for 25% of future retirements to elect to take additional tax free lump sum cash up to HMRC limits.

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).

	Expected Rate of Return per annum		Proportion of Total assets held by the Fund	
	31 March 2008	31 March 2009	31 March 2008	31 March 2009
Equity Investments	7.7%	7.0%	70%	64%
Bonds	5.7%	5.6%	13%	17%
Property	5.7%	4.9%	12%	10%
Cash	4.8%	4.0%	5%	9%
Total Fund Assets	7.0%	6.3%	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.

LEISURE CENTRE ACCOUNTS

Attached are the full statements of accounts for three centres (St.Ivo, Huntingdon and St. Neots) and single page statements for the other two centres (Sawtry and Ramsey) because their turnover is below £1m.

In each case the Council is funding the remaining deficit after contributions from schools and the County Council with the final balance representing any net increase or reduction resulting from the Centre's use of its Renewals and Repairs Fund in the year.

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ST. NEOTS LEISURE CENTRE

DRAFT

***Statement of Accounts
For the Year Ended 31st March 2009***

Management Committee Chairman 2008/09 St. Neots Leisure Centre	Councillor A Hansard
Officers of Huntingdonshire District Council Chief Executive Corporate Director, Commerce & Technology	Mr D Monks Mr T Parker
Auditors	Grant Thornton UK LLP

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INDEPENDENT AUDITORS' REPORT

To be inserted once the audit has been completed

INTRODUCTION AND FINANCIAL SUMMARY

INTRODUCTION

St. Neots Leisure Centre is one of five Leisure Centres in the local area, each Centre is overseen by a Management Committee, constituted under section 102 of the Local Government Act 1972. The membership of the St. Neots Committee is drawn from the following partners;

Huntingdonshire District Council
Cambridgeshire County Council
St Neots Community College

Huntingdonshire District Council employs all the staff working at the Centre and processes all financial transactions through its bank accounts. However, being a separate statutory body from the District Council, the Management Committee is required to prepare an individual statement of accounts in accordance with the Accounts and Audit Regulations.

The 2008/09 financial year, is the last year that separate accounts will be produced for the Centre because by mutual agreement of the Management Committee members, the agreement is being terminated with effect from 31st March 2009.

In order to provide the public with a meaningful report on the financial affairs of local council services, a Statement of Recommended Practice on Local Authority Accounting (the SORP) has been approved. This sets out the form and content of the accounts and this Statement of Accounts complies with the SORP. The SORP is updated annually to reflect the latest developments in accountancy – last year there were significant changes but this year there are no major changes affecting the presentation or content of the financial statements.

The financial statements in this booklet represent the accounts of St. Neots Leisure Centre for 2008/09, including a Balance Sheet, which summarises the Management Committee's assets and liabilities at 31st March 2009, and a cash flow statement which sets out where the money came from and how it was spent. Where relevant, explanatory notes on pages XX to XX give greater detail.

FINANCIAL OVERVIEW

The financial performance of St. Neots Leisure Centre is summarised in the table below:-

	Budget £'000	Actual £'000	Variation £'000
Expenditure	1,931	1,789	-142
Less Charges	997	993	-4
Partner Contributions	97	97	0
HDC	837	694	-143
Contribution to (-) from Reserves	0	5	+5

More detail is shown in the financial statements on page XX.

This year expenditure at the Leisure Centre was below the budget by £142k. General running costs were £83k below the budget mainly due to savings on employee costs and utility bills. Leisure Centres are being asked to reduce their running costs and St Neots has been successful in this task. Income from charges achieved the expected levels despite continued disruption at the Centre because of adaptations to the reception areas and the site's offices.

INTRODUCTION AND FINANCIAL SUMMARY (Continued)

Uncertainty as to whether Local Authorities would still be excluded from the irrecoverable VAT on “exempt” services calculation led to the Centre budgeting to cover this potential cost. During the year, the Inland Revenue confirmed that Local Authorities were exempt from this calculation, saving the Centre £25k.

The accounting requirement to recognise the effect, in present value, of employee service in the current year on the pension fund liability for future payments resulted in expenditure of £6k being incurred. This is £11k lower than expected.

Charges from Huntingdonshire District Council for support services, which reflects the cost of staff time spent on work for the Centre, were £40k lower than expected. The charges for capital investment, which vary due to changes in the timing and cost of individual schemes to improve or extend facilities, were £17k higher than expected.

Contributions towards the running costs of the Centre are received from the County Council in respect of the use of the facilities for educational purposes. The level of these contributions are determined by the cost share agreement signed by the interested parties when the centre was first opened. Huntingdonshire District Council finances the revenue deficit and provides the capital resources for new investment. In the past, capital contributions have been made by the other partners towards the costs of some schemes.

Huntingdonshire District Council charges the Centre for the management of the centre and for the financing of the capital investment.

BALANCE SHEET

The overall position as at 31st March 2009 is presented in the Balance Sheet on page **XX**.

The balance sheet shows revenue reserves totalling £18k.

CAPITAL

In 2008/09 there was capital investment of £697k to develop the assets of the Leisure Centre. Details are given on page **XX**. Huntingdonshire District Council initially financed all of this expenditure however, Cambridgeshire County Council will be reimbursing the District Council 26.1% of the costs of certain schemes.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Leisure Centre Management Committees' Responsibilities

The St. Neots Leisure Centre Management Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its partner authorities officers has the responsibility for the administration of those affairs. For all the Management Committees that officer is Huntingdonshire District Councils Corporate Director, Commerce and Technology.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Corporate Director, Commerce and Technology's Responsibilities

The Corporate Director, Commerce and Technology is responsible for the preparation of the Leisure Centre Management Committee's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the code), is required to present fairly the financial position of the Committee at the accounting date and its income and expenditure for the year ending 31st March 2009.

In preparing this statement of accounts, the Corporate Director has

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

The Corporate Director has also

- kept proper accounting records which were up to date at the date of preparation of these accounting statements.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

To be inserted once approved by Corporate Governance Panel in September 2009

ACCOUNTING POLICIES

1 General

The Statement of Accounts summarises the Committee'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 2007* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflect 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

These accounts have been prepared in accordance with the underlying concepts of

- The Committee being a "going concern" i.e. a continuing business
- Accrual of income and expenditure.
- Primacy of legislative requirements

Due regard is given to consistency and prudence where it does not conflict with the application of the primary concepts. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the Committee.

3 Debtors and Creditors

In the revenue accounts income and expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. All capital transactions are accounted for on a similar accruals basis.

4 Stock and Work in Progress

The value of stock held in the main stores is included in the accounts at average purchase price. Work in progress is included at cost or net realisable value whichever is the lower in accordance with SSAP 9.

5 Pensions

Pension costs are charged to the Committee's accounts in respect of employees equal to the contributions paid to the funded pension scheme for these employees. These costs have been determined on the basis of contribution rates set in the actuarial valuation of the superannuation fund. The adoption of FRS17 results in additional cost representing the effect, in present value, of employee service in the year on the pension fund liability for future payments. Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

6 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 a separate statement of accounts.

ACCOUNTING POLICIES (Continued)

7. **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset in one organisation and a financial liability in another organisation. Examples include:

- Goods received but payment not yet made
- Loans
- Investments
- Services delivered but payment not yet received

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets with a fixed or determinable payment but not quoted in an active market (i.e. trade debtors, fixed term investments)
- Available for sale assets – assets with a quoted market price and no fixed determinable payment (i.e. equity investments)

Loans and receivables are initially measured at fair value and carried at their amortised costs. The Committee has the following loans and receivables:

Debtors

Debtors are carried at original invoice amount with no provision being made for doubtful debts.

Cash and equivalents

Cash and equivalents comprise cash in hand.

Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Financial Liabilities

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

Creditors

Creditors are carried at their original invoice amount

Due to their nature and short-term maturity, the fair value for creditors is estimated using their carrying values

INCOME & EXPENDITURE ACCOUNT

2007/08 £'000		Note No	2008/09 £'000
	Income from Charges		
168	Swimming		313
90	Fitness Suite		83
194	Advantage Membership		210
71	Hospitality		70
40	Vending		45
181	Other Indoor Activities		175
77	Synthetic & Outdoor Pitches		70
<u>821</u>			<u>966</u>
0	Income from Misc Grants		27
	Income from Partner Contributions	1	
638	Huntingdonshire District Council		694
79	Cambridgeshire County Council		97
<u>717</u>			<u>791</u>
1,538	Total Income		1,784
	Expenditure		
1,395	Operational Expenditure		1,639
<u>1,395</u>	Total Expenditure		<u>1,639</u>
<u>-143</u>	Surplus(-)/Deficit for the year		<u>-145</u>

STATEMENT OF MOVEMENT ON THE LEISURE CENTRE RESERVE

2007/08 £'000		2008/09 £'000
-143	Surplus (-) / Deficit for the Year	-145
136	Add Capital Charges	150
<u>-7</u>	Contribution to(-) / from Repair & Renewals Fund	<u>5</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
---	--	--

2007/08		2008/09
£'000		£'000
-143	Surplus (-) / Deficit on the Income & Expenditure Account	-145
-143	Total recognised gain (-) / loss for the year	-145

BALANCE SHEET AS AT 31ST MARCH 2009

2007/08		Note	2008/09
£'000		No	£'000
	Current Assets		
1	Cash		1
6	Stock	7	11
72	Debtors	8	66
2	Payments in Advance		5
<u>81</u>			<u>83</u>
	Current Liabilities		
55	Creditors	9	35
3	Receipts in Advance		30
<u>58</u>			<u>65</u>
23	Net Current Assets		18
<u>23</u>	Total Assets less Liabilities		<u>18</u>
	Financed By:		
<u>23</u>	Earmarked Reserves (R & R Fund)	10	<u>18</u>

23rd June 2009

CASH FLOW STATEMENT	
----------------------------	--

2007/08 £'000		2008/09 £'000
	Revenue Activities	
	<i>Cash Outflows</i>	
734	Employment Costs	896
794	Other Operating Cash payments	921
	<i>Cash Inflows</i>	
-815	Cash received for goods & services	-1,011
-713	Contributions from Partners	-806
	0 Capital Activities	0
	0 Financing	0
0	Change in Cash & Cash Equivalents	0

NOTES TO THE FINANCIAL STATEMENTS
--

Income and Expenditure Account

1 Related Party transactions

Material transactions with related parties during 2008/09 were income amounts and are listed below:-

	2007/08	2008/09
	£'000	£'000
Huntingdonshire District Council	638	694
Cambridgeshire County Council	79	97

2 Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Committee is required to disclose the level of expenditure incurred on publicity. The spending on publicity as defined by the Act, totalled £17,000 during 2007/08 and £15,000 during 2008/09.

	2007/08	2008/09
	£'000	£'000
Recruitment Advertising	5	3
Other Advertising	12	12

3 Pension Costs

Huntingdonshire District Council, on behalf of the Committee, participates in a funded defined benefit pension scheme administered by Cambridgeshire County Council. The last triennial actuarial valuation of the fund was at 31st March 2007.

The statement of fund assets and liabilities is shown in the notes to the Statement of Accounts of Huntingdonshire District Council in which lies responsibility for pension liabilities in respect of employees working at the Leisure Centre.

In 2008/09 the Committee paid an employer's contribution of £74k, representing 16.3% of employees pensionable pay into Cambridgeshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate was determined by the fund's actuary based on triennial valuations, reviewed at 31st March 2007. The adoption of FRS17 results in additional direct costs in 2008/09 of £6k (£12k in 2007/08) representing the present value of employee service in the year on the pension fund liability for future payments.

In addition, the Committee is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

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

4 Officers emoluments and Members allowances

No employee's remuneration in the year exceeded £50,000. Members allowances are paid by the authorities appointing those Members.

5. Audit Fees

External audit fees charged to the Committee's accounts were £5,898, this amount is for the 2008/09 audit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Capital Expenditure

Huntingdonshire District Council finances all capital expenditure except where partners have agreed to make a contribution towards the total scheme cost.

Details of capital expenditure during the year are shown below.

	2007/08 £'000	2008/09 £'000
Major Redevelopment of the Centre		
Initial fees incurred prior to scheme starting		66
Other Facilities		
Swimming Pool Roof	466	168
Changing Rooms	41	
Synthetic Pitch		145
Maintenance Review Work		318
	507	697

BALANCE SHEET

7 Stock

31 March 2008		31 March 2009	
£'000		£'000	
4	Bars & Catering	3	
1	Vending	1	
1	Goods for Resale	6	
6	Total	11	

8 Debtors

The following amounts all fall due in one year, there is no provision for bad debts.

31 March 2008		31 March 2009	
£'000		£'000	
32	Cambs County Council	4	
26	Huntingdonshire D C	38	
0	Schools, Colleges	0	
14	Other General Debtors	24	
72	Total	66	

9 Creditors

31 March 2008		31 March 2009	
£'000		£'000	
2	Employees	2	
53	Other General Creditors	33	
55	Total	35	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Revenue Reserves

	£'000
Repairs & Renewals Fund	
Balance 1 st April 2008	23
Movement	-5
Balance 31 st March 2009	18

NOTES TO THE CASH FLOW STATEMENT

11 General

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. These are represented by movements in the balance owed to or from Huntingdonshire District Council.

12 Changes in cash and cash equivalents

All cash transactions are processed through the bank accounts of Huntingdonshire District Council. The Committee therefore always has a net nil cash balance.

Other Notes

13 Financial Instruments

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 can be assessed by calculating the present value of the cash flows. Due to the short-term nature of assets and liabilities the fair value is equivalent to the carrying value.

The fair values of the Committee'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			
<i>Loans and receivables</i>			
72	72	66	66
1	1	1	1
73	73	67	67
Financial liabilities by class			
<i>Other liabilities at amortised cost</i>			
55	55	35	35
55	55	35	35

NOTES TO THE FINANCIAL STATEMENTS (Continued)
--

Nature and extent of risks arising from Financial Instruments

The Committee'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 Committee might not have funds available to meet its commitments to make payments

Credit risk

Credit risk arises from credit exposures to the Committee's customers and Public Sector debtors

In relation to the sums owed by the Committee's customers and contractual debtors, the Committee has assessed the nature, historic losses and age of the debts and has made no provision to cover potential losses.

Liquidity risk

As the expenditure of the Committee is funded by Huntingdonshire District Council there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

CORPORATE GOVERNANCE PANEL CERTIFICATION

I confirm that these accounts and the accounting policies were approved by Huntingdonshire District Council's Corporate Governance Panel at their meeting held on the 23rd June 2009.

Signed on behalf of the St. Neots Leisure Centre Management Committee:

Chairman of the meeting approving the accounts: _____

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HUNTINGDON LEISURE CENTRE

DRAFT

***Statement of Accounts
For the Year Ended 31st March 2009***

Management Committee Chairman 2008/09 Huntingdon Leisure Centre	Councillor J J Dutton
Officers of Huntingdonshire District Council Chief Executive Corporate Director, Commerce & Technology	Mr D Monks Mr T Parker
Auditors	Grant Thornton UK LLP

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Corporate Governance Panel Certification

INDEPENDENT AUDITORS' REPORT

To be inserted once the audit has been completed

INTRODUCTION AND FINANCIAL SUMMARY

INTRODUCTION

Huntingdon Leisure Centre is one of five Leisure Centres in the local area, each Centre is overseen by a Management Committee, constituted under section 102 of the Local Government Act 1972. The membership of the Huntingdon Committee is drawn from the following partners;

Huntingdonshire District Council
Cambridgeshire County Council
Huntingdon Town Council
St Peter's School, Huntingdon

Huntingdonshire District Council employs all the staff working at the Centre and processes all financial transactions through its bank accounts. However, being a separate statutory body from the District Council, the Management Committee is required to prepare an individual statement of accounts in accordance with the Accounts and Audit Regulations.

The 2008/09 financial year, is the last year that separate accounts will be produced for the Centre because by mutual agreement of the Management Committee members, the agreement is being terminated with effect from 31st March 2009.

In order to provide the public with a meaningful report on the financial affairs of local council services, a Statement of Recommended Practice on Local Authority Accounting (the SORP) has been approved. This sets out the form and content of the accounts and this Statement of Accounts complies with the SORP. The SORP is updated annually to reflect the latest developments in accountancy – last year there were significant changes but this year there are no major changes affecting the presentation or content of the financial statements.

The financial statements in this booklet represent the accounts of Huntingdon Leisure Centre for 2008/09, including a Balance Sheet, which summarises the Management Committee's assets and liabilities at 31st March 2009, and a cash flow statement which sets out where the money came from and how it was spent. Where relevant, explanatory notes on pages **XX** to **XX** give greater detail.

FINANCIAL OVERVIEW

The financial performance of Huntingdon Leisure Centre is summarised in the table below:-

	Budget £'000	Actual £'000	Variation £'000
Expenditure	1,931	1,874	-57
Less Charges	1,160	1,013	-147
Grants	0	3	+3
Partner Contributions	99	100	+1
HDC	672	749	+77
Contribution to (-) from Reserves	0	9	+9

More detail is shown in the financial statements on page **XX**.

When the 2008/09 budget was set it was envisaged that the redevelopment of the Centre would be completed early in the year and that the new facilities would be generating income. However, the redevelopment didn't start generating income until late November 2008 and some facilities didn't open until February 2009. The delay to this scheme resulted in lower income than budgeted for in 2008/09 being received.

INTRODUCTION AND FINANCIAL SUMMARY (Continued)

Uncertainty as to whether Local Authorities would still be excluded from the irrecoverable VAT on "exempt" services calculation led to the Centre budgeting to cover this potential cost. During the year, the Inland Revenue confirmed that Local Authorities were exempt from this calculation, saving the Centre £18k.

The accounting requirement to recognise the effect, in present value, of employee service in the current year on the pension fund liability for future payments resulted in expenditure of £6k being incurred. This is £9k less than expected.

Charges from Huntingdonshire District Council for support services, which reflects the cost of staff time spent on work for the Centre, were £42k lower than expected. The charges for capital investment, which vary due to changes in the timing and cost of individual schemes to improve or extend facilities, were £11k higher than expected.

Contributions towards the running costs of the Centre are received from the County Council and St Peter's School in respect of the use of the facilities for educational purposes. The level of these contributions are determined by the cost share agreement signed by the interested parties when the centre was first opened. Huntingdonshire District Council finances the revenue deficit and provides capital resources for new investment.

Huntingdonshire District Council charges the Centre for the management of the centre and for the financing of the capital investment.

BALANCE SHEET

The overall position as at 31st March 2009 is presented in the Balance Sheet on page **XX**.

The balance sheet shows revenue reserves totalling £17k.

CAPITAL

In 2008/09 £1,612k was invested in the Leisure Centre to develop new facilities at the site and maintain existing ones. Details are given on page **XX**. Huntingdonshire District Council initially financed all of this expenditure however, Cambridgeshire County Council will be reimbursing the District Council 26.1% of the costs of certain schemes.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Leisure Centre Management Committees' Responsibilities

The Huntingdon Leisure Centre Management Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its partner authorities officers has the responsibility for the administration of those affairs. For all the Management Committees that officer is Huntingdonshire District Council's Corporate Director, Commerce and Technology.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Corporate Director, Commerce and Technology's Responsibilities

The Corporate Director, Commerce and Technology is responsible for the preparation of the Leisure Centre Management Committee's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the code), is required to present fairly the financial position of the Committee at the accounting date and its income and expenditure for the year ending 31st March 2009.

In preparing this statement of accounts, the Corporate Director has

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

The Corporate Director has also

- kept proper accounting records which were up to date at the date of preparation of these accounting statements.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

To be inserted once approved by the Corporate Governance Panel in September 2009

ACCOUNTING POLICIES

1 General

The Statement of Accounts summarises the Committee'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 2007* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflect 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

These accounts have been prepared in accordance with the underlying concepts of

- The Committee being a "going concern" i.e. a continuing business
- Accrual of income and expenditure.
- Primacy of legislative requirements

Due regard is given to consistency and prudence where it does not conflict with the application of the primary concepts. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the Committee.

3 Debtors and Creditors

In the revenue accounts income and expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. All capital transactions are accounted for on a similar accruals basis.

4 Stock and Work in Progress

The value of stock held in the main stores is included in the accounts at average purchase price. Work in progress is included at cost or net realisable value whichever is the lower in accordance with SSAP 9.

5 Pensions

Pension costs are charged to the Committee's accounts in respect of employees equal to the contributions paid to the funded pension scheme for these employees. These costs have been determined on the basis of contribution rates set in the actuarial valuation of the superannuation fund. The adoption of FRS17 results in additional cost representing the effect, in present value, of employee service in the year on the pension fund liability for future payments. Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

6 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 a separate statement of accounts.

ACCOUNTING POLICIES (Continued)

7. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one organisation and a financial liability in another organisation. Examples include:

- Goods received but payment not yet made
- Loans
- Investments
- Services delivered but payment not yet received

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets with a fixed or determinable payment but not quoted in an active market (i.e. trade debtors, fixed term investments)
- Available for sale assets – assets with a quoted market price and no fixed determinable payment (i.e. equity investments)

Loans and receivables are initially measured at fair value and carried at their amortised costs. The Committee has the following loans and receivables:

Debtors

Debtors are carried at original invoice amount with no provision being made for doubtful debts.

Cash and equivalents

Cash and equivalents comprise cash in hand.

Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Financial Liabilities

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

Creditors

Creditors are carried at their original invoice amount

Due to their nature and short-term maturity, the fair value for creditors is estimated using their carrying values

INCOME & EXPENDITURE ACCOUNT

2007/08 £'000		Note No	2008/09 £'000
	Income from Charges		
228	Swimming		242
113	Fitness Suite		117
247	Advantage Membership		275
101	Hospitality		116
36	Vending		39
185	Other Indoor Activities		202
34	Synthetic & Outdoor Pitches		22
944			1,013
0	Income from Misc Grants		3
	Income from Partner Contributions	1	
663	Huntingdonshire District Council		749
52	Cambridgeshire County Council		55
42	St Peters School		45
757			849
1,701	Total Income		1,865
	Expenditure		
1,572	Operational Expenditure		1,695
1,572	Total Expenditure		1,695
-129	Surplus(-)/Deficit for the year		-170

STATEMENT OF MOVEMENT ON THE LEISURE CENTRE RESERVE

2007/08 £'000		2008/09 £'000
-129	Surplus (-) / Deficit for the Year	-170
134	Add Capital Charges	179
5	Contribution to(-) / from Repair & Renewals Fund	9

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
---	--	--

2007/08		2008/09
£'000		£'000
-129	Surplus (-) / Deficit on the Income & Expenditure Account	-170
<u>-129</u>	Total recognised gain (-) / loss for the year	<u>-170</u>

BALANCE SHEET AS AT 31ST MARCH 2009

2007/08		Note	2008/09
£'000		No	£'000
	Current Assets		
1	Cash		2
19	Stock	7	15
63	Debtors	8	65
9	Payments in Advance		13
<u>92</u>			<u>95</u>
	Current Liabilities		
60	Creditors	9	68
6	Receipts in Advance		10
<u>66</u>			<u>78</u>
26	Net Current Assets		17
<u>26</u>	Total Assets less Liabilities		<u>17</u>
	Financed By:		
<u>26</u>	Earmarked Reserves (R & R Fund)	10	<u>17</u>

23rd June 2009

CASH FLOW STATEMENT	
----------------------------	--

2007/08 £'000		2008/09 £'000
	Revenue Activities	
	<i>Cash Outflows</i>	
844	Employment Costs	922
887	Other Operating Cash payments	944
	<i>Cash Inflows</i>	
-936	Cash received for goods & services	-1,013
-795	Contributions from Partners	-853
	0 Capital Activities	0
	0 Financing	0
0	Change in Cash & Cash Equivalents	0

NOTES TO THE FINANCIAL STATEMENTS
--

Income and Expenditure Account

1 Related Party transactions

Material transactions with related parties during 2008/09 were income amounts and are listed below:-

	2007/08	2008/09
	£'000	£'000
Huntingdonshire District Council	663	749
Cambridgeshire County Council	52	55
St Peters School, Huntingdon	42	45

2 Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Committee is required to disclose the level of expenditure incurred on publicity. The spending on publicity as defined by the Act, totalled £19,000 during 2007/08 and £19,000 during 2008/09.

	2007/08	2008/09
	£'000	£'000
Recruitment Advertising	7	4
Other Advertising	12	15

3 Pension Costs

Huntingdonshire District Council, on behalf of the Committee, participates in a funded defined benefit pension scheme administered by Cambridgeshire County Council. The last triennial actuarial valuation of the fund was at 31st March 2007.

The statement of fund assets and liabilities is shown in the notes to the Statement of Accounts of Huntingdonshire District Council in which lies responsibility for pension liabilities in respect of employees working at the Leisure Centre.

In 2008/09 the Committee paid an employer's contribution of £77k, representing 16.3% of employees pensionable pay into Cambridgeshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate was determined by the fund's actuary based on triennial valuations, reviewed at 31st March 2007. The adoption of FRS17 results in additional direct costs in 2008/09 of £6k (£15k in 2007/08) representing the present value of employee service in the year on the pension fund liability for future payments.

In addition, the Committee is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

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

4 Officers emoluments and Members allowances

No employee's remuneration in the year exceeded £50,000. Members allowances are paid by the authorities appointing those Members.

5. Audit Fees

External audit fees charged to the Committee's accounts were £5,898, this amount is for the 2008/09 audit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Capital Expenditure

Huntingdonshire District Council finances all capital expenditure except where partners have agreed to make a contribution towards the total scheme cost.

Details of capital expenditure during the year are shown below.

	2007/08 £'000	2008/09 £'000
Major Redevelopment of the Centre		
Enlarge Fitness Suite, provide Spa Facilities & provide Children's Activity Areas		1,331
Plant & Equipment		
Combined Power & Heating Unit		105
Fire Alarm Panel		20
Other Facilities		
Car Park & Footpath Resurfacing/Expansion		3
Swimming Pool Roof		17
Synthetic Pitch		124
Maintenance Review Work	5	12
	5	1,612

BALANCE SHEET

7 Stock

31 March 2008		31 March 2009	
£'000		£'000	
7	Bars & Catering	7	
2	Vending	2	
10	Goods for Resale	6	
19	Total	15	

8 Debtors

The following amounts all fall due in one year, there is no provision for bad debts.

31 March 2008		31 March 2009	
£'000		£'000	
25	Cambs County Council	3	
10	Huntingdonshire D C	45	
21	Schools, Colleges	3	
7	Other General Debtors	14	
63	Total	65	

9 Creditors

31 March 2008		31 March 2009	
£'000		£'000	
5	Employees	2	
55	Other General Creditors	66	
60	Total	68	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Revenue Reserves

	£'000
Repairs & Renewals Fund	
Balance 1 st April 2008	26
Movement	-9
Balance 31 st March 2009	17

NOTES TO THE CASH FLOW STATEMENT

11 General

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. These are represented by movements in the balance owed to or from Huntingdonshire District Council.

12 Changes in cash and cash equivalents

All cash transactions are processed through the bank accounts of Huntingdonshire District Council. The Committee therefore always has a net nil cash balance.

Other Notes

13 Financial Instruments

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 can be assessed by calculating the present value of the cash flows. Due to the short-term nature of assets and liabilities the fair value is equivalent to the carrying value.

The fair values of the Committee'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		
		<i>Loans and receivables</i>		
63	63	Total debtors	65	65
1	1	Cash and equivalents	2	2
64	64	Total	67	67
		Financial liabilities by class		
		<i>Other liabilities at amortised cost</i>		
60	60	Total creditors	68	68
60	60	Total	68	68

NOTES TO THE FINANCIAL STATEMENTS (Continued)
--

Nature and extent of risks arising from Financial Instruments

The Committee'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 Committee might not have funds available to meet its commitments to make payments

Credit risk

Credit risk arises from credit exposures to the Committee's customers and Public Sector debtors

In relation to the sums owed by the Committee's customers and contractual debtors, the Committee has assessed the nature, historic losses and age of the debts and has made no provision to cover potential losses.

Liquidity risk

As the expenditure of the Committee is funded by Huntingdonshire District Council there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

CORPORATE GOVERNANCE PANEL CERTIFICATION

I confirm that these accounts and the accounting policies were approved by Huntingdonshire District Council's Corporate Governance Panel at their meeting held on the 23rd June 2009.

Signed on behalf of the Huntingdon Leisure Centre Management Committee:

Chairman of the meeting approving the accounts: _____

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ST. IVO LEISURE CENTRE

DRAFT

***Statement of Accounts
For the Year Ended 31st March 2009***

Management Committee Chairman 2008/09 St. Ivo Leisure Centre	Councillor J D Ablewhite
Officers of Huntingdonshire District Council Chief Executive Corporate Director, Commerce & Technology	Mr D Monks Mr T Parker
Auditors	Grant Thornton UK LLP

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INDEPENDENT AUDITORS' REPORT

To be inserted once the audit has been completed

INTRODUCTION AND FINANCIAL SUMMARY

INTRODUCTION

St. Ivo Leisure Centre is one of five Leisure Centres in the local area, each Centre is overseen by a Management Committee, constituted under section 102 of the Local Government Act 1972. The membership of the St. Ivo Committee is drawn from the following partners;

Huntingdonshire District Council
Cambridgeshire County Council
St Ivo School
St Ivo Users Committee

Huntingdonshire District Council employs all the staff working at the Centre and processes all financial transactions through its bank accounts. However, being a separate statutory body from the District Council, the Management Committee is required to prepare an individual statement of accounts in accordance with the Accounts and Audit Regulations.

The 2008/09 financial year, is the last year that separate accounts will be produced for the Centre because by mutual agreement of the Management Committee members, the agreement is being terminated with effect from 31st March 2009.

In order to provide the public with a meaningful report on the financial affairs of local council services, a Statement of Recommended Practice on Local Authority Accounting (the SORP) has been approved. This sets out the form and content of the accounts and this Statement of Accounts complies with the SORP. The SORP is updated annually to reflect the latest developments in accountancy – last year there were significant changes but this year there are no major changes affecting the presentation or content of the financial statements.

The financial statements in this booklet represent the accounts of St. Ivo Leisure Centre for 2008/09, including a Balance Sheet, which summarises the Management Committee's assets and liabilities at 31st March 2009, and a cash flow statement which sets out where the money came from and how it was spent. Where relevant, explanatory notes on pages **XX** to **XX** give greater detail.

FINANCIAL OVERVIEW

The financial performance of St. Ivo Leisure Centre is summarised in the table below:-

	Budget £'000	Actual £'000	Variation £'000
Expenditure	3,099	2,724	-375
Less Charges	1,916	1,829	-87
Partner Contributions	225	225	0
HDC	958	673	-285
Contribution to (-) from Reserves	0	-3	-3

More detail is shown in the Income and Expenditure Account on page **XX**.

This year, expenditure at the Leisure Centre was below the budget by £375k. General running costs were £300k below the budget mainly due to savings on employee costs and utility bills. Leisure Centres are being asked to reduce their running costs and St Ivo has been successful in this task. Income from customers was £87k below expected levels with membership packages and bars and catering activities accounting for most of this reduction.

INTRODUCTION AND FINANCIAL SUMMARY (Continued)

Uncertainty as to whether Local Authorities would still be excluded from the irrecoverable VAT on "exempt" services calculation led to the Centre budgeting to cover this potential cost. During the year, the Inland Revenue confirmed that Local Authorities were exempt from this calculation, saving the Centre £28k.

The accounting requirement to recognise the effect, in present value, of employee service in the current year on the pension fund liability for future payments resulted in expenditure of £8k being incurred. This is £18k less than expected.

Charges from Huntingdonshire District Council for support services, which reflects the cost of staff time spent on work for the Centre, were £68k lower than expected. The charges for capital investment, which vary due to changes in the timing and cost of individual schemes to improve or extend facilities, were £39k higher than expected.

Contributions towards the running costs of the Centre are received from the County Council in respect of the use of the facilities for educational purposes. The level of these contributions are determined by the cost share agreement signed by the interested parties when the centre was first opened. Huntingdonshire District Council finances the revenue deficit and provides the capital resources for new investment.

Huntingdonshire District Council charges the Centre for the management of the centre and for the financing of the capital investment.

BALANCE SHEET

The overall position as at 31st March 2009 is presented in the Balance Sheet on page **XX**.

The balance sheet shows revenue reserves totalling £59k.

CAPITAL

In 2008/09 there was capital investment of £580k to develop the assets of the Leisure Centre. Details are given on page **XX**. Huntingdonshire District Council initially financed all of this expenditure however, Cambridgeshire County Council will be reimbursing the District Council 26.1% of the costs of certain schemes and other external contributions totalling £36k were received.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Leisure Centre Management Committees' Responsibilities

The St. Ivo Leisure Centre Management Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its partner authorities officers has the responsibility for the administration of those affairs. For all the Management Committees that officer is Huntingdonshire District Council's Corporate Director, Commerce and Technology.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Corporate Director, Commerce and Technology's Responsibilities

The Corporate Director, Commerce and Technology is responsible for the preparation of the Leisure Centre Management Committee's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the code), is required to present fairly the financial position of the Committee at the accounting date and its income and expenditure for the year ending 31st March 2009.

In preparing this statement of accounts, the Corporate Director has

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

The Corporate Director has also

- kept proper accounting records which were up to date at the date of preparation of these accounting statements.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

ANNUAL STATEMENT OF ASSURANCE ON CORPORATE GOVERNANCE

To be inserted once approved by the Corporate Governance Panel in September 2009

ACCOUNTING POLICIES

1 General

The Statement of Accounts summarises the Committee'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 2007* (the SORP) issued by the Chartered Institute of Public Finance and Accountancy which reflect 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

These accounts have been prepared in accordance with the underlying concepts of

- The Committee being a "going concern" i.e. a continuing business
- Accrual of income and expenditure.
- Primacy of legislative requirements

Due regard is given to consistency and prudence where it does not conflict with the application of the primary concepts. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the Committee.

3 Debtors and Creditors

In the revenue accounts income and expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. All capital transactions are accounted for on a similar accruals basis.

4 Stock and Work in Progress

The value of stock held in the main stores is included in the accounts at average purchase price. Work in progress is included at cost or net realisable value whichever is the lower in accordance with SSAP 9.

5 Pensions

Pension costs are charged to the Committee's accounts in respect of employees equal to the contributions paid to the funded pension scheme for these employees. These costs have been determined on the basis of contribution rates set in the actuarial valuation of the superannuation fund. The adoption of FRS17 results in additional cost representing the effect, in present value, of employee service in the year on the pension fund liability for future payments. Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

6 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 a separate statement of accounts.

ACCOUNTING POLICIES (Continued)
--

7. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset in one organisation and a financial liability in another organisation. Examples include:

- Goods received but payment not yet made
- Loans
- Investments
- Services delivered but payment not yet received

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets with a fixed or determinable payment but not quoted in an active market (i.e. trade debtors, fixed term investments)
- Available for sale assets – assets with a quoted market price and no fixed determinable payment (i.e. equity investments)

Loans and receivables are initially measured at fair value and carried at their amortised costs. The Committee has the following loans and receivables:

Debtors

Debtors are carried at original invoice amount with no provision being made for doubtful debts.

Cash and equivalents

Cash and equivalents comprise cash in hand.

Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Financial Liabilities

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

Creditors

Creditors are carried at their original invoice amount

Due to their nature and short-term maturity, the fair value for creditors is estimated using their carrying values

INCOME & EXPENDITURE ACCOUNT

2007/08 £'000		Note No	2008/09 £'000
	Income from Charges		
267	Swimming		259
145	Fitness Suite		139
391	Advantage Membership		420
400	Hospitality		391
5	Vending		5
96	Centre Functions		100
109	Civic Hall		109
325	Other Indoor Activities		326
80	Synthetic & Outdoor Pitches		80
<u>1,818</u>			<u>1,829</u>
	Income from Partner Contributions	1	
756	Huntingdonshire District Council		673
228	Cambridgeshire County Council		225
<u>984</u>			<u>898</u>
2,802	Total Income		2,727
	Expenditure		
<u>2,528</u>	Operational Expenditure		<u>2,437</u>
2,528	Total Expenditure		2,437
<u>-274</u>	Surplus(-)/Deficit for the year		<u>-290</u>

STATEMENT OF MOVEMENT ON THE LEISURE CENTRE RESERVE

2007/08 £'000		2008/09 £'000
-274	Surplus (-) / Deficit for the Year	-290
<u>275</u>	Add Capital Charges	<u>287</u>
<u>1</u>	Contribution to(-) / from Repair & Renewals Fund	<u>-3</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
---	--	--

2007/08 £'000		2008/09 £'000
-274	Surplus (-) / Deficit on the Income & Expenditure Account	-290
-274	Total recognised gain (-) / loss for the year	-290

BALANCE SHEET AS AT 31ST MARCH 2009

2007/08		Note	2008/09
£'000		No	£'000
Current Assets			
5	Cash		5
24	Stock	7	28
149	Debtors	8	130
2	Payments in Advance		9
<u>180</u>			<u>172</u>
Current Liabilities			
90	Creditors	9	88
34	Receipts in Advance		25
<u>124</u>			<u>113</u>
56	Net Current Assets		59
<u>56</u>	Total Assets less Liabilities		<u>59</u>
Financed By:			
<u>56</u>	Earmarked Reserves (R & R Fund)	10	<u>59</u>

23rd June 2009

CASH FLOW STATEMENT	
----------------------------	--

2007/08 £'000		2008/09 £'000
	Revenue Activities	
	<i>Cash Outflows</i>	
1,319	Employment Costs	1,309
1,504	Other Operating Cash payments	1,428
	<i>Cash Inflows</i>	
-1,823	Cash received for goods & services	-1,785
-1,000	Contributions from Partners	-952
	0 Capital Activities	0
	0 Financing	0
0	Change in Cash & Cash Equivalents	0

NOTES TO THE FINANCIAL STATEMENTS
--

Income and Expenditure Account

1 Related Party transactions

Material transactions with related parties during 2008/09 were income amounts and are listed below:-

	2007/08	2008/09
	£'000	£'000
Huntingdonshire District Council	756	673
Cambridgeshire County Council	228	225

2 Expenditure on Publicity

Under section 5 of the Local Government Act 1986, the Committee is required to disclose the level of expenditure incurred on publicity. The spending on publicity as defined by the Act, totalled £29,000 during 2007/08 and £21,000 during 2008/09.

	2007/08	2008/09
	£'000	£'000
Recruitment Advertising	8	5
Other Advertising	21	16

3 Pension Costs

Huntingdonshire District Council, on behalf of the Committee, participates in a funded defined benefit pension scheme administered by Cambridgeshire County Council. The last triennial actuarial valuation of the fund was at 31st March 2007.

The statement of fund assets and liabilities is shown in the notes to the Statement of Accounts of Huntingdonshire District Council in which lies responsibility for pension liabilities in respect of employees working at the Leisure Centre.

In 2008/09 the Committee paid an employer's contribution of £100k, representing 16.3% of employees pensionable pay into Cambridgeshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The contribution rate was determined by the fund's actuary based on triennial valuations, reviewed at 31st March 2007. The adoption of FRS17 results in additional direct costs in 2008/09 of £8k (£20k in 2007/08) representing the present value of employee service in the year on the pension fund liability for future payments.

In addition, the Committee is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

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

4 Officers emoluments and Members allowances

No employee's remuneration in the year exceeded £50,000. Members allowances are paid by the authorities appointing those Members.

5. Audit Fees

External audit fees charged to the Committee's accounts were £5,898, this amount is for the 2008/09 audit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Capital Expenditure

Huntingdonshire District Council finances all capital expenditure except where partners have agreed to make a contribution towards the total scheme cost or where specific contributions or grants are received. This year £28k was received from Sport England towards the cost of the air handling unit and £8k was received from St Ives Cricket Club in respect of the work to the cricket practice area.

Details of gross capital expenditure during the year are shown below.

	2007/08 £'000	2008/09 £'000
Main Leisure Centre Roof		426
Other Facilities		
Outdoor Centre – Including Air Handling Unit & Cricket Practice Area	35	70
Changing Rooms	11	2
Synthetic Pitch	1	16
Swimming Pool Filters		10
Maintenance Review Work	7	56
	54	580

BALANCE SHEET

7 Stock

31 March 2008		31 March 2009	
£'000		£'000	
21	Bars & Catering	19	
0	Vending	0	
3	Goods for Resale	9	
24	Total	28	

8 Debtors

The following amounts all fall due in one year, there is no provision for bad debts.

31 March 2008		31 March 2009	
£'000		£'000	
120	Cambs County Council	13	
0	Huntingdonshire D C	35	
1	Schools, Colleges	3	
28	Other General Debtors	79	
149	Total	130	

9 Creditors

31 March 2008		31 March 2009	
£'000		£'000	
9	Employees	8	
81	Other General Creditors	80	
90	Total	88	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Revenue Reserves

	£'000
Repairs & Renewals Fund	
Balance 1 st April 2007	56
Movement	3
Balance 31 st March 2008	59

NOTES TO THE CASH FLOW STATEMENT

11 General

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. These are represented by movements in the balance owed to or from Huntingdonshire District Council.

12 Changes in cash and cash equivalents

All cash transactions are processed through the bank accounts of Huntingdonshire District Council. The Committee therefore always has a net nil cash balance.

Other Notes

13 Financial Instruments

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 can be assessed by calculating the present value of the cash flows. Due to the short-term nature of assets and liabilities the fair value is equivalent to the carrying value.

The fair values of the Committee'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			
<i>Loans and receivables</i>			
149	149	130	130
Total debtors			
5	5	5	5
Cash and equivalents			
154	154	135	135
Total			
Financial liabilities by class			
<i>Other liabilities at amortised cost</i>			
90	90	88	88
Total creditors			
90	90	88	88
Total			

NOTES TO THE FINANCIAL STATEMENTS (Continued)
--

Nature and extent of risks arising from Financial Instruments

The Committee'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 Committee might not have funds available to meet its commitments to make payments

Credit risk

Credit risk arises from credit exposures to the Committee's customers and Public Sector debtors

In relation to the sums owed by the Committee's customers and contractual debtors, the Committee has assessed the nature, historic losses and age of the debts and has made no provision to cover potential losses.

Liquidity risk

As the expenditure of the Committee is funded by Huntingdonshire District Council there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

CORPORATE GOVERNENCE PANEL CERTIFICATION

I confirm that these accounts and the accounting policies were approved by Huntingdonshire District Council's Corporate Governance Panel at their meeting held on the 23rd June 2009.

Signed on behalf of the St. Ivo Leisure Centre Management Committee:

Chairman of the meeting approving the accounts: _____

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EXTRACT FROM THE SMALLER BODIES RETURN FOR RAMSEY LEISURE CENTRE

Local Councils in England Annual Return for the year ended 31 March 2009
(RAMSEY LEISURE CENTRE) HDC CORP GOVERNANCE PANEL MEETING

Section 1 - Statement of accounts

In completing the boxes below please explain any significant variances, including any differences between Box 7 and Box 8, on a separate sheet and send this to the external auditor together with a copy of your bank reconciliation as at 31 March 2009. See page 6 and the *Practitioners' Guide* for further guidance.

		Year ending		Notes and guidance for compilers
		31 March 2008 £	31 March 2009 £	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to the body's underlying financial records for the relevant year.
1	Balances brought forward	21,170	19,689	Total balances and reserves at the beginning of the year as recorded in the council's financial records. Value must agree to box 7 of previous year.
2	(+) Income from taxation and/or levy	0	0	Total amount of tax and/or levy received in the year.
3	(+) Total other receipts	911,002	961,340	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4	(-) Staff costs	-482,717	-487,626	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.
5	(-) Loan interest/ capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6	(-) Total other payments	-429,766	-467,270	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/ capital repayments (line 5).
7	(=) Balances carried forward	19,689	26,133	Total balances and reserves at the end of the year. Must equal (1+2+3)-(4+5+6)
8	Total cash & investments	0	0	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March - to agree with bank reconciliation
9	Total fixed assets and long term assets	0	0	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g.loans to third parties.
10	Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the statement of accounts contained in this annual return presents fairly the financial position of the body and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.

Signed by Responsible Financial Officer:

Date

I confirm that these accounts were approved by the body and recorded as minute reference:

Date

Signed by Chair of the meeting approving the accounts:

Date

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EXTRACT FROM THE SMALLER BODIES RETURN FOR SAWTRY LEISURE CENTRE

Local Councils in England Annual Return for the year ended 31 March 2009 (SAWTRY LEISURE CENTRE) HDC CORP GOVERNANCE PANEL MEETING

Section 1 - Statement of accounts

In completing the boxes below please explain any significant variances, including any differences between Box 7 and Box 8, on a separate sheet and send this to the external auditor together with a copy of your bank reconciliation as at 31 March 2009. See page 6 and the *Practitioners' Guide* for further guidance.

		Year ending		Notes and guidance for compilers
		31 March 2008 £	31 March 2009 £	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to the body's underlying financial records for the relevant year.
1	Balances brought forward	24,821	17,917	Total balances and reserves at the beginning of the year as recorded in the council's financial records. Value must agree to box 7 of previous year.
2	(+) Income from taxation and/or levy	0	0	Total amount of tax and/or levy received in the year.
3	(+) Total other receipts	917,342	941,301	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4	(-) Staff costs	-476,316	-485,336	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses.
5	(-) Loan interest/ capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6	(-) Total other payments	-447,930	-455,275	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/ capital repayments (line 5).
7	(=) Balances carried forward	17,917	18,607	Total balances and reserves at the end of the year. Must equal (1+2+3)-(4+5+6))
8	Total cash & investments	0	0	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March - to agree with bank reconciliation
9	Total fixed assets and long term assets	0	0	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g.loans to third parties.
10	Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the statement of accounts contained in this annual return presents fairly the financial position of the body and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2009.

Signed by Responsible Financial Officer:

Date

I confirm that these accounts were approved by the body and recorded as minute reference:

Date

Signed by Chair of the meeting approving the accounts:

Date

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**INTERNAL AUDIT SERVICE:
INTERNAL AUDIT PLAN
(Report by the Audit & Risk Manager)**

1. PURPOSE

- 1.1 To comment on the internal audit plan for the 12 month period commencing August 2009. The plan is attached at Annex A.

2. STRATEGIC AND ANNUAL PLANNING

- 2.1 The Audit and Risk Manager is required, by the 2006 CIPFA Code of Practice for Internal Audit, to provide an opinion on the overall adequacy and effectiveness of the Council's control environment. This opinion assists the Chief Executive and this Panel when they are reviewing elements of the assurance framework and preparing the Council's annual assurance statement. The work that is undertaken to allow the Audit & Risk Manager to form his opinion is governed, in the main, by the annual audit plan.
- 2.2 The Internal Audit Service maintains a four year strategic audit plan, listing all the risk and system areas that are considered likely to affect the Council's internal control environment. The strategic plan shows the relative importance of each risk and system area and the frequency with which it should be audited. Risks recorded in the risk register have been included in the strategic plan. This has led to a number of audit areas being combined so that audits can address common risk themes across services, rather than be conducted on a service by service basis.
- 2.3 To prepare the annual audit plan, the strategic plan is first reviewed and audits placed in priority order. The highest priority schemes which can be delivered within the resources available are then included in the annual audit plan which, following the comments of this Panel, will be approved by the Director of Commerce and Technology.

3. RESOURCING THE AUDIT PLAN

- 3.1 The total days required to complete the four year strategic plan exceeds available resources by 115 days (29 days per year). This shortfall is not felt significant enough to impact on the breadth of internal audit coverage provided or the level of assurance that the Panel will be able to take from the Audit & Risk Manager's annual opinion statement each year.
- 3.2 It is expected that significant staffing changes will occur during 2009/10 which will impact on the plans for 2009/10 and 2010/11. The changes will reduce the number of days available to deliver the plan and are the reason for the resource shortfall across the strategic plan period.
- 3.3 Consideration has already been given as to how these changes will be managed. If it appears likely that the annual plan will not be completed or the four year shortfall will significantly increase, a further report will be presented to the Panel to explain the affect this will have on the annual audit opinion statement.

4. RECOMMENDATION

- 4.1 That the Panel note the annual audit and assurance plan for the 12 month period commencing August 2009.

ACCESS TO INFORMATION ACT 1985

Strategic Audit Plan

The Council's Risk Register

Contact Officer: David Harwood, Audit & Risk Manager ☎ **01480 388115**



Internal Audit Service

Internal Audit
&
Assurance Plan
2009 - 2010

2009 – 2010 Internal Audit & Assurance Plan

The Internal Audit & Assurance Plan for the period August 2009 to July 2010 has been prepared in accordance with best practice as contained in the 2006 CIPFA Code of Practice for Internal Audit.

The Code requires that Internal Audit provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should inform the Annual Statement of Assurance on Corporate Governance.

The plan has been developed to take account of this requirement and provides the opportunity for reviews of corporate governance, risk management and operational controls to be undertaken as well as the more traditional financial areas.

All the risks present in the risk register as at 31 May have been included within the four year strategic audit plan. Reviews that have clear links to risks within the risk register (identified by an extract of the register) will consider the effectiveness of the controls that are in place to manage the risks identified. They will also consider the assurance opinion that has been included in the register.

A summary of the audits planned for the period are listed on the following pages, together with the name of the Liaison Officer responsible for dealing with any audit report or other issue that arises from an audit review.

The annual assurance opinion that I provide will be based primarily upon the findings of the reviews carried out.

In addition to undertaking the audits detailed in the plan, the review of fraud related risk areas will continue. Internal audit are also likely to be involved in providing advice and assistance to managers, advising on new project developments and dealing with any whistleblowing allegations received.

Whilst it is envisaged that all the audits contained in the plan will be undertaken, the identification of any new risks or significant changes in residual risk scores, may require audits to be substituted so as to ensure that reviews are undertaken of areas identified as being of greatest risk to the achievement of Council objectives. Chief Officers and Heads of Service will be informed of any changes before they are introduced.

David Harwood
Audit & Risk Manager
31 May 2009

Corporate Systems

Delivery of Corporate Objectives: C Garbett

25

Risk: 12 *Inherent* **Very High** *Residual* **High**

12 The Council does not deliver against its Corporate Objectives or the National Performance Indicators resulting in adverse external audit and inspection reports and government intervention or restrictions of freedoms.

To review the systems and procedures in place that allow key performance indicators to be collated and their achievement verified. The audit will review a sample of the BVPI's that have been reserved or qualified by the external auditors. This system was last reviewed in August 2003 and received a limited opinion.

Climate change/Sustainability/Environmental Strategy: P Jose

15

Risk: 30 *Inherent* **High** *Residual* **High**
 Risk: 146 *Inherent* **Very High** *Residual* **Medium**

30 The Councils lack of an 'environmental' policy, leads to un-coordinated and conflicting initiatives being developed within departments.
 146 Failure to prepare for and adapt to climate change already occurring, resulting in wasted investment , costs of emergency action and retrofitting buildings with adaptation measures.

To review the progress that has been made regarding the delivery of the environmental strategy, including the Green House Project. This audit will be undertaken towards the latter part of the audit year.

Information Management: C Hall

15

Risk: 15 *Inherent* **Very High** *Residual* **Very High**
 Risk: 122 *Inherent* **Very High** *Residual* **High**

15 ICT Security is breached causing both the loss of data and a loss of confidence in the integrity of the data being held.
 122 Data (including personal and confidential data) is transferred from the Council without sufficient security (i.e. encryption)

The management of information is an important area for the Council. This audit will be based around the October 2008 Central Government publication - Management of Information Risk - and consider how well information risks are being dealt with. The requirement for the Council to be compliant with Government Connect also places an increasing emphasis on supporting standards and these will also be reviewed.

National Indicator 179 – Value for Money: S Couper

10

The Council is required to report to central government its efficiency performance - the total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year. These efficiency gains are required to be delivered without any deterioration to the overall effectiveness of services or increases in service charges. CAA Use of Resources guidance requires the scrutiny of the calculation to be performed by internal audit.

Cyclical fraud & corruption plan

14

This audit will examine a number of areas that are susceptible to fraud and/or corrupt practices. The exact areas to be reviewed will be decided upon by the Internal Audit & Risk Manager.

Job Evaluation: C Garbett

With the retirement of the Head of Personnel Services in May 2008, expertise in the job evaluation process, including scoring and assessments was lost. This review will examine the current management of the evaluation process.

10

Freedom of Information: C Hall

Risk: 123 *Inherent* **High** *Residual* **Low**

8

123 Freedom of Information Act and Environmental Information Regulations Request are not successfully responded to.

274 freedom of information requests were received in 2008, an increase of 26% upon 2007 (217 requests). This audit will review the Council's approach to dealing with FoI and Environmental Information Regulations requests. This area was last reviewed in March 2006 and received an adequate assurance opinion.

Feedback Procedure: R Reeves

Risk: 61 *Inherent* **High** *Residual* **Medium**

6

61 The Councils Feedback procedures (incl. at service level) are not robust enough so not all complaints are properly recorded leading to maladministration and loss of reputation.

A new feedback (formerly complaints) procedure was approved by the Corporate Governance Panel in December 2008. It is an important aspect of good corporate governance. The audit will review the implementation of the procedure, dealing with the feedback received and continuously improving procedures based upon the lessons learnt. This area was last reviewed in January 2005 and received a limited opinion.

Total Allocation 103

Financial Systems

National Non Domestic Rates: J Barber

To review on an annual basis a particular aspect of the NNDR system. This year's review will examine collection and refund procedures.

8

Housing Benefits: J Barber

Risk: 27 *Inherent* **Very high** *Residual* **Medium**
 Risk: 143 *Inherent* **Very High** *Residual* **Very High**

12

27 An interruption in the benefit system service or inadequate numbers of trained/skilled staff may lead to benefits not being paid correctly or on time.

143 Economic downturn leads to increased demand for Housing Benefit and Customer Services that cannot be met from existing resources resulting in a fall in service levels and damage to the Council's reputation.

To review on an annual basis the administration of the Housing Benefit systems. This year's audit will consider payments, reporting and reconciliation controls. Areas considered to be key operational and financial controls identified within Housing Benefit & Council Tax Performance Standards appropriate to this area will also be considered.

Council Tax: J Barber

Risk: 67	<i>Inherent</i>	High	<i>Residual</i>	Low
Risk: 142	<i>Inherent</i>	Very High	<i>Residual</i>	High

12

- 67 Council Tax direct debits are not collected on time (collected twice) leading to an increase (reduction) in the cost of borrowing and local reputation damage.
- 142 Economic downturn leads to increase in arrears and leads to a reduction in income and cash flow problems.

To review on a cyclical basis specific areas of the Council Tax system. This year's review will examine collections and refunds and recovery and enforcement procedures. Areas identified in the fraud and corruption plan will also be reviewed.

Integrated Payroll & Personnel System: C Garbett

20

Elements of the payroll/HR system are reviewed on an annual basis. The audit will examine the starters and leavers procedures and also include a review of the 'ghost' employees work completed in the previous audit year.

Cashiering: Income & Receipting: J Barber

12

Cash Income and Receipting is a key financial system. The audit will review not only the controls operated within the system but also consider the introduction of the new cash handling systems required to be introduced within services since the introduction of Paypoint and the procedures for the reconciliation of e-paycapita payments. Areas contained in the fraud and corruption plan will also be considered. This area was last reviewed in March 2008 and received a substantial opinion.

Total Allocation 64

Commerce & Technology

Leisure Centres: S Bell

25

To continually review across the 5 Leisure Centres specific areas of their operation. This year's areas will be agreed with the Head of Service prior to commencement of the audit.

National Fraud Initiative: J Barber

10

Risk: 144	<i>Inherent</i>	High	<i>Residual</i>	Medium
-----------	-----------------	------	-----------------	--------

- 144 Housing Benefit fraud goes undetected leading to loss of funds from public purse

To examine the procedures followed for identifying and reviewing potential 'fraudulent' benefit claims identified on the national fraud initiative output. In addition work will also be undertaken to ensure compliance with the Housing Benefit & Council Tax Performance Standards in this area.

Staff Travel & Subsistence : C Garbett

15

This audit will review the adequacy of the systems and procedures in place for the payment of employee travelling and subsistence allowances. This area was last reviewed in May 2005 and received an adequate assurance opinion.

Budgetary control & management information: S Couper

Risk: 24	<i>Inherent</i>	High	<i>Residual</i>	Medium
Risk: 34	<i>Inherent</i>	High	<i>Residual</i>	Medium
Risk: 42	<i>Inherent</i>	High	<i>Residual</i>	Medium

10

24 Estimates made as part of the budget setting process are incorrect, requiring service budgets to be reduced and consequently some services in an unplanned way.

34 Sufficiently late or inaccurate provision of financial advice to managers or Members may lead to significantly incorrect decisions being made.

42 Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.

A review that will examine how budget holders and central accountancy obtain/provide budgetary information and reports and act upon the information provided. Guidance and training provided on financial management responsibilities from central accountancy will also be reviewed. Consideration will also be given to the link between MTP bids and budget spend. This area was last reviewed in September 2007 and received an adequate opinion.

Bank reconciliation: S Couper

5

The review will examine the procedures in place to ensure that all bank accounts are regularly reviewed and reconciled to the appropriate feeder systems. This area was last reviewed in February 2006 and received a substantial opinion.

Purchasing and Corporate Cards: S Couper

10

Purchasing and Corporate cards are held by a number of Officer's to help ease the purchasing of ad-hoc, small value items. This review will examine the use made of the card, the administrative procedures followed and compliance with guidance on usage. These areas have been reviewed separately in previous years, although both received adequate assurance opinions.

Total Allocation 80

Central Services

Integrated Human Resources Information System: C Garbett

12

This audit will consider whether the purchase of the integrated HR system has been delivered within budget and brought about the anticipated benefits and savings that were anticipated in the report to Members.

Development Opportunities: C Garbett

Risk:	<i>Inherent</i>	High	<i>Residual</i>	Medium
-------	-----------------	-------------	-----------------	---------------

10

53 The Council is unable to deliver sustained economic growth for the District leading to (over a period of time) reducing employment prospects and declining prosperity.

The Council's objective to promote development opportunities in and around market towns has gained increased importance during the current economic recession. This review will examine the delivery of the local economy strategy and its impact upon the Council's aim of having a strong and diverse economy. This general area was last reviewed in December 2005 and received an adequate opinion.

Printing: R Reeves

10

The Council's policy is that the printing service should be given the opportunity to deliver all printing jobs. With the opening of the Document Centre and investment in new equipment, it is important that this policy is complied with so allowing for a reasonable return on the investment. This review will consider the overall use made of the service by Departments, work sent outside the Council, costing and recharging and the acceptance of printing requests. Controls over purchasing and stock will also be considered. This area was last reviewed in July 2005 and received an adequate opinion.

Total Allocation 32

ICT Audit

Service developed ICT systems: C Hall

10

Risk: 135

Inherent

High

Residual

High

135 ICT Developments outside IMD may not be sustainable resulting in loss of service and/or additional costs to repair or replace the system

There are a number of IT systems that have been developed by staff within services without reference to IMD. The development of these systems may not be sufficiently robust or align with the Council's ICT Strategy. This audit will review a number of these systems and consider adequacy of system documentation, data integrity issues, service delivery and business continuity.

Deloitte's reviews

The elements of the plan to be completed by Deloitte's are to be added later.

Total Allocation 10

Operational Services

CCTV: R Ward

10

CCTV has a net budget of approx. £500k and plays a major part in the Council achieving its priority of having safe, vibrant and inclusive communities. This review will examine the systems introduced to ensure compliance with the Code of Practice for the management and operation of the CCTV control room. This area was last reviewed in September 2005 and received an adequate opinion.

Street Cleaning: R Ward

8

To examine the managerial and operational systems and procedures introduced that allow for the monitoring, review and operation of the street cleaning service. This area was last reviewed in April 2003 and received an adequate opinion.

Arts & Cultural Services: S Lammin

8

The audit will examine the delivery, operation and management of the art's programme, including the concert season. This area was last reviewed in September 2004 and received a limited opinion.

Total Allocation 26

Contracts

Quotation selection process

14

This audit will assess, across the Council as a whole, managers' compliance with the Code of Procurement in relation to the seeking of quotations. The review will examine the selection process, opening and contract award procedures and maintenance of records. This area was last reviewed in August 2005 and received limited opinion.

Service & Supply contracts

8

To undertake an in-depth review of a service or supply contract that has been entered into during the year. The exact audit will be selected later in the audit year.

Final accounts

5

To undertake compliance checks on building contracts.

Total Allocation 27

CORPORATE GOVERNANCE PANEL

23RD JUNE 2009

ANTI-FRAUD & CORRUPTION FRAMEWORK

(Report by the Audit & Risk Manager)

1. INTRODUCTION

- 1.1 This report details the outcome of the first review of the Anti-Fraud and Corruption Framework, which was adopted by the Panel in December 2008.

2. THE FRAMEWORK

- 2.1 The Council has good internal control measures in place which accounts for the very low extent of fraud perpetrated against it. It is not complacent however and recognises that it needs to effectively manage the risks associated with the task of countering fraud and corruption. The framework sets out the actions needed, if this is to be done effectively.
- 2.2 Following approval of the framework, the internal audit service undertook two intranet based surveys to gauge the views of managers and staff on the current approach taken towards countering fraud and corruption. The results of those surveys have been reported to COMT and where appropriate, detailed in the framework response.
- 2.3 The results of the review of the framework are detailed in Annex A. Actions to further improve the Council's approach in this area are listed in the Action Plan, Annex B.

3. RECOMMENDATION

- 3.1 It is recommended that the Panel:
- Note the responses to the framework; and
 - Endorse the action plan.

BACKGROUND INFORMATION

Responses to Fraud/Corruption Survey

Contact Office: David Harwood, Audit & Risk Manager ☎ **01480 388115**

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
	Policy and Procedures			
1	Corporate Governance Panel undertakes an annual review of the Anti Fraud & Corruption Strategy and Whistleblowing Policy to ensure they remain relevant, up to date and cover key requirements, and amend when necessary.	Audit and Risk Manager	Reviews have been conducted annually since the strategy was introduced. Last review was in December 2008 - http://moderngov.huntsdc.gov.uk:8070/ieListDocuments.aspx?Cid=10012&Mid=3002&Ver=4	Dec 2009
2	The documents are publicised and made available, and can be easily accessed by staff, members, partners, those contracting with the Council and the public.	Audit and Risk Manager	The documents are included on the Council's website however they are not easily found. Responses to the fraud survey indicates that staff are not clear as to the Council's commitment to fight fraud and corruption.	Annex B
3	The Anti Fraud & Corruption Framework is updated at least annually.	Audit and Risk Manager	Framework adopted in December 2008. First review completed June 2009 with the intention to review annually.	June 2010
4	The Head of Customer Services undertakes an annual review of the: <ul style="list-style-type: none"> Housing & Council Tax Benefit Anti-Fraud Strategy and the Prosecution Policy. 	Fraud Manager	The Strategy was last reviewed in 2003. http://teams.huntsdc.gov.uk/Revenues/Benefits/Fraud/Benefits%20Prosecution%20Policy/HDC%20-Fraud%20strategy.doc The Policy was reviewed in 2008, to take account of changes to delegated functions. http://teams.huntsdc.gov.uk/Revenues/Benefits/Fraud/Benefits%20Prosecution%20Policy/HDC%20Benefits%20Prosecution%20Policy%202008.doc	Annex B

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
5	On an annual basis, a review of activities that may be susceptible to money laundering shall be carried out and the Money Laundering Policy amended when necessary.	Audit and Risk Manager	The Money Laundering policy was approved by Corporate Governance Panel in July 2005. The Audit & Risk Manager conducts an annual review of activities, legislation and changes to best practice and considers if the policy needs to be changed. No changes have been made to the original policy.	Dec 2009
	Maintaining Awareness			
6	New employees are made aware of the Fraud & Corruption Strategy and Whistleblowing procedures.	Audit and Risk Manager HR Manager	The induction programme for new employees doesn't include information in respect of fraud awareness or whistleblowing. Ad-hoc training and guidance is provided locally.	Annex B
7	Fraud and corruption awareness training is provided for employees and members.	----	There is no formal training provided to the majority of employees or members. This is borne out by the responses to the fraud survey.	Annex B
8	Reminders are issued periodically to employees about fraud/corruption/whistleblowing/money laundering.	Audit and Risk Manager	Reminders are issued to those staff who need to be aware of money laundering issues by internal audit. The last reminder was sent in June 2008. Annual poster campaigns are used to remind staff about fraud and whistleblowing issues. Information is also posted to the intranet. Responses to the fraud survey indicates that awareness about the current arrangements was not high.	Annex B

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
9	Demonstrate that Council staff, members, significant partners and contractors have confidence in the whistleblowing arrangements and are aware how to make a disclosure.	Audit and Risk Manager	<p>The responses to the fraud survey are mixed. Those staff replying positively had a high degree of confidence in the whistleblowing arrangements. Arrangements need to be reviewed and the confidential nature of the arrangements re-emphasised.</p> <p>Corporate Governance Panel receives an annual report (December) that summarises the whistleblowing concerns raised and gives them the opportunity to question matters investigated.</p> <p>Further work is required to publicise the arrangements to partners and contractors.</p>	Annex B
10	Publicity is issued to inform residents that the Council is pro-active in identifying fraud.	Audit and Risk Manager Head of Customer Services	Press releases are frequently issued and reported, detailing successful benefit fraud prosecutions. This information is also posted to the intranet. Press releases include details of the benefit fraud telephone line. District Wide has also been used to publicise successful prosecutions.	Following successful prosecutions
11	Managers who have key responsibilities for anti-fraud and corruption arrangements receive appropriate training and keep up to date with the latest developments, risks and initiatives.		No training is provided to managers.	Annex B
12	General guidance to staff shall be published via the intranet outlining their responsibilities with regard to money laundering, reporting arrangements and compliance with the Council's money laundering policy.	Audit and Risk Manager	<p>The Council's Money Laundering Avoidance Policy and Procedure is available via the Internal Audit Intranet page. Money laundering guidance document has also been produced and is posted on the site for reference by staff as required.</p> <ul style="list-style-type: none"> http://teams.huntsdc.gov.uk/finserv/audit/Shared%20Documents/Money%20Laundering%20Policy.pdf 	The guidance will be updated if the legislation is changed.

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
			<ul style="list-style-type: none"> • http://teams.huntsdc.gov.uk/finserv/audit/Shared%20Documents/Money%20Laundering%20Guidance.doc • http://teams.huntsdc.gov.uk/finserv/audit/Shared%20Documents/Money%20laundering%20-%20Customer%20Identity%20.doc 	
13	Officers employed in services that are considered to be especially vulnerable to money laundering shall also receive training.	Audit and Risk Manager	Training was provided in 2006 by Internal Audit to appropriate staff (cashiers, income, legal, estates, housing benefits, council tax & NNDR). Money laundering is now considered to be a low risk area due to the non receipt of cash payments for council tax or NNDR debts. An email reminder was sent in June 2008 to appropriate staff to remind them of the possibility of money laundering.	June 2009
	Proactive Anti Fraud & Corruption Work			
14	There is a pro-active programme of counter fraud and corruption work which is adequately resourced, risk based and proportionate to the risk identified.	Audit and Risk Manager Head of Customer Services	<p>Pro-active fraud work is included in the audit plan for 2009/10. Audit staff are familiar with data extraction software which is used to identify areas for further investigation.</p> <p>Data mining software has recently been purchased and will be used by benefits staff to identify potential cases of fraud.</p> <p>The Benefit Fraud Team has clearly laid out procedures, a Prosecution Policy and Terms of Reference to ensure that all investigations are carried out in a timely manner and that all cases reported for investigation are sifted to ensure that those posing the greatest risk received the highest priority and other</p>	On-going

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
			cases are still considered and dealt with using the appropriate resources.	
15	Review of risk register entries highlighting fraud and corruption risks is undertaken on a regular basis. Mitigation to reduce fraud is proportionate to the risk.	Audit and Risk Manager	Reviews of the risk register are undertaken on a regular basis and liaison is maintained between the relevant manager and the Insurance and Risk Officer. Risk Management reports are provided to Corporate Governance Panel and issues relating to fraud and corruption would be highlighted as appropriate. http://moderngov.huntsdc.gov.uk:8070/Published/C00010012/M00003003/AI00026904/\$RiskRegister.docA.ps.pdf	On-going
16	Significant partnerships have anti-fraud and corruption arrangements in place.		The current partnership framework and guidance does not specifically refer to this requirement.	Annex B
17	Documented procedures are in place for the notification of non-compliance with Council policies and procedures.	Director of Central Services	The Employees Code of Conduct outlines the behaviours expected of staff and explains how notifications have to be reported to Senior Officers. Responses to the fraud survey show that staff are not regularly reminded of the need to register gifts and hospitality although awareness of the need to register these items was high.	Annex B

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
18	Maintain, publicise and monitor confidential telephone reporting lines and other channels for whistleblowing and fraud reporting.	Audit and Risk Manager	<p>District Wide has been used to publicise the phone numbers for reporting benefit fraud and whistleblowing. As more services have transferred to the call centre, these individual phone numbers are no longer published in District Wide, having been replaced with the call centre number.</p> <p>Secure telephone numbers are in place for benefit fraud and general whistleblowing/fraud reporting, Calls to these numbers can only be accessed by a small number of staff. Poster campaigns are developed periodically to publicise fraud/whistleblowing and the reporting lines available.</p> <p>http://teams.huntsdc.gov.uk/finserv/audit/Lists/Announcements/DispForm.aspx?ID=3&Source=http%3A%2F%2Fteams%2Ehuntsdc%2Egov%2Euk%2Ffinserv%2Faudit%2Fdefault%2Easpx</p>	Annex B
19	The internet, application forms, license or contractual agreements contain an appropriate fair processing notification permitting data sharing for the prevention and detection of fraud and corruption.	Data Protection Officer and Various Managers	<p>Information about fair processing is available on the Council's website. Key application forms etc include the required notification. As part of routine audit work, checks are completed to ensure data protection statements and reference to data matching / sharing are included on forms etc.</p> <ul style="list-style-type: none"> • http://www.huntsdc.gov.uk/data%20matching • http://www.huntsdc.gov.uk/Privacy+Disclaimer • https://applications.huntsdc.gov.uk/forms/Admin/Address%20Change%20Menu.htm 	On-going

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
20	Appropriate arrangements for identifying and dealing with potential money laundering, are included in applicable contracts or similar agreements with external organisations.	Appropriate Manager	Reference is included in the contractual agreement with the Bailiffs.	Considered when felt appropriate
21	Internal audit prepare and maintain risk assessments that identify key systems that are susceptible to the likelihood of fraud and corruption (e.g. recruitment of staff). Reviews are undertaken on the controls operating in those systems.	Audit and Risk Manager	A Fraud and Corruption Plan Risk Assessment has been prepared which sets out risks and controls in key areas where there is potential for fraudulent activity. The risk assessment is referred to for each audit to ensure that any risk areas are identified and included in the testing for the review.	On-going
	National Fraud Initiative (NFI)			
22	Data is provided to the NFI in accordance with published timetables.	Audit and Risk Manager	All the data required for the 2008 NFI review has been provided.	As required
23	NFI data matches are reviewed and follow-up work, proportionate to the risk identified, is undertaken. Investigations are carried out promptly.	Audit and Risk Manager	The Audit & Risk Manager oversees the work undertaken. The Audit Commission guidance on the datasets to review is followed. This ensures that resources are targeted at the most appropriate areas. Investigations are carried out in accordance with the NFI timetable	On-going

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
	Investigative Fraud Work			
24	Staff involved in investigative work are appropriately trained and maintain their skills by regular training and keep up to date with developments and legislation.	Head of Customer Services	The majority of investigative fraud work is undertaken by the Benefits Fraud Team. All officers are accredited counter fraud specialists and receive regular refresher training as required.	On-going
25	Investigations are conducted in accordance with statutory requirements (PACE, RIPA etc).	Head of Customer Services	All fraud work conducted by the Benefits Fraud team complies with the relevant legislation, including PACE, RIPA and the Fraud Act 2006.	On-going
26	Investigate promptly potential cases of fraud and corruption, or pass to an appropriate external organisation (Police or DWP etc)	Head of Customer Services	The Benefits Fraud team routinely work through fraud cases assigned to them and close liaison is maintained with the DWP, Police and other relevant bodies.	On-going
27	Effective working arrangements are in place with other organisations (e.g. Police, DWP and HBMS). Intelligence is shared when appropriate.	Head of Customer Services	See comments above.	-----
28	There is a policy which is applied in a consistent way, on the application of sanctions and recovering losses where fraud and corruption has been proven.	Head of Customer Services	Sanctions for offences identified including fines, cautions and prosecution and are applied in accordance with the benefits prosecution policy which takes into account the severity of the matter.	On-going

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
	Outcomes			
29	Appropriate action is taken against those who successfully have committed, or attempted to commit, acts of fraud or corruption, including the recovery of losses sustained (incl. use of criminal and civil law).	Head of Customer Services	In 2007/2008 the Council identified £552,000 in overpaid benefits and prosecuted 50 people with another 75 receiving cautions and financial penalties.	On-going
30	Lessons learnt from fraud and corruption investigations are evaluated and result in the strengthening of the systems involved to reduce future opportunities.	As appropriate	Where weaknesses have been identified, system changes are discussed with the appropriate Manager.	On-going
31	Successful cases of proven fraud and corruption are publicised.	As appropriate	Press releases are issued in respect of all successful benefit prosecutions. This information is also posted to the intranet.	On-going
32	The Corporate Governance Panel receives (at least annually) reports on <ul style="list-style-type: none"> Housing Benefit Fraud investigations (including information in respect of prosecutions, administrative penalties and cautions and the active recovery of fraudulent overpayments) Whistleblowing allegations received and outcomes Other fraud and corruption investigations and outcomes 	Head of Customer Services & Audit and Risk Manager	<p>Housing Benefit fraud investigations were reported to the Panel in September 2008. Whistleblowing allegations were reported in December 2008.</p> <ul style="list-style-type: none"> http://moderngov.huntsdc.gov.uk:8070/ieListDocuments.aspx?CId=10012&MID=3001#A125290 http://moderngov.huntsdc.gov.uk:8070/ieListDocuments.aspx?CId=10012&MID=3002#A125953 <p>At the December 2008 meeting of Corporate Governance Panel it was agreed that all fraud reporting (Housing Benefits and other areas of work) would be reported at the same time each year.</p>	December 2009

Anti Fraud & Corruption Framework

	Specific Requirements	Lead Officer	Evidence / Source Documents	Update/ Further Action
33	All frauds that exceed £10,000 are reported promptly to the external auditors on the appropriate form.	Head of Customer Services	Annual returns are made. Information in respect of 2008/09 was reported to the external auditors in April 2009.	April 2010

Anti Fraud & Corruption Framework

Action Plan

	Specific Requirement	Agreed Action	Lead Officer	Implementation Date
	Policy and Procedures			
2	The Anti Fraud & Corruption Strategy and Whistleblowing Policy are publicised and made available, and can be easily accessed by staff, members, partners, those contracting with the Council and the public.	<p>Consideration will be given to using a quick link on the internet and intranet homepage to the documents.</p> <p>The index on the internet will be amended so that fraud 'papers' can be accessed through a number of shortcuts.</p> <p>The Strategy and Policy will be re-launched to increase awareness.</p>	Audit and Risk Manager	31 October 2009
4	The Head of Customer Services undertakes an annual review of the Housing & Council Tax Benefit Anti-Fraud Strategy and Prosecution Policy.	A review of the Housing & Council Tax Benefit Anti-Fraud Strategy will be undertaken.	Fraud Manager	31 January 2010
	Maintaining Awareness			
6	New employees are made aware of the Fraud & Corruption Strategy and Whistleblowing procedures.	Rather than add further topics to the current induction programme it is proposed that a short guide, detailing the Council's approach/stance to countering fraud, including whistleblowing, is produced and issued to all new employees.	Audit & Risk Manager & Fraud Manager	30 November 2009
7	Fraud and corruption awareness training is provided for employees and members.	Training to be developed and delivered via the e-learning software.	Audit & Risk Manager & Fraud Manager	30 November 2009

Anti Fraud & Corruption Framework

Action Plan

	Specific Requirement	Agreed Action	Lead Officer	Implementation Date
8	Reminders are issued periodically to employees about fraud/corruption/whistleblowing/money laundering.	Reminders will be issued on a regular basis to staff via Team News and the intranet.	Audit and Risk Manager	30 September 2009
9	Demonstrate that Council staff, members, significant partners and contractors have confidence in the whistleblowing arrangements and are aware how to make a disclosure.	Whistleblowing arrangements need to be reviewed and the confidential nature of the arrangements re-emphasised. Further work is required to publicise the arrangements to partners and contractors.	Audit and Risk Manager	30 September 2009
11	Managers who have key responsibilities for anti-fraud and corruption arrangements receive appropriate training and keep up to date with the latest developments, risks and initiatives.	Training to be developed and delivered via the e-learning software. Briefings will be issued as and when appropriate.	Audit and Risk Manager	30 November 2009
	Proactive Anti Fraud & Corruption Work			
16	Significant partnerships have anti-fraud and corruption arrangements in place.	The partnership framework and guidance will be amended to include the requirement for anti-fraud and corruption arrangements to be in place. As significant partnerships are reviewed the arrangements will be reviewed and, if appropriate, amended/improved.	Head of People, Performance and Partnerships.	31 December 2009 31 July 2011

Anti Fraud & Corruption Framework

Action Plan

	Specific Requirement	Agreed Action	Lead Officer	Implementation Date
17	Documented procedures are in place for the notification of non-compliance with Council policies and procedures.	Staff will be reminded about the need to record gifts and hospitality via an annual intranet notice. An email will also be sent to Heads of Service in the intervening six months to remind them to raise the issue at divisional/team meetings.	Head of Democratic and Central Services	30 September 2009
18	Maintain, publicise and monitor confidential telephone reporting lines and other channels for whistleblowing and fraud reporting.	The benefits fraud hot line and whistleblowing phone number be reintroduced into District Wide.	Audit and Risk Manager	30 June 2009

COMPLAINTS (Report by the Director of Central Services)

1. INTRODUCTION

- 1.1 The purpose of this report is to provide Members with an analysis of internal complaints and a summary of complaints determined by the Local Government Ombudsman.

2. SUMMARY OF INTERNAL COMPLAINTS

- 2.1 The Council's internal complaints system summarises complaints into six categories as follows:-

- ◆ action of employee;
- ◆ council policy;
- ◆ council procedures;
- ◆ equality of service;
- ◆ failure to respond; and
- ◆ service delivery.

- 2.2 The table attached at Annex A provides an analysis of complaints by complaint reason, the Division involved and results compared with the previous two years.

- 2.3 The Council captures information relating to verbal complaints. These complaints predominantly relate to the Operations Division and for the period 2008/09 457 (921) complaints were received out of 41,546 (43,699) service requests, which represented a complaint rate of 1.1% (2.1%). The figures in parenthesis are for 2007/08. The decrease in the figures for 2008/09 can be explained by the fact that the days on which refuse collections are made changed in 2007/08 resulting in a significant number of bins being missed because they had been put out on the wrong day. This explanation is supported by the fact that the figures for 2008/09 closely resemble those for 2006/07.

3. SUMMARY OF OMBUDSMAN COMPLAINTS

- 3.1 The Local Government Ombudsman Service has published its provisional statistics for enquiries and complaints dealt with in relation to the District Council in the year 1st April 2008 to 31st March 2009. Following the introduction of an Advice Team, the form of the statistics has changed significantly this year. This means direct comparisons with some of the previous years' figures are not possible. Where trends can be detected, these are reported in the tables below.

- 3.2 The Ombudsman received a total of 17 enquiries and complaints in 2008/09, which represents a small decrease on the 18 received in the previous year. The Ombudsman will not now consider a complaint

unless a Council has had the opportunity to deal with the complaint itself. So if someone complains to the Ombudsman without having taken the matter up with a Council the Ombudsman will almost always refer it back to the Council as a '*premature complaint*' to see if the Council can itself resolve the matter. Of the 17 enquiries, seven were deemed to be premature, three resulted only in advice being given and seven were forwarded to the investigative team to pursue. The following table provides a summary of the complaints received by decision compared with previous years.

Decisions	2006/07	2007/08	2008/09
Formal report finding maladministration causing injustice	0	0	0
Complaints settled locally	1	1	0
Maladministration causing no injustice	0	0	0
No maladministration	0	0	0
No, or insufficient, evidence of maladministration	7	3	7
Ombudsman's Discretion	3	1	1
Outside LGO's jurisdiction	3	4	1
Premature complaints	3	9	7
Total excluding premature	14	9	10
Total	17	18	17

- 3.3 The difference between the total number of cases and the number of outcomes reported may be attributed to the fact that this table comprises both enquiries made and decisions reached. The latter may occur in a different year from the year in which it was received. The same reasoning explains the differences between the tables above and below.
- 3.4 As no complaints were settled locally it has not been necessary to pay any compensation during the year.
- 3.3 A comparison of the enquiries and complaints received by subject area in relation to District Council services, including premature complaints, is set out in the table below.

Subject Area	2006/07	2007/08	2008/09
Housing (not including HB)	0	2	2
Housing Benefit	2	0	1
Public finance inc. Local Taxation	0	1	4
Planning & Building Control	9	12	5
Other	5	2	5
Total	16	19	17

- 3.5 It is important to stress that while the total numbers themselves are low, of the 17 enquiries in 2008/09, only seven were forwarded to the investigative team to pursue.
- 3.6 The average time for the Council to respond to Ombudsman requests for action was 41.5 days. In 2007/08 the average time taken to respond to the Ombudsman was 30 days. In fact, in 2008/09 this relates to two cases, both of which were especially complex planning related matters that required considerable investigation.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The Panel are invited to note the contents of the report.

BACKGROUND PAPERS

Local Government Ombudsman Provisional Complaint Statistics 2008/09

Contact Officer: Tony Roberts
Scrutiny and Review Manager
(01480) 388015

Annex A

Complaint Reason	Division involved 2006/07 and action	Division involved 2007/08 and action	Division involved 2008/09 and action
Action of Employee	3 Housing (NAT and 1 SI) 1 Public Health 4 Council Tax (NAT, 1SI and 1 FT) 3 Development Control (NAT) 2 Benefits (NAT) 2 Planning Policy	1 Public Health 1 Benefits (SI) 5 Development Control 2 Planning Policy	3 Benefits (1 SI and 2 NAT) 1 Customer Services (NAT) 4 Council Tax (3 NAT and 1 SI) 1 Housing (SI) 2 Planning Policy (1 SI and 1 NAT)
Council Policy	3 Council Tax (NAT) 1 Development Control 7 Benefits (NAT)	3 Council Tax 2 Benefits 4 Housing (NAT) 1 Development Control	1 Benefits (NAT) 7 Council Tax (1 CIS and 6 NAT) 1 Ops (SI)
Council Procedures	2 Development Control (NAT) 7 Benefits (NAT and 1 CIP) 6 Council Tax (NAT and 1 CIP) 1 Housing (NAT) 1 Recruitment	1 Development Control (NAT) 4 Benefits (1 NAT, 2 SI) 1 Business Rates (NAT) 5 Housing (3 NAT) 1 Commercial Team	7 Development Control (4 NAT and 3SI) 1 Benefits (NAT) 2 Council Tax (2 CIS)
Equality of Service		1 Housing (NAT) 1 Operational 1 Development Control	
Failure to Respond	1 Development Control		
Service Delivery	1 Development Control (NAT) 2 Council Tax (NAT and 1 SI) 2 Benefits (NAT) 2 Planning Policy (NAT) 1 Housing (NAT)	8 Development Control 3 Operational (CIP) 1 Amenities 2 Benefits (1 SI, 1 NAT) 2 Housing (1 NAT) 4 Council Tax (NAT) 1 Planning Policy	8 Development Control (4 SI and 4 NAT) 2 Ops)1 CIP and 1 NAT) 1 Council Tax (NAT) 4 Benefits (2 NAT, 1 SI and 1 CIS) 1 Housing (CIP)
Total	52	58	52

KEY:

NAT	No Action Taken
CIP	Change in Procedures
SI	Staff Instruction
RTC	Referral to Contractor
CIS	Change in Service
FT	Formal Training