Draft
Statement of Accounts
For the year ended 31 March 2008

Chairman of the Council 2007/08	Councillor P Swales
Leader of the Council 2007/08	Councillor I C Bates
Executive Councilor for Finance 2007/08	Councillor T V Rogers
Chief Executive	Mr D Monks
Director of Commerce and Technology	Mr T Parker
Auditors	Grant Thornton UK LLP

Contents

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 – there are some significant changes this year 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 2007 to 31 March 2008. 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 2008) 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		**2007/08 Actual** £000
Services		
Gross Expenditure	69,221	
Income including fees and charges and the government reimbursement of benefits.	-37,792	
Net Cost		**31,429**
Other Items		
Investment Income		-2,742
Trading undertakings surplus		-580
Required adjustments relating to items such as pensions, capital and financing costs.		-10,658
Total to be funded		**17,449**
Funding		
Council Tax	-6,326	
Collection Fund adjustment	7	
Revenue Support Grant	-1,674	
NNDR from national pool	-9,976	
LABGI	-371	
		-18,340
		-891
Movement on Council Reserves		
General Fund Balance	1,171	
Delayed Projects Reserve	-280	**891**

When the Council set its budget for 2007/08 in February 2007 it made provision to use up to £1,565k from reserves to fund revenue expenditure. Over the course of the year the Council has again been successful in raising additional income and keeping expenditure down.

Overall income was £1,512k higher than expected. This included £369k of Local Authority Business Growth Incentive (LABGI) Grant to reward the Council for achieving business growth in the district over and above the Government's target threshold and £254k of Planning Delivery Grant which reflected the Council's success in achieving Government targets. There were also increases in investment interest (£159k), a higher recharge to capital (£578k) due to more spending on assets together with additional income from charges including leisure centres (£155k) and planning (£107k).

Expenditure was £854k lower than expected. This included savings on utility bills and running costs at leisure centres (£261k), an unexpected relaxation of the rules for recovering VAT (£138k), the general contingency not being required (£140k), lower maintenance costs on refuse freighters (£85) and an increase in the value of projects that were deferred to next year (£169k).

The net result is that it has been possible to add £891k to reserves this year resulting in a total revenue reserve of £20.7m 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 investment in assets of £16.5m has taken place during the year. Projects included leisure centre refurbishments (£0.6m), a new Creative Enterprise Centre at St Neots (£0.7m), a new pavilion with extended changing rooms at Priory Park (£0.5m), Eastfield House, new customer service centre and offices (£8.4m), environmental improvements (£0.4m), housing (£3.0m), further investment in information technology (£1.0m) and operational vehicles (£0.2m). These were funded partly from grants and contributions (£2.6m) with the remainder from Capital Reserves.

Capital Reserves (accumulated capital receipts from the sale of land and buildings) started the year at £28.7m and the net impact of funding capital expenditure and the proceeds from asset sales means the position at the end of the year is £16.0m

The Council is thus left with the following Reserves:

Reserves at 31 March 2008	**£**
Revenue**	20.7
Capital	16.0
Total	**36.7**

** including Delayed Projects Reserve of £335k

Council Tax and Collection Fund

The Council, in line with its long-term financial strategy, set a Council Tax of £109.91 for 2007/08. This tax level was the 18th lowest of all the 238 English District Councils (average £155, highest £290) and was a cash increase of just £5.22 per year; or 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 £1,306.

The Council Tax due increased to £75.3m, £236k (0.3%) more than originally budgeted, as improved collection rates allowed the provision for bad debts to be reduced. After the payments to the County (£53.6m), Police (£8.6), Fire (£3.0m), District (£6.3m) and Town and Parishes (£3.5m) are made a surplus of £163k will be left to be distributed between the principal authorities in proportion to their 2008/09 Council Tax.

Pensions

The accounts show that the Council had a future pension deficit of £23.7m 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 again fallen significantly over the last year to £18.3m as a result of better investment returns, increased contributions and some changes to the scheme.

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.

It successfully obtains grant funding from the Government and other bodies, looks for opportunities to increase income from charges and is careful to avoid any unnecessary spending. This maximises the Council's revenue reserves giving flexibility to ensure that the expected financial pressures in coming years can be successfully managed to minimise the impact on service provision.

Terry Parker BA(Hons) FCA
Director of Commerce & Technology
24th June 2008

Statement of Accounts approved by the Corporate Governance Panel
Chairman: Cllr. C. J. Stephens
24th June 2008

CHANGES TO THE CODE OF PRACTICE FOR THE 2007/08 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, two significant changes have been introduced that affect this year's financial accounts:

- The treatment of financial instruments
- Capital accounting adjustments

Wherever possible the 2007/08 accounts have been restated to provide meaningful comparative figures with these new approaches.

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

The main changes that impact on the Council's accounts relate to:

1. ***Loans at less than market rate.*** When the Council gives home improvement loans there is a need to recognise the financial impact of them being interest free.

2. ***Non recoverable debts.*** The new guidance contains more detailed requirements for estimating the amounts that may not be collected.

3. ***Additional information*****.** The new guidance requires further information to be included on the significance of financial instruments and the nature and extent of any risks relating to financial instruments and how these will be managed.

Capital accounting

Two new accounts are required:

1. ***Capital adjustment account.*** This shows the difference between the cost of fixed assets (e.g. buildings) and the sums provided to pay for them. It is created from merging two previous accounts.

2. ***Revaluation reserve.*** This reserve records the net gain from the change in value of assets since 1 April 2007.

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 2008

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 into account, where appropriate, any post-balance sheet events
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Terry Parker BA (Hons) FCA
Director of Commerce and Technology
Dated 24th June 2008

Annual Statement on Governance

To follow

Auditor's Report

To follow

Accounting Policies

1. General

The Statement of Accounts summarises the council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. 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:

- 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. 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. 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.

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 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.

5. Impairment of assets

Impairment is a change in events or circumstances that results in a reduction in an asset's value. Where this can be attributed to the use of the asset (consumption of economic benefits), rather than a general change in prices, it is charged to service revenue accounts. Otherwise, it is set off against any revaluation gains relating to that asset included in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

A full review of impairment of assets is combined with the five year revaluation. Material impairments between revaluations are reflected in the accounts each year

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. Deferred Grants and Contributions

For operational assets, contributions and grants to finance capital expenditure are credited to the deferred grants account and credited to services over the life of the asset. This is a change to the accounting policy where previously the grant and contribution had been netted off capital expenditure in the year of receipt. Grants relating to deferred charges are credited to the asset account in the year in which it is received.

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 2007/08 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 34 to 37.

17. 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 2008. Government grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the Income and Expenditure Account.

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. However, for 2007/08 Her Majesty's Revenue and Customs have indicated that all VAT will be recoverable. Although statutory notice to this effect has not been received the accounts have been based on recovering this VAT but the fact is also recorded in contingent liabilities.

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.

23. Financial Instruments

It has been noted above that there are changes to the Code of Practice that affect financial instruments. The following accounting policies arise from the new requirements.

24. Impairment of financial assets (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 takes into account the nature, value and age of debts and is reviewed each year and takes account of historic losses for similar groups of assets 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.

25. Nature and disclosure of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

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

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

During 2007/08 the Authority was not exposed to any risks associated with long-term borrowing as it had none.

The credit risk associated with sums due (debtors) are managed by making an allowance for impairment based on an assessment of the risks for each type of debt and the age of those debts. Details are shown in note 20 and note 6 to the Collection Fund

26. Accounting for home improvement loans

There has been a change in accounting policy in 2007/08 relating to home improvement loans to individuals which in the past have been treated as capital expenditure; from 2007/08 they are accounted for as long-term debtors with a contra entry in the capital adjustment account. The 2006/07 balance sheet has been restated to reflect this change.

These loans are interest-free but the Code requires the accounts to recognise the fair value of the loans which is calculated using an assumed average life of the loan of 10 years and a rate of interest on 10 year (maturity) PWLB rates as at 1 April of the year in which the loans were given. The resulting reduction in value is charged to the Income and Expenditure Account but reversed out through the Statement of Movement on General Fund Balance

Income and Expenditure Account

2006/07 Net Expenditure £000		Note	2007/08 Gross Expenditure £000	2007/08 Income £000	2007/08 Net Expenditure £000
	Net Cost of Services				
	Cultural, Environmental & Planning Services				
5,570	Leisure	1	6,393	-841	5,552
5,870	Environmental Services		7,580	-1,448	6,132
3,258	Refuse Collection		3,624	-313	3,311
2,453	Planning and Development	2	5,368	-2,801	2,567
	Housing Services				
2,756	Housing General Fund		26,821	-23,719	3,102
81	Local Taxation Benefits		6,303	-6,146	157
983	Highways and Transportation		2,507	-1,239	1,268
	Central Services				
801	Local Taxation Collection		1,614	-553	1,061
110	Other Central Services		667	-415	252
0	Exceptional item	3	4,748	0	4,748
2,847	Corporate and Democratic Core		3,389	-326	3,063
255	Non-distributed costs		245	-29	216
24,984	**NET COST OF SERVICES**		**69,259**	**-37,830**	**31,429**
	Corporate Income and Expenditure				
-102	Gain on disposal of assets				-102
3,401	Parish Precepts				3,555
-498	Trading undertakings surplus	4			-580
72	Interest payable				55
-2,922	Interest and investment income	5			-2,797
23	Amounts payable into the Housing Capital Receipts Pool				9
137	Pensions interest cost and expected return on assets	12			-57
25,095	**NET OPERATING EXPENDITURE**				**31,512**
	Principal Sources of Finance				
-9,288	Demand on the Collection Fund				-9,874
-1,762	General Government Grants				-1,674
-9,129	Distribution from the Non-domestic rate pool				-9,976
-887	Local Authority Business Growth Incentive Grant				-371
4,029	**DEFICIT FOR THE YEAR**				**9,617**

Statement of Movement on the General Fund Balance

2006/07 £000		2007/08 £000
-18,102	**General Fund Balance brought forward**	**-19,240**
4,029	Deficit for the year (Income and Expenditure Account)	9,617
-5,167	Net amount required by statute and non-statutory proper practices to be credited to the General Fund	-10,787
-1,138	**Increase in General Fund Balance for the year**	**-1,170**
-19,240	**General Fund Balance carried forward**	**-20,410**

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

2006/07 £000		2007/08 £000	2007/08 £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		
-3,674	Depreciation and impairment of fixed assets	-8,997	
103	Government grants deferred amortisation	708	
-2,467	Write downs of deferred charges to be financed from capital resources	-2,084	
1,532	Net gain on sale of fixed assets	790	
-3,354	Net charges made for retirement benefits in accordance with FRS17	-2,893	
0	Amount by which finance costs calculated in accordance with the SORP are different from those required by statute	-173	
-7,860			**-12,649**
	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		
-160	Commutation adjustment	-171	
-23	Transfer from usable capital receipts to meet payments to the Housing Capital Receipts Pool	-9	
1,996	Employer's contributions payable to the Cambridgeshire County Council Pension fund and retirement benefits payable direct to pensioners	2,411	
1,813			**2,231**
	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		
880	Net transfer to or from earmarked reserves**		**-369**
-5,167	**Net additional amount required to be credited to the General Fund Balance for the year**		**-10,787**

** excluding Collection Fund

Statement of Total Recognised Gains and Losses

2006/07 £000		2007/08 £000
4,029	Deficit on the Income and Expenditure Account	9,617
-1,054	Surplus arising from the revaluation of assets	-942
-7,043	Actuarial gains (-) and losses on Pension Fund assets and liabilities	-5,381
-75	Deficit/ surplus (-) on the Collection Fund	32
-4,143	**Total recognised gain (-) / loss for the year**	**3,326**

The movement of £3,326k in 2007/08 represents the reduction in reserves as shown on the balance sheet during the year.

Balance Sheet as at 31 March

2007 restated			2008	
£000		Note	£000	£000
2,864	Intangible assets	13,14		2,503
	Tangible fixed assets			
	Operational assets			
22,721	Land and buildings		23,938	
6,818	Vehicles and plant		6,709	
8,336	Infrastructure		8,596	
1,396	Community asset		1,406	
	Non-operational assets			40,649
18,836	Investment properties		20,143	
5,588	Assets under construction		7,573	
615	Surplus assets, held for disposal		615	28,331
67,174	***Total fixed assets***			71,483
47,107	Investments	17	10,100	
1,322	Long-term debtors	18	1,184	11,284
115,603	***Total long-term assets***			**82,767**
	Current assets			
108	Cash		96	
91	Stock	19	134	
6,907	Debtors	20	6,587	
6,000	Short-term investments		30,250	
403	Payments in advance		455	
13,509			37,522	
	Current liabilities			
0	Short-term borrowing		0	
-5,800	Creditors	21	-4634	
-1,384	Receipts in advance		-862	
-1,446	Cash overdrawn		-2,050	
-8,630			-7,546	
4,879	***Net current assets***			**29,976**
	Long-term liabilities			
-183	Deferred credits (including capital receipts)		-160	
-408	Deferred grants and contributions		-1,399	
-23,683	Pension scheme liability		-18,302	
-24,274				**-19,861**
96,208	***Total assets less liabilities***			**92,882**
	Financed by:			
68,485	Capital adjustment account	24	70,310	
0	Revaluation reserve	25	942	
28,157	Usable capital receipts reserve	26	16,023	
0	Financial instruments adjustment account		-173	
4,009	Earmarked reserves	27	3,672	
19,240	General Fund balance	27	20,410	
-23,683	Pensions reserve	28	-18,302	
96,208				**92,882**

Terry Parker BA (Hons) FCA, Director of Commerce and Technology 24th June 2008

Cash Flow Statement

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

	2006/07		2007/08	
	£000	£000	£000	£000
Revenue Activities				
Cash outflows				
Employment costs	21,460		23,018	
Other operating cash payments	6,337		9,927	
Precepts paid out	64,469		68,723	
Contribution to the NNDR pool	45,589		47,157	
Housing benefits	20,252		21,903	
Cash inflows				
Council tax receipts	-65,301		-69,388	
Non-domestic rate receipts	-46,248		-47,444	
Non-domestic rate receipts from national pool	-10,337		-9,641	
Revenue support grant	-1,762		-1,674	
Local Authority Business Growth Incentive Grant	-487		-771	
DSS grants for benefits	-25,364		-27,487	
Other Government grants	-2,641		-2,000	
Cash received for goods and services	-3,447		-2,977	
Other operating cash receipts	-5,556	**-3,036**	-3,550	**5,796**
Returns on Investments and Servicing of Finance				
Cash outflows				
Interest paid	170		55	
Cash inflows				
Interest received	-1,795	**-1,625**	-2,797	**-2,742**
Capital Activities				
Cash outflows				
Purchase of fixed assets	14,285		12,895	
Long-term investments	0		0	
Other capital cash payments	3,236	**17,521**	2,018	**14,913**
Cash inflows				
Sale of ex-Council houses	-1,481		-688	
Sale of other assets	-79		-481	
Long-term investments	-26,522		-37,007	
Capital grants received	-1,762		-2,630	
Other capital cash receipts	-1,194	**-31,038**	-795	**-41,601**
Net cash inflow before financing		**-18,178**		**-23,634**
Management of liquid resources				
Net increase/decrease in short-term deposits		**17,100**		**24,250**
Financing				
Cash outflows				
Cash inflows				
	0	**0**		
Change in balance at bank		**-1,078**		**616**

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

	2006/07 £000	2007/08 £000
St Ivo	827	754
Huntingdon	654	663
St Neots	596	638
Ramsey	539	368
Sawtry	526	442
	3,142	**2,865**

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.

	2006/07 £000	2007/08 £000
Income	-491	-508
Expenditure	460	410
Surplus (-)/deficit	**-31**	**-98**
Cumulative surplus (-)/deficit (3 years)	-13	-141

3. Exceptional item (£4,748k)

There has been material impairment of the Authority's buildings because the valuation of the replacement depot, Eastfield House, is less than the capital cost of building due to the fact that it has been specifically designed to match the Council's need for a particular balance of depot and office facilities. There is no significant market for this particular balance of uses which results in a low valuation.

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 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.

	2006/07		2007/08	
	Turnover £000	**Surplus £000**	**Turnover £000**	**Surplus £000**
Markets				
Huntingdon	63	19	55	13
Ramsey	4	-1	5	1
St Ives	139	91	136	76
Management	0	-63	1	-62
	206	**46**	**197**	**28**
Industrial properties	**505**	**293**	**625**	**390**
Commercial properties	**202**	**159**	**225**	**162**
TOTAL before interest	**913**	**498**	**1047**	**580**

5. 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

6. 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

7. Expenditure on Publicity

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

	2006/07 £000	2007/08 £000
Recruitment advertising	105	143
Other advertising	180	200
	285	**343**

8. Members' Allowances

The total paid in 2007/08 was £345k (2006/07 £337k)

9. 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

	2006/07	2007/08
£50,000 - £60,000	3	1
£60,000 - £70,000	10	8
£70,000 - £80,000	2	4
£80,000 - £90,000	1	1
£90,000 - £100,000		2
£130,000 - £140,000	1	
£140,000- £150,000		1

10. Audit fees

	2006/07 £000	2007/08 £000
Grant claim certification	22	20
Statutory inspections	6	6
External audit	75	77
	103	**103**

11. 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.

12. Pension Costs

Details of pension costs are included in the statement of pension costs, assets and liabilities on page 36.

Notes to the Balance Sheet

13. 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 2008 the Council was contractually committed to capital works valued at approximately £10.4m of which £9.4m 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 2007	**22,721**	**6,818**	**8,336**	**1,396**	**18,836**	**5,588**	**615**	**2,864**	**67,174**
Movements in 2007/08									
Additions	7,004	1,316	607	10	68	2,990		899	**12,894**
Disposals		-9			-220				**-229**
Revaluations	267	-4			675				**938**
Depreciation	-852	-1,412	-422			-9		-1,260	**-3,955**
Impairment losses	-5,676								**-5,676**
Adjustment	474		75		169	-381			**337**
Net book value 31 March 2008	**23,938**	**6,709**	**8,596**	**1,406**	**19,528**	**8,188**	**615**	**2,503**	**71,483**

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 Pathfinder House site has received planning permission for housing.

Major assets held at 31 March 2008	Number
Offices	3
Depots	1
Leisure centres	5
Markets	2
Bus stations	2
Public conveniences	9
Car parks	25
Mobile home park	1
Country parks and recreation grounds	7
Vehicles and plant	130
Investment properties	132
Surplus assets held for disposal	7

14. Financing of Capital Expenditure

	2006/07 £000	2007/08 £000
Capital receipts	17,598	13,888
External contributions and capital grants	1,693	2,631
Revenue	0	0
Total financed	**19,291**	**16,519**

15. Deferred Charges

	Balance 1.4.07 £000	Expenditure £000	Grants £000	Depreciation £000	Balance 31.3.08 £000
Grants for leisure projects	0	164		-164	0
Improvement grants	0	1,387	-745	-642	0
Housing Association grants	0	850		-850	0
Grants for community projects	0	317		-317	0
Other	0	45		-45	0
	0	**2,763**	**-745**	**-2,018**	**0**

16. Leases

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

	2007 £000	2008 £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	1	1
Future commitments as at 31st March	0	0

17. Investments

	2007 £000	2008 £000
Long-term investments held at 31 March		
Investec Investment Fund	21,496	0
Alliance Bernstein Investment Fund	11	0
City Deposit Brokers Investment Fund	25,500	10,000
Other (net of provision for losses)	100	100
	47,107	**10,100**

Most surplus cash held in the Council's reserves was invested through the services of external fund managers, Investec and CDCM. In July 2007 the Council provided the required notice to Investec and requested the return of £21.5m long term investments to the Council. These are managed in-house to meet the Council's cash flow requirements over the next two years.

The funds managed by CDCM and those returned by Investec are all invested in 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. 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 2008 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.

18. Long-term Debtors

	Balance 1.4.07 £000	Repayments /new advances £000	Balance 31.3.08 £000
Loans – St Neots Town Council	125	-9	116
Housing advances	636	-20	616
House improvement loans *	498	-120	378
House mortgages	49	-14	35
Employee loans	14	25	39
	1322	**-138**	**1,184**

* Balance at 1/4/07 restated due to change in accounting policy

19. Stock

	31.3.07 £000	31.3.08 £000
Diesel	7	43
Printing	16	26
Refuse sacks	37	22
Rail passes	7	19
Car park tickets	8	11
Other	16	13
	91	**134**

20. Debtors

	31.3.07 £000	31.3.08 £000
Amounts falling due in one year:		
Government Departments	1,008	1,074
NNDR National Pool	25	360
Cambridgeshire County Council	223	234
Other Public Authorities	99	122
Huntingdonshire Housing Partnership	1,475	779
Housing tenants	320	215
Local taxation	1,808	1,922
NNDR payers	361	299
Investment interest	1,538	1,050
General debtors	1,417	2,458
Loans to employees of less than 1 year	58	13
Total debtors	**8,332**	**8,526**
Less provision for bad debts	-1,425	-1,939
Net Position	**6,907**	**6,587**

21. Creditors

	31.3.07 £000	31.3.08 £000
Government Departments	1,655	641
Local Authorities	247	468
Leisure Centre Management Committees	304	15
Other	3,594	3,510
	5,800	**4,634**

22. Long-term borrowing

The Council has no long-term borrowing

23. Reserves

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

- Capital reserves (revaluation reserve and the capital adjustment 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
- 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; it does not affect the Authority's resources
- 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.

24 Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted to reflect the implementation of the Revaluation Reserve. It has been included in the Balance Sheet with a zero opening balance. The Revaluation Reserve therefore only shows revaluation gains since 1 April 2007.

25. Capital Adjustment Account

The credit balance on the Fixed Asset Restatement Account (£23,190k) has been combined with the balance on the Capital Financing Account (£91,675k) to create the new Capital Adjustment Account with an opening balance of £68,485k.

	2007/08	
	£000	£000
Balance as at 1st April		**68,485**
Financing of capital expenditure		
Capital receipts	13,887	
External grants and contributions	2,630	16,517
Provision for depreciation	-3,921	
Deferred charges and debtors	-5,303	
Commutation adjustment	-171	
Impairment	-5,077	
Disposal	-220	-14,692
Balance as at 31st March		**70,310**

26. Usable Capital Receipts

	2006/07		2007/08	
	£000	£000	£000	£000
Balance as at 1st April		**29,445**		**28,157**
Receipts				
Sale of Council houses	1,439		688	
Sale of land and other buildings	79		392	
Repayment of loans	41		43	
Improvement grants	49		46	
Non-specified investments	14,633	16,241	585	1754
Receipts applied during the year		-17,529		-13,888
Balance as at 31st March		**28,157**		**16,023**

27. Revenue Reserves

	Balance 1.4.07 £000	Movement £000	Balance 31.3.08 £000
Earmarked reserves:			
S106 agreements	1,257	-379	878
Commuted S106 payments reserve	1,055	29	1,084
Repairs and renewals funds	948	163	1,111
Delayed projects reserve	615	-280	335
Other reserves	144	99	243
	4,019	**-368**	**3,651**
Collection Fund	-10	31	21
	4,009	**-337**	**3,672**
General fund balance	**19,240**	**1,170**	**20,410**

28. Pensions reserve

	Balance 1.4.07 £000	Movement £000	Balance 31.3.08 £000
Pensions reserve (see page 36)	-23,683	5,381	-18,302

29. Contingent Assets and Liabilities

Contingent Assets

1. The Authority has settled a claim for negligence from an ex-employee and with legal costs the claim totals £218k as at 31 March 2008. 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.

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 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 2008 the maximum clawback is £574k.

4. Her Majesty's Revenue and Customs has indicated that all VAT will be recoverable including that which previously was irrecoverable relating to the provision of exempt services. The accounts have been based on recovering this VAT but as a statutory notice to this effect has not been received it is included as a contingent liability. The revenue impact is estimated to be £138k and capital impact £106k

5. The question of whether VAT is payable on off-street parking is still not resolved and is currently being considered by the European Court of Justice. Depending on the outcome it may be possible to reclaim some VAT already paid to HM Revenue and Customs but this would be subject to the Council demonstrating it had not been "unjustly enriched". In order to maximise the chance of such reclaims the Council has been witholding the VAT on car parking since January 2006. This now amounts to £315k and is included in the Balance Sheet as a creditor. If it transpires that this sum must be paid to HM Revenue and Customs then interest will also have to paid for the period it was withheld.

6. 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

Notes to the Cash Flow Statement

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

	2006/07		2007/08	
	£000	£000	£000	£000
Net revenue activities cash flow		-3,036		5,796
Net interest received	-2,850		-2,742	
Depreciation	3,674		3,920	
Adjustment for stock, debtors and creditors	4,027		1,026	
Deferred charges	2,467		2,018	
Sale of council houses	-1,439		-688	
Capital grants	-103		-102	
Pensions appropriation	1,358		482	
Surplus on sale of fixed assets	-92		-102	
Housing capital receipts pool	23	7,065	9	3,821
Income and Expenditure Account deficit		**4,029**		**9,617**

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

	1.4.07 £000	Movement £000	31.3.08 £000
Cash in hand	108	-12	96
Cash overdrawn	-1,446	-604	-2,050
Short-term borrowing	0	0	0
Short-term investments	6,000	24,250	30,250
	4,662	**23,634**	**28,296**

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

	1.4.07 £000	Movement £000	31.3.08 £000
Short-term borrowing	0	0	0
Short-term investments	6,000	24,250	30,250
	6,000	**24,250**	**30,250**

33. Liquid resources

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

34. Analysis of Government Grants

	2006/07		2007/08	
	£000	£000	£000	£000
Revenue support grant		1,762		1,674
Benefits grants:				
Council tax benefits	5,543		5,831	
Rent allowances	19,821	25,364	21,656	27,487
Other:				
Local Authority Business Growth Incentive Grant	487		771	
Other capital grants	1,138		1,429	
Benefits administration	887		979	
Other	1,266	3,778	1,124	4,303
		30,904		33,464
Debtor		488		-66
		31,392		**33,398**

Collection Fund

Income and Expenditure Account

2006/07 £000	2006/07 £000		Note	2007/08 £000	2007/08 £000
	-646	**Balance brought forward 1st April**			**-73**
65,665		Council tax income	2	69,196	
74		Transfers from General Fund		-7	
5,485		Council tax benefits		5,776	
-221	71,003	Change provision for non-collection	4	306	75,271
		***Less* Precepts on the Fund**			
-50,181		Cambridgeshire County Council		-53,575	
-8,040		Cambridgeshire Police Authority		-8,584	
-2,847		Cambridgeshire Fire Authority		-3,009	
		Huntingdonshire District Council:			
-5,961		General expenses		-6,312	
-3,401	-70,430	Parish Precepts		-3,555	-75,035
	-73	**Deficit-/surplus on council tax**			**163**
45,813		**NNDR collectable**		47,382	
-224		*less* cost of collection		-225	
-45,589	**0**	*less* payment due to National Pool	5	-47,157	**0**
	-73	**Deficit- /surplus carried forward at 31st March**			**163**

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 (£21k surplus) which is included in the earmarked reserves on page 27 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 2008/09

(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

	2006/07	2007/08
	£000	£000
Cambridgeshire County Council	50,181	53,557
Cambridgeshire Police Authority	8,040	8,581
Cambridgeshire Fire Authority	2,847	3,009
St Neots Town Council	669	696
Huntingdon Town Council	540	570
St Ives Town Council	474	469

4. Council Tax

	2006/07		2007/08	
	£000	£000	£000	£000
Base debit	79,390		83,877	
Add MOD contribution	506	79,896	527	84,404
Deduct Property exemptions	-3,507		-3,786	
Disability exemptions	-84		-87	
Discounts	-5,155		-5,559	
Write offs	-153		-131	
Provision for non-collection	-68	-8,967	433	-9,130
		70,929		**75,274**

Taxbase at 31 March 2008

Tax band	Properties	Exemptions & discounts	Band D multiplier	Band D equivalent
A	10,849	2,101	0.67	5,861
B	17,945	2,350	0.78	12,130
C	16,687	1,737	0.89	13,289
D	10,915	993	1.00	9,921
E	8,167	712	1.22	9,112
F	3,294	263	1.44	4,378
G	1,608	116	1.67	2,487
H	140	21	2.00	238
Total	**69,605**	**8,293**		**57,416**

	2006/07	2007/08
Council tax charge per band D property	£1,245	£1,306
Actual taxbase used (Band D equivalent)	57,137	57,402
Estimated taxbase	56,939	57,434

5. National Non-domestic Rates (NNDR)

	2006/07		2007/08	
	£000	£000	£000	£000
NNDR based on uniform business rate	52,193		54,948	
Adjustment to previous years	-373		-1,098	
Less Mandatory relief	-5,875	**45,945**	-6,292	**47,558**
Less Discretionary relief	-85		-92	
Add Charity relief from General Fund	22	-63	23	-69
Net yield		**45,882**		**47,489**
Less Collection costs & interest on refunds	-235		-273	
Less irrecoverables & provision for bad debts	-58	-293	-59	-332
Contribution to National Pool		**45,589**		**47,157**

The uniform business rate set by the Government for 2006/07 was 44.4p (2006/07 43.3p)

Total ratable value at 31 March 2007 £123.2m
Total ratable value at 31 March 2008 £125.3m

6. Irrecoverables and Provisions for bad debts

Council Tax

	2006/07	2007/08
Change in Bad Debt provision	68	-437
Irrecoverables	153	131
Total	**221**	**-306**

NNDR

	2006/07	2007/08
Change in Bad Debt provision	-157	-59
Irrecoverables	215	118
Total	**58**	**59**

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 2007/08

In 2007/08 the Council paid an employer's contribution of £2.23m representing 14.3% of employees' pensionable pay into Cambridgeshire County Council's Pension Fund (£1.83m and 12.1% in 2006/07), 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 £186k representing 1.2% of pensionable pay (£170k and 1.1% in 2006/07).

There were no capital costs of discretionary increases in pension payments agreed by the authority during 2007/08 (£34,800 in 2006/07).

5 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 latest formal valuation of the Pension Fund as at 31 March 2007. This valuation 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 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 2007 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 2008.

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 2007	**31 March 2008**
- rate of inflation	3.2%	3.6%
- rate of increase in salaries	4.7%	5.1%
- rate of increase in pensions	3.2%	3.6%
- rate of discounting scheme liabilities	5.4%	6.9%

In accordance with CIPFA guidance the discount rate employed for the 2007/08 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 included an allowance 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.

The actuary in preparing the balance sheet at 31 March 2008 and the revenue account to 31 March 2008, has made allowance for the removal of the ‘Rule of 85’ for new entrants from 1 October 2006 where any new entrants were included in the membership data for the formal valuation at 31 March 2007. No allowance has been made for the effect of the abolition of the ‘Rule of 85’ for new entrants since 31 March 2007.

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

	2006/07 £000	2007/08 £000
Share of assets in County Council Fund	75,939	70,795
Present value of scheme liabilities	-96,873	-86,278
Present value of discretionary pensions	-2,749	-2,819
Net pension liability	**-23,683**	**-18,302**

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 2007	**31 March 2008**	**31 March 2007**	**31 March 2008**
Equity Investments	7.8%	7.7%	74%	70%
Bonds	4.9%	5.7%	11%	13%
Property	5.9%	5.7%	13%	12%
Cash	4.9%	4.8%	2%	5%
Total Fund Assets	**7.2%**	**7.0%**	**100%**	**100%**

9 Movement in Net Pension Liabilities

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

	2006/07		2007/08	
	£000	**£000**	**£000**	**£000**
Deficit as at 1 April		**-29,370**		**-23,683**
Current service cost	-3,182		-2,950	
Employer Contributions	1,828		2,232	
Contributions for Unfunded Benefits	168		179	
Past service costs	0		0	
Impact of settlements and curtailments	-35		0	
Net return on assets	-137	-1,358	57	-482
Actuarial gains/losses (-)		7,045		5,863
Deficit as at 31 March		**-23,683**		**-18,302**

The charge to the Income and Expenditure Account is reduced by £482k appropriation to the pension reserve.

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

	2006/07 £000	2007/08 £000
Actual return less expected return on pension scheme assets	726	-9175
Change in financial assumptions underlying the present value of liabilities	6,038	15,699
Experience gains and losses arising on the scheme liabilities	281	-661
Actuarial gain/loss(-) in pension plan	**7,045**	**5,863**
Actuarial gain/loss(-) as a percentage of net pension liability	29.7%	32.0%

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.