

Draft Statement of Accounts For the year ended 31 March 2007

Chairman of the Council 2006/7	Councillor P Swales
Leader of the Council 2006/07	Councillor I C Bates
Executive Councilor for Finance 2006/07	Councillor T V Rogers
Chief Executive	Mr D Monks
Director of Commerce and Technology	Mr T Parker
Auditors	RSM Robson Rhodes LLP

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Introduction and Financial Summary

In order to ensure that the financial accounts of local authorities are reliable a national Code of Practice has been created which sets out how they should be prepared and what they must include. Huntingdonshire's accounts comply with this Code.

The Code is updated annually to reflect the latest developments in accountancy – the changes this year were more significant than usual and an explanation of the main changes can be found on page 5.

This booklet presents the accounts of Huntingdonshire District Council for the period from 1 April 2006 to 31 March 2007. The main statement is the Income and Expenditure Account which includes the cost of providing the Council's services that are partly funded from the council tax.

The Balance Sheet summarises the Council's assets and liabilities at the end of the year (31 March 2007) and the Cash Flow Statement sets out where the money came from and how it was spent. Explanatory notes give greater detail.

Overview

The table below shows a simplified version of the revenue summary:

Revenue Expenditure	2006/07 Actual £000
Services	
Gross Expenditure	61,066
Income including fees and charges and the government reimbursement of benefits.	36,082
Net Cost	24,984
Other Items	
Investment Income	-2,850
Trading undertakings surplus	-498
Required adjustments relating to items such as pensions, capital and financing costs.	-5,535
Total to be funded	16,101
Funding	
Council Tax	-5,961
Collection Fund adjustment	74
Revenue Support Grant	-1,762
NNDR from national pool	-9,129
LAGBI	-487
Contribution to Council Reserves	
General Fund Balance	738
Delayed Projects Reserve	426
	1,164

When the Council set its budget for 2006/07 in February 2006 it made provision to use up to £1,527k from reserves to fund revenue expenditure. Over the year the Council has succeeded in raising additional income and keeping expenditure down. The net result is that it has been possible to add £1,164k to reserves this year resulting in a total revenue reserve of £19.5m at the end of the year.

The increase in reserves gives extra flexibility for the Council to introduce greater efficiency and ensure spending is focussed in those areas that will make a real difference for local people.

Capital Reserves (accumulated capital receipts from the sale of land and buildings) started the year at £42m and the net impact of funding capital expenditure and the proceeds from asset sales means the position at the end of the year is £28.7m.

Capital investment in assets of £16.6m has taken place (excluding £2.7m of investments that have to be treated as capital under local authority investment regulations). Projects included regeneration of the Oxmoor (£2m), leisure centres (£1.2m), new offices and operations centre (£6.3m), environmental improvements (£0.6m), housing (£3.3m) and further investment in information technology (£1.2m) and operational vehicles (£0.4m). These were funded partly from grants and contributions (£1.7m) with the remainder from Capital Reserves.

The Council is thus left with the following Reserves:

Reserves at 31 March 2007	£m
Revenue**	19.5
Capital ++	28.7
Total	48.2

** including underspending Delayed Projects Reserve of £615k

++ including receipts temporarily held as "capital" investments of £585k

Council Tax and Collection Fund

The Council, in line with its long-term financial strategy, set a Council Tax of £104.69 for 2006/07. This tax level was the 18th lowest of all the 238 English District Councils (average £150, highest £281) and was a cash increase of just £4.98 per year; less than 10p per week.

The Council Tax for the County Council, Police and Fire Authorities and town and parish councils, that Huntingdonshire collects on their behalf, brought the average band D council tax charge for residents of the District up to £1,245.

The Council Tax actually raised £71m last year, which was just £73k less than required to meet the payments to the County (£50.2m), Police (£8.0), Fire (£2.8m), District (£6.0m) and Town and Parishes (£3.4m). This small deficit will be distributed between the principal authorities in proportion to their precepts in 2007/08.

Pensions

The accounts show that the Council had a future pension deficit of £29.4m at the start of the year due to historic poor performance of the equity market and increased longevity of pensioners. The Council funds this deficit via its annual contributions to the pension fund which are based on calculations carried out by an actuary every three years. The necessary increase in contributions over the next few years has already been built into the Council's financial plan.

It is pleasing to note that the deficit has fallen significantly over the last year to £23.7m as a result of better investment returns, changes in forecast investment returns for the future and some changes to the scheme. This reduces the likelihood of additional increases in future contribution rates when the actuary's report is received this autumn.

Conclusion

The Council has been independently judged as "excellent" and continues to focus its service developments on those areas that local people see as a priority. In order to achieve this without significant increases in the Council Tax opportunities to increase efficiency are constantly being sought.

The Council currently has sufficient Reserves to provide flexibility and ensure that efficiency savings can be properly planned and managed over the coming years.

Terry Parker BA(Hons) FCA
Director of Commerce & Technology

Statement of Accounts approved by the Corporate Governance Panel

Chairman: Cllr. C. J. Stephens

CHANGES TO THE CODE OF PRACTICE FOR THE 2006/07 ACCOUNTS

The accountancy profession has been identifying ways in which the style and content of local government accounts can more closely follow the approach in private companies. As a result of this, some significant changes have been introduced that affect this years financial accounts.

Wherever possible the 2005/06 accounts have been restated to provide meaningful comparative figures.

The main changes are:

1. **The removal of notional interest** as part of the charge to revenue accounts for the use of capital assets. Whereas, in previous years a charge for both depreciation and interest had to be made, the charge is now just for depreciation. The impact reduces the cost shown for providing a service, but there is no overall impact on the Council.
2. **A new Income and Expenditure Account** replaces the old Consolidated Revenue Account (CRA). It brings together the cost of revenue services, some capital transactions (e.g. the net gain or loss on the sale of assets) and other items (e.g. pensions costs) to give the surplus or deficit for the year. It is a significantly different figure to that previously shown at the end of the CRA and relies on the new **Statement of Total Movement on the General Fund Balance** to reconcile it to the change in the General Fund reserve.
3. **A new Statement of Total Recognised Gains and Losses** which replaces the Statement of Total Movement in Reserves and recognises that not all gains and losses are reflected in the Income and Expenditure Account e.g. pension actuarial gains or losses
4. The **Balance Sheet** replaces the Consolidated Balance Sheet with only minor changes. The adjustments between the Collection Fund and other bodies are now treated as debtors or creditors.
5. **The Cash Flow Statement** does not change but note30 now reconciles the cash flow on revenue activities to the Income and Expenditure Account.
6. **The core financial statements** are now grouped together, followed by their notes. Supplementary statements (e.g. the Collection Fund) then follow.

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 2007

The Responsibilities of the Director of Commerce and Technology

In preparing this Statement of Accounts which present fairly the financial position of the Authority, I have:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

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

Annual Statement of Assurance on Corporate Governance

To be approved in September

Auditors' Report

To be provided before final publication in September

Accounting Policies

1. **General**

The Statement of Accounts summarises the council's transactions for the 2006/07 financial year and its position at the year-end of 31 March 2007. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice 2006* (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:

- Council being a 'going concern' - a continuing business
- Accrual of income and expenditure – including 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 the underlying concepts above. The accounting statements are prepared with the objective of presenting fairly the financial position and transactions of the authority.

3. **Debtors and Creditors**

In the accounts income and expenditure items are accounted for in the year in which they arise, not simply when cash payments are made or received, by the creation of debtors and creditors. No material estimates have been included in debtors and creditors.

4. **Bad debt provision**

Provision is made to cover potential losses in collection of income due to the Council. The level of provisions made for bad debts take into account the nature, value and age of debts and is reviewed each year. Provisions are charged to the appropriate service revenue account, and when bad debts occur, they are charged to the provision set-up in the balance sheet.

5. **Tangible Fixed Assets**

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Infrastructure and community assets are included in the balance sheet at historical cost, net of depreciation where appropriate. Operational assets, primarily land and property, are included in the balance sheet at the lower of net current replacement cost or net realisable value in current use. Non-operational assets are similarly valued with reference to market value. All assets held at current value were re-valued at 1st April 2004. Such revaluations are made every five years with intermediate indexation.

6. Impairment of assets

Impairment is a change in events or circumstances that results in a reduction in an asset's value. Where impairment is identified and can be attributable to the clear consumption of economic benefits, the loss is charged to service revenue accounts, otherwise it is written off against the Fixed Asset Restatement Reserve. A full review of impairment of assets is combined with the five year revaluation. Material impairment between revaluations is reflected in the accounts each year.

7. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year.

Purchased software licences are capitalised as intangible assets and initially included on the balance sheet at cost. The outstanding amount is reduced each year by charging a proportion to revenue over the period of economic benefit which is deemed to be 4 years.

8. Sale of Fixed Assets

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Income and Expenditure Account. Receipts from the sale are credited to the Income and Expenditure Account resulting in a gain or loss on disposal.

Income from the sale of assets is a capital receipt and is credited to the Usable Capital Receipts Reserve. It can then be used to finance new capital investment.

9. Leases

Finance leases. The Council leases certain items of vehicles, plant and equipment 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. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

10. Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created (e.g. capital grants to other organisations). They are charged to service revenue accounts in the year of expenditure. The cost is met from existing capital resources and a transfer to the Capital Financing Account 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.

11. Depreciation

Assets are depreciated over their useful economic life. Straight line depreciation is used for all assets except vehicles and plant to which a 25% reducing balance basis is applied. The value of each asset is shown net of cumulative depreciation in the balance sheet.

12. Charges to Revenue for Fixed and Intangible Assets

Service revenue accounts, support services and trading accounts are charged for the depreciation on the assets used in the provision of the service. In addition there may be a charge for impairment losses.

The Council is not required to raise council tax to cover this depreciation, but it is required to make an annual provision from revenue to contribute towards the repayment of any loans taken to finance assets. The charges to service revenue accounts for capital are replaced by this provision in the Statement of Movement on the General Fund Balance. As the Council has not yet funded any capital expenditure from loans the 2006/07 Statement simply removes the depreciation.

13. Stock and Work in Progress

The value of stock 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.

14. Reserves

The Council maintains reserves to meet certain types of expenditure, for future policy purposes and to cover contingencies. 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.

15. Investments

Investments are shown in the Balance Sheet at market value.

16. 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.

Details of the Council's expenditure, income, assets and liabilities relating to The Local Government Pension Scheme, are given on pages 33 to 36.

17. 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 2007. Government grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the Income and Expenditure Account.

Where the acquisition of a fixed asset is financed either wholly or in part by a grant or contribution, this is credited to the asset account in the year in which it is received.

18. Group Accounts

The Statement of Recommended Practice requires the Council to produce Group Accounts if they are relevant. The Council is not undertaking any actions that would make this necessary.

19. 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 2006*; the basis of the charge varies according to the nature of the support service provided. Administrative buildings are apportioned on the basis of area occupied.

20. Value Added Tax

VAT is not included in the income and expenditure accounts (revenue and capital) as most VAT is recoverable. The only exception is irrecoverable VAT relating to the provision of exempt services, which is charged to the relevant service.

21. 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.

22. Leisure Centre Management Committees

The Leisure Centre Management Committees are constituted under section 102 of the Local Government Act 1972 and consequently are required to report independently of Huntingdonshire District Council by means of separate statements of accounts.

Income and Expenditure Account

2005/06		Note	2006/07		
Net Expenditure £000			Gross Expenditure £000	Income £000	Net Expenditure £000
	Net Cost of Services				
	Cultural, Environmental & Planning Services				
5,251	Leisure	1	6,371	-801	5,570
5,776	Environmental Services		7,155	-1,285	5,870
3,215	Refuse Collection		3,407	-149	3,258
1,776	Planning and Development	2	5,083	-2,630	2,453
	Housing Services				
2,159	Housing General Fund		25,485	-22,729	2,756
-153	Local Taxation Benefits		5,932	-5,851	81
331	Highways and Transportation		2,177	-1,194	983
	Central Services				
947	Local Taxation Collection		1,402	-601	801
-13	Other Central Services		602	-492	110
2,764	Corporate and Democratic Core		3,193	-346	2,847
166	Non-distributed costs		259	-4	255
22,219	NET COST OF SERVICES		61,066	-36,082	24,984
	Corporate Income and Expenditure				
-1,257	Gain(-) /loss on disposal of assets				448
3,111	Parish Precepts				3,401
-546	Trading undertakings surplus	3			-498
220	Interest payable				72
8	Amounts payable into the Housing Capital Receipts Pool				23
-3,654	Interest and investment income	4			-2,922
529	Pensions interest cost and expected return on assets	11			137
20,630	NET OPERATING EXPENDITURE				25,645
	Principal Sources of Finance				
-8,763	Demand on the Collection Fund				-9,288
-5,038	General Government Grants				-1,762
-4,587	Distribution from the Non-domestic rate pool				-9,129
	Local Authority Business Growth Incentive Grant				-487
2,242	DEFICIT FOR THE YEAR				4,979

Statement of Movement on the General Fund Balance

2005/06 £000		2006/07 £000
-18,460	General Fund Balance brought forward	-18,102
2,242	Deficit for the year (Income and Expenditure Account)	4,979
-1,884	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-5,717
358	Decrease/ Increase (-) in General Fund Balance for the year	-738
-18,102	General Fund Balance carried forward	-18,840

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

2005/06 £000		2006/07 £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		
-3,317	Depreciation and impairment of fixed assets	-3,674	
2,218	Government grants deferred amortisation	103	
-1,739	Write downs of deferred charges to be financed from capital resources	-2,467	
2,766	Net gain/loss (-) on sale of fixed assets	982	
-3,237	Net charges made for retirement benefits in accordance with FRS17	-3,354	
-3,309		_____	-8,410
	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		
10	Capital expenditure charged in-year to the General fund Balance		
-323	Commutation adjustment	-160	
-8	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	-23	
1,590	Employer's contributions payable to the Cambridgeshire County Council Pension fund and retirement benefits payable direct to pensioners	1,996	
1,269		_____	1,813
	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		
156	Net transfer to or from earmarked reserves**		880
-1,884	Net additional amount required to be credited to the General Fund Balance for the year		-5,717

** excluding Collection Fund

Statement of Total Recognised Gains and Losses

2005/06		2006/07
£000		£000
2,242	Deficit on the Income and Expenditure Account	4,979
0	Surplus arising from the revaluation of assets	-1,604
1,553	Actuarial gains (-) and losses on Pension Fund assets and liabilities	-7,043
55	Deficit/ surplus (-) on the Collection Fund	-75
3,850	Total recognised gain (-) / loss for the year	-3,743

The gain of £3,743k in 2006/07 represents the increase in reserves as shown on the balance sheet during the year

Balance Sheet as at 31 March

2006			2007	
Restated £000		Note	£000	£000
2,928	Intangible assets	12,13		2,799
	Tangible fixed assets			
	Operational assets			
17,119	Land and buildings		22,516	
7,226	Vehicles and plant		6,680	
7,164	Infrastructure		8,336	
451	Community asset		1,396	38,928
	Non-operational assets			
8,359	Investment properties		18836	
13,293	Assets under construction		5,588	
615	Surplus assets, held for disposal		615	25,039
57,155	Total fixed assets			66,766
73,628	Investments	16		53,107
918	Long-term debtors	17		824
131,701	Total long-term assets			120,697
	Current assets			
71	Stock	18	91	
7,244	Debtors	19	6,086	
3,400	Short-term investments		0	
356	Payments in advance		403	
11,071				6,580
	Current liabilities			
-14,500	Short-term borrowing		0	
-4,249	Creditors	20	-5,379	
-433	Receipts in advance		-1,384	
-2,416	Cash overdrawn		-1,338	
-21,598				-8,101
-10,527	Net current assets			-1,521
	Long-term liabilities			
-237	Deferred credits (including capital receipts)			-183
-29,370	Pension scheme liability			-23,683
91,567	Total assets less liabilities			95,310
	Financed by:			
-23,716	Fixed assets restatement account	23		-22,640
94,052	Capital financing account	24		90,627
29,445	Usable capital receipts reserve	25		28,157
3,054	Earmarked reserves	26		4,009
18,102	General Fund balance	26		18,840
-29,370	Pensions reserve	27		-23,683
91,567				95,310

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

30 June 2007

Cash Flow Statement

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

	2005/06		2006/07	
	£000	£000	£000	£000
Revenue Activities				
<i>Cash outflows</i>				
Employment costs	19,919		21,460	
Other operating cash payments	9,974		6,261	
Precepts paid out	61,486		64,469	
Contribution to the NNDR pool	40,779		45,589	
Housing benefits	18,543		20,252	
<i>Cash inflows</i>				
Council tax receipts	-61,593		-65,301	
Non-domestic rate receipts	-40,638		-46,248	
Non-domestic rate receipts from national pool	-3,641		-10,337	
Revenue support grant	-5,038		-1,762	
Local Authority Business Growth Incentive Grant	0		-487	
DSS grants for benefits	-23,651		-25,364	
Other Government grants	-632		-2,776	
Cash received for goods and services	-2,184		-3,236	
Other operating cash receipts	-5,915	7,409	-5,556	-3,036
Returns on Investments and Servicing of Finance				
<i>Cash outflows</i>				
Interest paid	127		170	
<i>Cash inflows</i>				
Interest received	-3,734	-3,607	-1,795	-1,625
Capital Activities				
<i>Cash outflows</i>				
Purchase of fixed assets	14,349		14,285	
Long-term investments	375		0	
Other capital cash payments	2,700	17,424	3,236	17,521
<i>Cash inflows</i>				
Sale of ex-Council houses	-2,796		-1,481	
Sale of other assets	-6,381		-79	
Long-term investments	0		-20,521	
Capital grants received	-2,889		-1,762	
Other capital cash receipts	-140	-12,206	-1,194	-25,037
Net cash inflow before financing		9,020		-12,177
Management of liquid resources				
Net increase/decrease in short-term deposits		-8,600		11,100
Financing				
<i>Cash outflows</i>				
<i>Cash inflows</i>				
	0	0	0	0
		420		-1,077

Notes to the Main Financial Statements

Notes to the Income and Expenditure Account

1. Leisure Centre Management Committees

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

	2005/06	2006/07
	£000	£000
St Ivo	763	827
Huntingdon	683	654
St Neots	587	596
Ramsey	533	539
Sawtry	365	526
	2,931	3,142

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 a 3-year period.

	2005/06	2006/07
	£000	£000
Income	-464	-491
Expenditure	452	460
Surplus (-)/deficit	-12	-31
Cumulative surplus (-)/deficit (3 years)	19	-13

3. Trading Undertakings

The following items are defined as trading undertakings by the Code of Practice. The Code 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 and after notional interest is taken into account.

	2005/06		2006/07	
	Turnover £000	Surplus £000	Turnover £000	Surplus £000
Markets				
Huntingdon	58	15	63	19
Ramsey	5	-5	4	-1
St Ives	125	70	139	91
Management		-46	0	-63
	188	34	206	46
Industrial properties	554	383	505	293
Commercial properties	159	129	202	159
TOTAL before Interest	901	546	913	498
Surplus after notional interest		291		240

4. Interest on Internal Balances

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest on the s106 reserve which is credited to that reserve

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 because the Council is debt-free for the purpose of this calculation

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

	2005/06 £000	2006/07 £000
Recruitment advertising	190	105
Other advertising	190	180
	380	285

7. Members' Allowances

The total paid in 2006/07 was £337k (2005/06 £334k)

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

	2005/06	2006/07
£50,000 - £60,000	6	2
£60,000 - £70,000	8	10
£70,000 - £80,000	1	1
£80,000 - £90,000		2
£120,000 - £130,000	1	
£130,000 - £140,000		1

9. Audit fees

	2005/06 £000	2006/07 £000
Grant claim certification	26	22
Statutory inspections	3	6
External audit	82	75
	111	103

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.

11. Pension Costs

Details of pension costs are included in the statement of pension costs, assets and liabilities on page 35.

Notes to the Balance Sheet

12. Assets

All assets held at current value were revalued at 1 April 2004. Revaluations are made every five years with intermediate indexation. The valuations were carried out externally and independently by LM Catley ARICS on the basis of current use and/or market value as appropriate. Accounting policy 11 explains the depreciation policy adopted.

As at 31 March 2007 the Council was contractually committed to capital works valued at approximately £19,024k of which £17,943k 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	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value 1 April 2006	17,119	7,226	7,164	451	8,359	13,293	615	2,928	57,155
Movements in 2006/07									
Additions	2,887	1,066	1,754	945	45	5,565		1,106	13,368
Disposals	-213	-161	-201		-550	-488		-73	-1,686
Revaluations	2,755				-1,151				1,604
Depreciation	-733	-1,451	-379					-1,112	-3,675
Adjustment	701		-2		12,133	-12,782		-50	0
Net book value 31 March 2007	22,516	6,680	8,336	1,396	18,836	5,588	615	2,799	66,766

Notes

1. The Council operates five leisure centres, managed jointly with other bodies, provided by the Council on land associated with schools. These were revalued in 2006/07 and are now included in the accounts at current cost.
2. Investment properties are generally held for economic development purposes, but are required to be shown as investment properties. The revaluation figure reflects the fact that part of the cost of the Sapley Square shops related to environmental improvements and so are not reflected in the cost of the resulting asset.

Major assets held at 31 March 2007	Number
Offices	3
Depots	3
Leisure centres	5
Markets	2
Bus stations	2
Public conveniences	9
Car parks	25
Mobile home park	1
Recycling site	1
County parks and recreation grounds	4
Vehicles and plant	105
Investment properties	132
Surplus assets held for disposal	7

13. Financing of Capital Expenditure

	2005/06 £000	2006/07 £000
Capital receipts	28,700	17,598
External contributions and capital grants	2,889	1,693
Revenue	10	0
Total financed	31,599	19,291

14. Deferred Charges

	Balance 1.4.06 £000	Expenditure £000	Grants £000	Depreciation £000	Balance 31.3.07 £000
Grants for leisure projects	0	76		-76	0
Improvement grants	0	1,216	-734	-482	0
Housing Association grants	0	1,342		-1,342	0
Grants for community projects	0	548	-36	-512	0
Other	0	54		-54	0
	0	3,236	-770	-2,466	0

15. Leases

In previous years the Council has used finance leases to meet the cost of vehicles, plant and equipment.

	2006	2007
	£000	£000
Assets held under finance leases		
Value of assets acquired in the year	0	0
Total capital value of lease agreements	208	208
Lease rentals paid in the year	0	0
Assets held under operating leases		
Payments	201	1
Future commitments as at 31st March	21	0

16. Investments

	2006	2007
	£000	£000
Long-term investments held at 31 March		
Investec Investment Fund	26,757	21,496
Alliance Bernstein Investment Fund	26,771	11
City Deposit Brokers Investment Fund	20,000	31,500
Other (net of provision for losses)	100	100
	73,628	53,107

Most surplus cash held in the Council's reserves is invested through the services of external fund managers, Investec, Alliance Bernstein and City Deposit Brokers, although Alliance Bernstein returned the funds they managed during 2006/07.

Under the Council's instructions the funds are invested in Government bonds (gilts), non-specified investments (including corporate bonds), and cash instruments in order to achieve a rate of return on investment that is in excess of that achievable at Local Authority 7-day money market rates.

Other long-term investments at 31 March 2007 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.

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require that certain of these investments are treated as capital expenditure. As at 31 March 2007, £585k of investments fell into this category (2005/06 £12,526k).

17. Long-term Debtors

	Balance 1.4.06 £000	Repayments £000	Balance 31.3.07 £000
Loans – St Neots Town Council	134	-9	125
Housing advances	655	-19	636
House mortgages	94	-45	49
Employee loans	35	-21	14
	918	-94	824

18. Stock

	31.3.06 £000	31.3.07 £000
Diesel	16	7
Printing	16	16
Refuse sacks	15	37
Rail passes	3	7
Other	21	24
	71	91

19. Debtors

	31.3.06 £000	31.3.07 £000
Amounts falling due in one year:		
Government Departments	675	187
NNDR National Pool	1,233	25
Cambridgeshire County Council	615	223
Other Public Authorities	183	99
Huntingdonshire Housing Partnership	1,517	1,475
Housing tenants	597	320
Local taxation	1,665	1,808
NNDR payers	796	361
Investment interest	411	1,538
General debtors	1,714	1,417
Loans to employees of less than 1 year	85	58
Total debtors	9,491	7,511
Less provision for bad debts	-2,247	-1,425
Net Position	7,244	6,086

20. Creditors

	31.3.06 £000	31.3.07 £000
Government Departments	1,058	1,234
Local Authorities	213	247
Leisure Centre Management Committees	246	304
Loan interest	98	0
Other	2,634	3,594
	4,249	5,379

21. Long-term borrowing

The Council has no long-term borrowing

22. Reserves

The Council maintains 5 types of reserves, some are available to meet expenditure and others are not:

- Capital reserves (fixed asset restatement account and the capital financing account) that are brought about by the capital accounting arrangements and cannot be used to meet expenditure
- Usable capital receipts reserve represents the balance of capital receipts that are available to finance capital expenditure
- Earmarked revenue reserves are available to finance revenue expenditure but only for specified purposes
- General fund balance is available to support revenue and capital expenditure
- Pension fund liability represents the balance on the pension fund, which is an accounting entry to meet the requirements of FRS17 and does not affect the resources available to the Council.

23. Fixed Asset Restatement Account

This account is debited or credited with the deficits or surpluses arising on the revaluation of assets and is written down by the net book value of assets as they are disposed of

	2005/06 £000	2006/07 £000
Balance as at 1st April	-18,653	-23,716
Revaluation of assets	0	1,604
Impairment	0	0
Disposal	-5,063	-528
Balance as at 31st March	-23,716	-22,640

24. Capital Financing Account

	2005/06		2006/07	
	£000	£000	£000	£000
Balance as at 1st April		74,129		94,052
Financing of capital expenditure:				
Capital receipts	28,700		17,529	
External grants and contributions	2,889		1,762	
Revenue	<u>10</u>	<u>31,559</u>	<u>0</u>	<u>19,291</u>
Transfer to usable capital receipts		0		0
Provision for depreciation		-3,317		-3,675
Deferred charges and debtors		-8,036		-18,880
Commutation adjustment		<u>-323</u>		<u>-161</u>
Balance as at 31st March		94,052		90,627

25. Usable Capital Receipts

	2005/06		2006/07	
	£000	£000	£000	£000
Balance as at 1st April		44,697		29,445
Receipts				
Sale of Council houses	1,449		1,439	
Sale of land and other buildings	6,381		79	
Repayment of loans	53		41	
Improvement grants	27		49	
Non-specified investments	<u>5,538</u>	<u>13,448</u>	<u>14,633</u>	<u>16,241</u>
Receipts applied during the year		<u>-28,700</u>		<u>-17,529</u>
Balance as at 31st March		29,445		28,157

26. Revenue Reserves

	Balance	Movement	Balance
	1.4.06		31.3.07
	£000	£000	£000
Earmarked reserves:			
S106 agreements	912	345	1,257
Commutated S106 payments reserve	1,001	54	1,055
Repairs and renewals funds	871	77	948
Delayed projects reserve	189	426	615
Other reserves	166	-22	144
	3,139	880	4,019
Collection Fund	-85	75	-10
	3,054	955	4,009
General fund balance	18,102	738	18,840

27. Pensions reserve

	Balance	Movement	Balance
	1.4.06		31.3.07
	£000	£000	£000
Pensions reserve (see page 35)	-29,370	5,687	-23,683

28. Contingent Assets and Liabilities

Contingent Assets

1. The Authority has settled a claim for negligence from an ex-employee for £177k. There is a dispute between the two insurance companies that covered the Council during the relevant periods, over which is liable to meet this claim and the matter is being taken to Court for a legal opinion. The Authority expects that one of the insurance companies will be found responsible and will reimburse the settlement.
2. In 2006/07 the Government paid the Council £487k Local Authority Business Incentive Grant (LABGI) covering 2005/06 and 2006/07. However the Government withheld 30% of the grant until the outcome of a court case is known. The Council may therefore receive a further £208k of grant.
3. The Balance Sheet figure for Creditors includes £153k of VAT that is being "withheld" from HM Revenue and Customs pending the resolution of the legal position on whether VAT is payable on off-street car parking fees. This approach has been recommended by the Council's VAT consultants in order to maximise the potential benefit if the legal position is determined in favour of local authorities.

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
2. In 2003 it was determined that discretionary rate relief should not have been granted to the five Leisure Centre Joint Committees. Legal advice concluded that correction only needed to be made in the accounts back to 2001 though this cannot be certain until a decision by CLG. As a result of the legal opinion, no financial provision has been made for the value of the relief from the start of the current non-domestic rates system until April 2001 which is estimated at £1m.

3. The Environmental Protection Act 1990 Part IIA makes the Council liable for the revenue costs of remediation of contaminated land where no other responsible person can be identified
4. A former employee has made a claim against the Council, but the Council's liability depends on the outcome of an Employment Tribunal
5. 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 2007 the maximum clawback is £401k.

Notes to the Cash Flow Statement

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

	2005/06		2006/07	
	£000	£000	£000	£000
Net revenue activities cash flow		7,409		-3,036
Net interest received	-3,434		-2,850	
Depreciation	3,317		3,674	
Adjustment for stock, debtors and creditors	-3,460		4,427	
Deferred charges	1,739		2,467	
Sale of council houses	-1,449		-1,439	
Capital grants	-2,218		-103	
Pensions appropriation	1,647		1,358	
Surplus (-)/loss on sale of fixed assets	-1,317		458	
Housing capital receipts pool	8	-5,167	23	8,015
Income and Expenditure Account deficit		2,242		4,979

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

	1.4.06	Movement	31.3.07
	£000	£000	£000
Cash in hand and at bank	-2,416	1,077	-1,339
Short-term borrowing	-14,500	14,500	0
Short-term investments	3,400	-3,400	0
	-13,516	12,177	-1,339

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

	1.4.06 £000	Movement £000	31.3.07 £000
Short-term borrowing	-14,500	14,500	0
Short-term investments	3,400	-3,400	0
	-11,100	11,100	0

32. Liquid resources

Liquid resources are loans and investments of less than 1 year which are used to manage the cash flow of the Authority

33. Analysis of Government Grants

	2005/06		2006/07	
	£000	£000	£000	£000
Revenue support grant		5,038		1,762
Benefits grants:				
Council tax benefits	5,516		5,484	
Rent allowances	18,135	23,651	19,880	25,364
Other:				
Local Authority Business				
Growth Incentive Grant	0		487	
Oxmoor scheme	1,553		0	
Other capital grants	621		1,138	
Benefits administration	729		887	
Other	552	3,455	1,266	3,778
		32,144		30,904
Debtor		66		-488
		32,210		30,416

Collection Fund

Income and Expenditure Account

2005/06			Note	2006/07	
£000	£000			£000	£000
	-234	Balance brought forward 1st April			-646
61,813		Council tax income	2	65,665	
4		Transfers from General Fund		74	
5,122		Council tax benefits		5,485	
-209	66,730	<i>less provision for non-collection</i>	4	-221	71,003
		Less Precepts on the Fund			
-47,954		Cambridgeshire County Council		-50,181	
-7,684		Cambridgeshire Police Authority		-8,040	
-2,737		Cambridgeshire Fire Authority		-2,847	
		Huntingdonshire District Council:			
-5,656		General expenses		-5,961	
-3,111	-67,142	Parish Precepts		-3,401	-70,430
	-646	Deficit attributable to council tax			-73
41,002		NNDR collectable		45,813	
-223		<i>less cost of collection</i>		-224	
-40,779	0	<i>less payment due to National Pool</i>	5	-45,589	0
	-646	Deficit carried forward at 31st March			-73

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 deficit on the Collection Fund is split between that relating to Huntingdonshire District Council (£10k deficit) which is included in the earmarked reserves on page 26 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 2007/08
- (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 is treated as a creditor or debtor

3. Precepts and demands

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

	2005/06	2006/07
	£000	£000
Cambridgeshire County Council	47,954	50,181
Cambridgeshire Police Authority	7,684	8,040
Cambridgeshire Fire Authority	2,737	2,847
St Neots Town Council	566	669
Huntingdon Town Council	495	540
St Ives Town Council	453	474

4. Council Tax

	2005/06		2006/07	
	£000	£000	£000	£000
Base debit	74,744		79,390	
Add MOD contribution	472	75,216	506	79,896
<i>Deduct</i> Property exemptions	-3284		-3,507	
Disability exemptions	-89		-84	
Discounts	-4908		-5,155	
Write offs	-108		-153	
Provision for non-collection	-96	-8,485	-68	-8,967
		66,731		70,929

Taxbase at 31 March 2007				
Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	10,776	2,070	0.67	5,817
B	17,803	2,356	0.78	12,014
C	16,483	1,669	0.89	13,168
D	10,840	937	1.00	9,904
E	8,090	676	1.22	9,062
F	3,263	259	1.44	4,340
G	1,599	118	1.67	2,468
H	136	20	2.00	232
Total	68,990	8,105		57,005

	2005/06	2006/07
Council tax charge per band D property	£1,184	£1,245
Actual taxbase (Band D equivalent)	56,361	57,137
Estimated taxbase	56,718	56,939

5. National Non-domestic Rates (NNDR)

	2005/06		2006/07	
	£000	£000	£000	£000
NNDR based on uniform business rate	50,599		52,193	
Adjustment to previous years	-2,019		-373	
Less Mandatory relief	<u>-6,983</u>	41,597	<u>-5,875</u>	45,945
Less Discretionary relief	-68		-85	
Add Charity relief from General Fund	17	-51	22	-63
Net yield		41,546		45,882
Less Collection costs & interest on refunds	-365		-235	
Less Irrecoverables & provision for bad debts	-402	-767	-58	-293
Contribution to National Pool		40,779		45,589

The uniform business rate set by the Government for 2006/07 was 43.3p (2005/06 41.5p)

Total ratable value at 31 March 2006 £121.5m

Total ratable value at 31 March 2007 £123.2m

6. Irrecoverables and Provisions for bad debts

Council Tax

	2005/06	2006/07
Change in Bad Debt provision	96	68
Irrecoverables	108	153
Total	204	221

NNDR

	2005/06	2006/07
Change in Bad Debt provision	311	215
Irrecoverables	91	-157
Total	402	58

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 Financial Reporting Standard No 17, Retirement Benefits (FRS17), which requires the Council to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

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 scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

3 Revenue cost to Huntingdonshire District Council in 2006/07

In 2006/07 the Council paid an employer's contribution of £1.83m representing 12.1% of employees' pensionable pay into Cambridgeshire County Council's Pension Fund (£1.39m and 9.8% in 2005/06), which provides scheme members with defined benefits related to pay and service.

4 Discretionary Payments

In addition, the Council has liabilities for discretionary pension payments outside of the main scheme.

These additional payments relating to added years benefits that were awarded, together with the related increases in 2006/07, amounted to £170k representing 1.1% of pensionable pay (£172k and 1.2% in 2005/06).

The capital costs of discretionary increases in pension payments agreed by the authority during 2006/07 were £34,800 (£318,500 in 2005/06).

5 Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The rate for 2006/07 was determined on the basis of contribution rates set in the latest formal valuation of the Pension Fund as at 31 March 2004. This valuation concluded that, at that time, the fund was in a position to meet more than 100% of its past service liabilities but that to meet future funding required higher rates of 9.8 % (from 1 April

2005) and 12.1% (from 1 April 2006) to meet estimated liabilities in accordance with Government regulations.

The actuarial report as at the 31 March 2004 specified further increases for subsequent contribution rates. The next formal valuation will be received this Autumn and will determine the need for any further increases.

Due to reduced returns, the new contribution rates are no longer adequate to cover 100% of the liabilities and these notes outline the latest position according to the Fund actuary.

The valuations, for the purposes of FRS17, are based on the latest formal valuation as at 31 March 2004 and rolled forward by Hymans Robertson, the independent actuaries to the County Council Fund. Liabilities are valued using the projected unit method, which assesses the future liabilities of the fund discounted to their present value as at 31 March 2007.

6 Assumptions Used for Valuation of the Fund

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

County Fund – Main Assumptions	Valuations as at	
	31 March 2006	31 March 2007
- rate of inflation	3.1%	3.2%
- rate of increase in salaries	4.6%	4.7%
- rate of increase in pensions	3.1%	3.2%
- rate of discounting scheme liabilities	4.9%	5.4%

In accordance with CIPFA guidance the discount rate employed for the 2006/07 financial year is the yield available on long-dated, high quality corporate bonds at the FRS17 valuation date.

It should be noted that if the age profile of the active membership is rising significantly then, under the projected unit method, the current service costs will increase as the members of the scheme approach retirement.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The actuary has assumed that 25% of members retiring exchanged part of their pension for an additional lump sum payment, and allowance has been made for 25% of future retirements to elect additional lump sum payment. The financial impact of this commutation is included in the actuarial gain/loss in the pension fund.

7 Huntingdonshire District Council's Assets and Liabilities in the Fund

The position is outlined below and takes into account the commitments from discretionary payments outside the main scheme

	2005/06 £000	2006/07 £000
Share of assets in County Council Fund	70,316	75,939
Present value of scheme liabilities	-96,616	-96,873
Present value of discretionary pensions	-3,070	-2,749
Net pension liability	-29,370	-23,683

The impact on the Council's assets and liabilities, 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 mean that employer's pensions contributions will be varied from year to year to meet the liabilities as assessed by the scheme actuary.

8 Total County Pension Fund Assets

Assets are valued at fair value, principally market value for investments, and consist of:

	Expected Rate of Return per annum		Proportion of Total assets held by the Fund	
	31 March 2006	31 March 2007	31 March 2006	31 March 2007
Equity Investments	7.4%	7.8%	75%	74%
Bonds	4.6%	4.9%	13%	11%
Property	5.5%	5.9%	9%	13%
Cash	4.6%	4.9%	3%	2%
Total Fund Assets	6.8%	7.2%	100%	100%

9 Movement in Net Pension Liabilities

The movement in the net pension liabilities for Huntingdonshire District Council is analysed below.

	2005/06		2006/07	
	£000	£000	£000	£000
Deficit as at 1 April		-26,170		-29,370
Current service cost	-2,389		-3,182	
Employer Contributions	1,394		1,828	
Contributions for Unfunded Benefits	196		168	
Past service costs	-149		0	
Impact of settlements and curtailments	-170		-35	
Net return on assets	<u>-529</u>	-1,647	<u>-137</u>	-1,358
Actuarial gains/losses (-)		<u>-1,553</u>		<u>7,045</u>
Deficit as at 31 March		-29,370		-23,683

The charge to the Income and Expenditure Account is reduced by £1,358k appropriation to the pension reserve.

The actual gain/loss can be further analysed as follows.

	2005/06	2006/07
	£000	£000
Actual return less expected return on pension scheme assets	10,046	726
Change in financial assumptions underlying the present value of liabilities	-11,481	6,038
Experience gains and losses arising on the scheme liabilities	-118	281
Actuarial gain/loss(-) in pension plan	-1,553	7,045
Actuarial gain/loss(-) as a percentage of net pension liability	-5.3%	29.7%

10. Charges to expenditure

Charges to service accounts are based on an appropriate share of current service cost (the increase in future benefits arising from service in the accounting year). Discretionary benefits awarded on early retirement are charged to service accounts as they become payable.

Interest costs and expected return on assets are included within the Income and Expenditure Account, increasing the net operating expenditure. However, an appropriation to the pensions reserve replaces these entries with the actual employer's contributions paid in the year, meaning that there is no net effect on the General Fund result for the year.

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.