



# Statement of Accounts

## 2008/09



**HAMBLETON**  
DISTRICT COUNCIL

*An Excellent Council Making Life Better*

Hambleton District Council

Statement of Accounts

2008/2009

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## **Leader's Foreword**

The year to 31 March 2009 has once again been very challenging for the Council, but one which has come with its rewards. Progress in all areas of the Council's service improvement priorities has been made and the year saw the introduction of a new four year corporate plan so that the Council has refreshed improvement priorities covering, amongst others, the following areas:

- ✓ Waste Management – increase recycling by extending kerbside facilities
- ✓ Affordable Housing – improving the supply
- ✓ Social Issues – reducing the number of people in fuel poverty
- ✓ Leisure – improving participation by children and young people in sport
- ✓ Access to Services – increasing participation in sustainable public transport

The year also saw Hambleton and Richmondshire District Council agreeing to work closer together through a joint Chief Executive and senior management arrangements, working to a shared services agenda. This exciting new venture will produce significant efficiency savings for the Council Taxpayer and put both Councils at the leading edge of quality service provision.

Service improvement has also come through significant capital investment of £6.6m. A total of £3m was invested in the Leeming Bar Food Incubator/Northallerton Business Incubator schemes which, when completed, will increase job opportunities within the area. Market town regeneration saw nearly £600,000 put into the Bedale Heritage Partnership Scheme and Bedale Fleece Cottages resurfacing schemes. Improvements have also been made in other areas such as leisure, car parks, housing and public lighting. Over half of the investment of £6.6m came from external sources. The Council's thanks are extended to those Government departments and other organisations that contributed.

The Council continually reviews its structures to ensure that they are fit for purpose and 2008/09 was no exception to this. At Member level, the year saw a review of the Council's Overview and Scrutiny Committees to realign them with the Council's revised priority themes and Best Value Panels were replaced with Performance Clinics. The year also saw the senior management of the Council undergo a review of its structure following vacancies and the joint working arrangements with Richmondshire. Although not expected to be complete until 2009/10 the restructure will produce further efficiency savings.

On the financial scene the Council has once again provided quality services within budget and continues to deliver on its financial strategy, the purpose of which is to maintain the long term viability of the Council's finances and ensure stability by:

- ✓ Investing in community projects as determined by the Council's priorities
- ✓ Supporting the maintenance and enhancement of service delivery

The Statement of Accounts which follows has been prepared in accordance with the relevant Codes of Practice and Guidelines issued by the Chartered Institute of Public Finance and Accountancy. They set out the full financial details of the Council's activities during 2008/09 and have been produced very promptly after the year end by the Council's officers, and in line with target dates that have been set by Government. I commend them to you.

**Councillor Arthur Barker**  
**Leader of the Council**

## Explanatory Foreword

The Council's Accounting Statements and accompanying notes are set out in the following pages numbered 20 to 49.

### 1. The Accounting Statements

The statements consist of:

- **The Income and Expenditure Account** – the Council's main revenue account, covering expenditure and income on all services.
- **The Statement of the Movement on the General Fund Balance** – reconciles how the balance of resources generated and consumed in the year links with the statutory requirements for raising Council Tax.
- **The Total Recognised Gains and Losses Statement** - which brings together all the gains and losses of the Council during the year.
- **The Balance Sheet** – which sets out the Council's assets and liabilities.
- **The Cash Flow Statement** – which summarises the movements of the Council's funds.
- **The Collection Fund** – which summarises transactions relating to Council Tax and Business Rates.

The Statement of Accounting Policies, various notes and subsidiary accounts, which follow this Foreword, support the accounts listed above.

### 2. Summary of the Financial Year

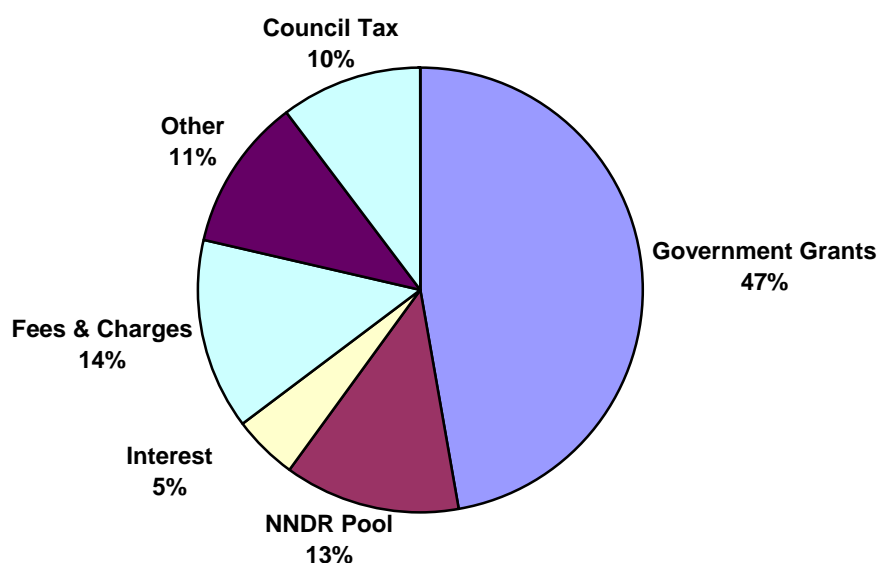
This Foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The following three charts show, in broad terms, where the Council's money comes from, what it is spent on and the cost of the services it provides.

The global recession has affected Hambleton district Council in 2008/09 in the following ways:-

- Reduced income from investments.
- Reduced income from planning fees.
- Reduced income from land charges.
- Reduced income from rental of market stalls.

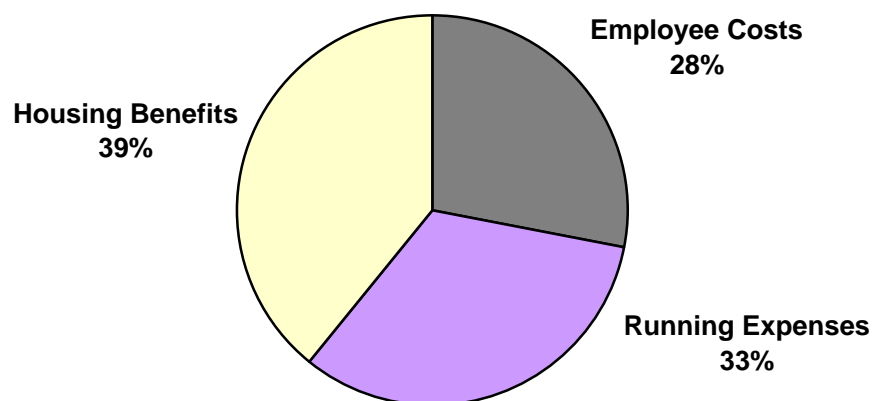
These are the four main areas in income affected. The Leisure Centres have found that income has remained stable in most activities but income from swimming lessons has fallen substantially. Fortunately this is a small percentage of leisure's income. All of the above declines in income have meant that the Council has a small budget deficit on its income and expenditure for the first time.

### Where the money comes from - £39.2m



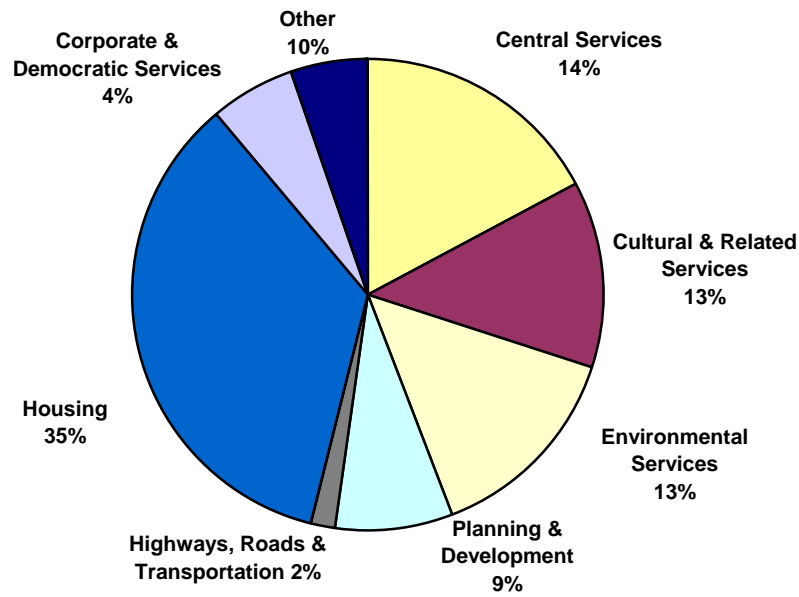
The above chart shows that approximately 47% (£18.6m) of the Council's income comes from Government grants. This includes Revenue Support Grant and Housing Benefit Grant. A further 13% (£4.9m) also comes from the Government in the form of redistributed Business Rates. 5% (£1.9m) comes from interest on balances, with a total of 25% (£9.8m) from fees and charges, and miscellaneous income from the services provided by the Council. 10% (£4m) comes from Council Tax.

### What the money is spent on - £39.2m



The second chart shows 39% (£15.3m) of the Council's income is spent on Housing Benefit payments, which includes rent allowances and Council Tax Benefits. 28% (£11.0m) is spent on employee costs and 33% (£12.9m) is spent on running expenses, which include maintaining the Council's buildings, operating vehicles and purchasing various external supplies and services.

### The services provided - £39.2m



This final chart shows the gross cost of the services provided by the Council. As expected a large portion of the Council's gross expenditure 35% (£13.6m) goes on the Housing Service including rent allowances, although the majority of this is recovered through government grant (Council Tax Benefit is included in Central Services). Other Services, covers Parish Precepts, levies paid to Internal Drainage Board and expenditure on trading activities.

## Budget

The main components of the 2008/09 budget and how these compare with actual income and expenditure are set out below. The latest approved budget reflects changes made to the Council's budget during the financial year.

	Latest Approved Budget £	Actual £	Difference £
Net Cost of Services	12,775,490	10,453,849	(2,321,641)
Add: Precepts and Levies			
- Parish Precepts	1,026,550	1,026,550	-
- Internal Drainage Boards	59,420	58,051	(1,369)
Profit/Loss on Trading Activities	(56,880)	(54,398)	2,482
Proceeds of Sales of Fixed Assets	-	(146,895)	(146,895)
Capital Receipts Received	-	264,837	264,837
Reversal of Capital Charges	(2,184,520)	(2,867,640)	(683,120)
Capital Grants Applied to Capital Expenditure	-	2,713,083	2,713,083
Investment Interest - receivable	(1,875,550)	(1,861,800)	13,750
- payable	10,870	7,819	(3,051)
Add: Pension Interest Cost and Expected Return on Pension Assets	-	695,440	695,440
<b>Net Operating Expenditure</b>	<b>9,755,380</b>	<b>10,288,896</b>	<b>533,516</b>
Transfers to/(from) Reserves			
- Revenue	149,346	319,246	169,900
- Pensions	-	(701,921)	(701,921)
- Financial Interest Adjustment	-	(1,495)	(1,495)
<b>Amount to be met from Gov't Grants and Local Taxpayers</b>	<b>9,904,726</b>	<b>9,904,726</b>	<b>-</b>
Financed By:			
Council Precept	(4,019,437)	(4,019,437)	-
Collection Fund Surplus	-	-	-
Revenue Support Grant	(688,058)	(688,058)	-
Business Rates	(238,267)	(238,267)	-
Area Based Grant	(16,307)	(16,307)	-
LABGI	(4,942,657)	(4,942,657)	-
<b>Total</b>	<b>(9,904,726)</b>	<b>(9,904,726)</b>	<b>-</b>

The above table shows the variances between the Council's latest approved budget and the actual position for 2008/09. An analysis of the main variances in the Revenue Budget is shown in the next table.

Details of Major Variances	£	£
<ul style="list-style-type: none"> <li>Recycling – Reduced tonnage and a variation in the mix</li> <li>Thirsk Pool – reduced numbers for swimming instructions/admissions</li> <li>Housing Benefits increase in provision for bad debts</li> <li>Housing Benefit Payments – increase in cases and rent levels</li> <li>Performance &amp; Efficiency – efficiency budget savings not used</li> <li>Design &amp; Maintenance – income received for work completed by HDC Architect</li> <li>Other Minor Variances</li> </ul>	24,277 31,316 22,000 49,438       	    61,110 24,310 8,436 
<b>Service Over/Underspends</b>	<b>127,031</b>	<b>93,856</b>

The above net service overspend of £33,175 has been financed from the Council Taxpayers Reserve.

The detailed Income and Expenditure Account is shown on page 20.

### Capital Expenditure

In 2008/09 the Council has continued to invest in new or improved assets to support the delivery of its services. In total £6,667,533 (2007/08 £4,027,040) was spent on schemes and projects for the ultimate benefit of the residents of the district. An analysis of spend by service area is shown below:

2007/2008 £000's	Service	2008/2009 £000's
417	Central Services	510
344	Cultural and Related Services	1,100
387	Environmental Services	204
2,264	Planning and Development	4,010
63	Highways, Roads and Transportation	111
552	Housing	733
<b>4,027</b>	<b>Total Capital Expenditure</b>	<b>6,668</b>

Capital expenditure was financed mainly from Capital Receipts and Grants as shown in the table in Note 4 to the Accounts on page 30. The Council has £6,973,734 in accumulated Capital Receipts available to finance future capital expenditure, as shown in Note 17 to the Accounts on page 40, and is expecting to receive in excess of £6m in Capital Receipts and Grants in 2009/10.

Borrowing is undertaken on a temporary basis occasionally to finance cash flow shortfalls. The loan of £1.8m shown on the Balance Sheet on page 24 was repaid on 1 April 2009. The Council has no Public Finance Initiative (PFI) schemes.

Expenditure is higher than the previous year mainly due to the undertaking of several large economic development projects.

£505,000 has been spent on computer software and hardware to further develop the Council's electronic service capability, and £3,971,000 has delivered a range of economic development projects. They will promote employment opportunities in the District and include a New Business Incubator in Northallerton and a Food Incubator at Leeming Bar, both of which are still in progress.

Other capital schemes included grants for disabled adaptations to dwellings (£273,000) and grants for community schemes (£109,000).

Further details on the cost of the main schemes contained within the capital programme are shown on page 55.

Like most authorities, the Council has been paying for a proportion of its capital expenditure from the proceeds of the sale of its assets (principally council houses and industrial land). In 2008/09 £3,041,000 (2007/08 £2,481,000) of capital receipts were used in this way. Other funding came from grants and contributions £3,563,000(2007/08 £1,485,000), and £64,000 from revenue (2007/08 £61,000).

### **Pension Liabilities**

The balance sheet on page 24 shows that there is a liability of £17,305,000 in respect of the Pension Fund. This represents the difference between the estimated assets and liabilities in the Pension Fund in respect of Hambleton employees. It is intended that this position will be rectified over the next 27 years.

### **Euro**

There has been no significant expenditure incurred on Euro preparations during the year. The Council has prepared an outline Euro Strategy, and continues to hold a Euro Bank Account, but to date no transactions have taken place.

### **Further Information**

Further information about the accounts is available from the Finance Section, Civic Centre, Stone Cross, Northallerton. This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts when they are on deposit. The availability of the accounts for inspection is advertised in the local press.

P Morton  
Executive Director

## Statement of Responsibilities for the Statement of Accounts

### 1. The Authority's Responsibilities

The 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 these affairs. In this authority, the officer is the Executive Director;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### 2. The Executive Director's (Section 151 Officer) Responsibilities

The Executive Director is responsible for the preparation of the authority's Statement of Accounts, in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the SORP).

In preparing this Statement of Accounts, the Executive Director has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority SORP.

The Executive Director has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**P Morton**  
**Executive Director**

# Annual Governance Statement 2008/2009

## 1. Scope of Responsibility

Hambleton District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Hambleton District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Hambleton District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Hambleton District Council has approved and adopted a code of corporate governance. The code has been updated to embrace the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the existing code is on our website at [www.hambleton.gov.uk](http://www.hambleton.gov.uk) or can be obtained from Customer Services on 0845 1211 555 or by email from [customer.services@hambleton.gov.uk](mailto:customer.services@hambleton.gov.uk).

This statement explains how Hambleton District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

## 2 The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Hambleton District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Hambleton District Council for the year ended 31 March 2009 and up to the date of the approval of the Statement of Accounts.

Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users:

Hambleton District Council refreshed its vision and priorities in the Spring of 2008 with the introduction of a new Corporate Plan. In setting the priorities, national, regional and the public's priorities were also taken into account. To cascade this down, performance indicators are arranged under priorities in Theme plans. From the whole suite of performance indicators, key indicators have been selected as those that best measure achievement of the vision and priorities. These key, high level, indicators are monitored by the Senior Officers Group (Chief Officers & Heads of Service), Performance Clinics, Overview and Scrutiny Committees and Cabinet on a quarterly basis.

The Heads of Service Team are able to use this information to vire money/resources between service areas to provide additional resources where performance is below an acceptable level. E.g. money provided for recycling scheme. The Council also uses benchmarking information to compare unit costs; however this information is limited and does not cover all service areas.

The Constitution includes sections defining and documenting the roles & responsibilities of the executive, scrutiny and officer functions with clear delegation arrangements.

The Constitution includes the Code of Member Conduct, a Code for Planning Officer/Member Protocol.

The Audit and Governance Committee considers amendments to the Constitution.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities:

The Audit & Governance Committee's terms of reference were amended, in March 2007, to adopt those suggested by CIPFA. The terms of reference cover a number of areas that include:-

- All aspects of Internal Audit;
- All aspects of External Audit;
- Monitoring the effective development & operation of risk management;
- Overseeing the production of the Annual Governance Statement;
- Consideration of the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

Hambleton District Council achieves this through a number of mechanisms:-

- The Head of Service - Legal has access to all draft Cabinet and Council reports and approves the minutes;
- The Legal Section monitors legal developments and notifies relevant Heads of Services;
- A protocol for the Monitoring Officer is in place;
- Senior Officers and Members are aware of the availability of the advice on propriety which is available from both the Monitoring Officer and the North Yorkshire Audit Partnership (who provide internal audit services);
- The Monitoring Officer, Legal Section and North Yorkshire Audit Partnership have good working relations and often cross-refer matters;
- All Heads of Service have completed an Assurance Statement for the 12 months to 31 March 2009 and;
- The Chair of the Council, Leader of the Council (As Chair of Cabinet) and the Chairs of the 7 main committees have each completed an Assurance Statement for the 12 months to 31 March 2009.

This gives Members assurance as to the soundness of the system on internal controls that is in place.

Training is offered to members on probity and governance issues. Briefings are given on strategic issues from time to time.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council is in the process of developing and adopting a community engagement strategy which reflects the work of the theme groups and picks up on existing strategies such as the young and older person work streams.

Embedding risk management in the activity of the authority, giving leadership to the risk management process, and training or equipping of staff to manage risk in a way appropriate to their authority and duties:

A risk management implementation strategy was approved by Hambleton District Council in November 2001 and this was reviewed in March 2008. In March 2006 the newly formed Audit & Governance Committee assumed responsibility for all aspects of Corporate Risk Management.

Members of the Cabinet and the Audit & Governance Committee, Risk Management Group members, Risk Owners and other selected staff received specialist training in November 2007. The Risk Management Guidance Manual was reviewed in March 2009 and the revised version has been issued to Risk Owners.

Risk Management is a standard element of all Cabinet reports, Theme and Business Plans. A Risk Management Group reporting to the Audit & Governance Committee, was set up to implement the strategy and embed risk management within the Council.

The Risk Management Group has a diverse departmental spread and includes the Council's Risk Manager.

A Corporate Plan risk register has been created, based on the new Corporate Plan, which identifies the risks to the Councils' Corporate Objectives under each priority theme and the progress on the action plans are reviewed quarterly by the Audit and Governance Committee. Heads of Service attend, on an individual basis, the Audit and Governance Committee meetings to report progress to date on actions plans in the Corporate Plan Risk Register.

Additionally, from January 2009, the corporate risks are reviewed by the priority theme performance clinics who in turn report to the Overview and Scrutiny Committee and Cabinet on a quarterly basis.

Responsibility for monitoring Risk Management, at an officer level, is the responsibility of the North Yorkshire Audit Partnership and quarterly reviews of all risk registers are undertaken in conjunction with the risk owners.

With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives.

The Council recognises the need to ensure that good governance arrangements and robust controls exist within all partners & other group working. It also recognises the need for comprehensive agreements to be in place for all significant partnerships and that these agreements should clearly identify how the risks of the partnership or working group arrangements will be managed.

### **3. Review of Effectiveness**

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

### The Cabinet and Council:

There is a hierarchy of decision making at Hambleton District Council. Any new draft policies or strategies are developed and submitted to Chief Officers Management Team via an appropriate Theme Leadership Board. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council. In addition, cross cutting strategies are submitted to the Hambleton Strategic Partnership for joint development with partner agencies.

### The Audit & Governance Committee

The Audit and Governance Committee has specific responsibility for monitoring the effectiveness of the Council's Code of Corporate Governance.

### The Standards Committee:

The Council has a Standards Committee to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance.

### The Overview and Scrutiny Committees

The Council has three Overview and Scrutiny Committees. Part of their function is to scrutinise Council policies. They do not have a specific role in dealing with Governance.

### Internal Audit:

Internal Audit acts as an independent review section. The work of internal audit is determined using a risk assessment model from which a 4 year Strategic Plan and a detailed Annual Plan are developed. The Audit & Governance Committee considers and approves both the strategic and annual plans and will receive regular updates of actual performance against the plan and an Annual Internal Audit report at the year end which will contain an opinion or assurance statement from Internal Audit on the operation of the overall Governance Framework, incorporating the system of internal control.

A new requirement under the Accounts & Audit regulations 2003 is that every local authority undertakes a review of the effectiveness of its system of internal audit annually. The North Yorkshire Audit Partnership undertook the review for 2008/09, and they concluded that the section provides an effective internal audit service. This was reported to the Audit & Governance Committee in March 2009.

### Other explicit review/assurance mechanisms:

The Council is subject to external review. The External Auditor is required to review, and where appropriate, report on the Council's corporate governance arrangements as they relate to:

- legality of transactions that might have significant financial consequences;
- financial standing;
- internal financial control, and;
- standards of financial conduct and the prevention and detection of fraud and corruption.

The Chair of the Council, Leader of the Council (As Chair of Cabinet) and the Chairs of the 7 main committees sign a statement giving an assurance as to the conduct of Council/Committee business being both lawful and in a manner prescribed by the Councils' Constitution.

Every Head of Service signs a statement which gives an assurance as to the soundness of the system of internal controls that are in place within their respective areas.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

#### **4. Significant Governance Issues**

The most significant matters arising from 2008/09 relate to any potential ongoing governance issues flowing from the decision to have a joint Chief Executive with Richmondshire District Council, involving shared management arrangements and a shared services agenda. We propose over the coming year to take steps to address any matters so identified to further enhance our governance arrangements. We are satisfied that this approach will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation throughout the year and as part of the next annual review.

**Signed:** -----  
Councillor Arthur Barker  
Leader of the Council

**Signed:** -----  
Peter Simpson  
Chief Executive

## Statement of Accounting Policies

### 1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice (SSAPs), and Financial Reporting Standards (FRSs). There have been 2 changes to Accounting Policies, which has come from the start of the programme of work to bring Local Authority Accounting from UK Generally Accepted Accounting Practice (UK GAAP) to International Financial Reporting Standards.

#### Local Government Pension Scheme (LGPS) Financial Reporting Standards (FRS)17

The 2008 SORP has changed completely the reporting requirements for FRS17 and the changes are detailed in Accounting Policy No.10 on page 17, FRS 17 information is shown in the revised format in Note 13. The comparative figures for 2007/08 are also shown in the new format.

#### Revenue Expenditure Funded from Capital Under Statute

Expenditure during the year that may be capitalised but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Previously this expenditure was called Deferred Charges and it was included in Capital Charges. Where the Council decided to meet the cost of this expenditure from capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of Council Tax.

### 2. Tangible Assets

All capital expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis. Generally operational and non-operational assets are recorded in the balance sheet at the lower of net current replacement cost or net realisable value. Value is determined in accordance with a rolling programme of revaluations. Infrastructure and community assets are held at historic cost.

In addition to the 5 year revaluation programme, schemes involving substantial capital works in the current year's Capital Programme are reviewed by the valuer, to check whether the monies spent add an equal amount to the value of the property. If the value added is lower or a property is revalued at less than its current book value an impairment results. This is accounted for by:

- Where attributable to the clear consumption of economic benefits the loss is charged to the relevant service revenue account.
- Otherwise it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

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

The 2007 SORP stated that when an asset is disposed of it was revalued to equal the amount of the proceeds on disposal, therefore a revaluation adjustment resulted rather than a profit or loss on sale. The 2008 SORP has reversed this decision and a profit or loss on disposal of assets is shown in the Income and Expenditure Account. The written-off values of disposals and impairments are not a charge against Council Tax as amounts are appropriated from the Statement of the Movement on the General Fund Balance, to the Capital Adjustment Account.

Deferred charges were discharged and written off to services through the Income and Expenditure Account up to and including the 2007/08 accounts. Deferred charges have now been replaced by Revenue Expenditure funded by Capital under Statute. These changes are now included in the Income and Expenditure account but can still be financed by capital grants and receipts. If they are financed by capital grants then the grant is also included in the Income and Expenditure Account. These were payments of a capital nature where no tangible asset is created, but which may properly be financed over a number of years. They include grants paid to housing associations and other grants.

### **3. Intangible Assets**

Not all capital expenditure is incurred on an asset that is tangible. Some expenditure relates to assets from which the Council receives a long term benefit, but where the asset is of an intangible nature. Examples of intangible assets include software licences and training costs associated with a project. It is still proper for this expenditure to be capitalised.

Intangible assets are capitalised at cost and do not require revaluation as they do not have a readily ascertainable market value.

### **4. Capital Receipts**

Under the Local Government and Housing Act 1989 capital receipts from the sale of assets must be split into a "usable" and a "reserved" (or set-aside) part. As the Council has debt-free status, all capital receipts from the disposal of fixed assets are credited to the Usable Capital Receipts Reserve. The Council does occasionally borrow temporarily to finance short term cash flow deficits.

### **5. Accruals of Income and Expenditure**

Revenue and capital transactions are included in the accounts on an accruals basis. That is, sums due to or from the Council during the year are recorded in the accounts whether or not the cash has actually been received or paid during the year.

### **6. Stocks and Stores**

Stocks and stores are valued at latest notified price or cost.

The main basis of valuation is at variance with SSAP9, which requires stocks to be valued at the lower of cost and net realisable value. The Council carries relatively small values of stock and therefore this is not a material variance.

### **7. Cost of Support Services**

The majority of the costs of management and administration have been allocated to services. The basis of allocation used for these services are outlined below:

Cost	Main Basis of Allocation
Central Departments Administrative Buildings and Depots Computing	Time spent Floor area of occupation Actual use

The balance of unallocated costs remaining in the Income and Expenditure Account is as follows:

2007/2008 £		2008/2009 £
15,535	Computer Costs	7,487
25,997	Office Accommodation	64,215
25,774	Depots	1,471
34,756	Support Services	12,427
<b>102,062</b>	<b>Total Expenditure</b>	<b>85,600</b>

## 8. Provisions

The Council sets aside provisions for any liabilities, as a result of a past event, which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. For the year 2008/09 the Council has no such provisions, other than provisions for doubtful debts.

## 9. Reserves

The Council maintains earmarked revenue reserves to meet future expenditure. Earmarked revenue reserves held in 2008/09 are set out in Note 18 to the Accounts and the net transfers to and from these reserves is disclosed in Note 2 to the Accounts.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes. Four of these reserves are non distributable reserves and are therefore not cash backed, as follows:

- The Revaluation Reserve
- The Financial Instruments Adjustment Account
- The Capital Adjustment Account
- The Pension Reserve

The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

## 10. Retirement Benefits

The pension liabilities of the Council are accounted for using FRS 17 principles. Under the 2008 SORP the Council has adopted the amendment to FRS17, Retirement Benefits. As a result quoted securities held as assets in the defined Benefit Pension Scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets at 31 March 2008 has been restated from £14,234,079 to £14,261,000, an increase of £26,921 resulting in a total increase of the pension deficit of £49,800 (31 March 2007 increase of £22,879). Current and prior years balances have been unaffected by this change.

The Council's pension scheme provides participants with defined benefits related to pay and service. In line with the accounting policies outlined in the 2008 Statement of Recommended

Practice (SORP), the Council has complied with the requirements of Financial Reporting Standard 17 – Accounting for Retirement Benefits and in particular:

- the assets of the scheme are measured at their fair value;
- the attributable liabilities of the scheme are measured on an actuarial basis;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the current service cost is based on the most recent actuarial valuation at the beginning of the period;
- the interest cost is based on the discount rate and present value of liabilities at the beginning of the period;
- the expected return on assets is based on long-term expectations at the beginning of the period;
- actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- past service costs are disclosed on a straight-line basis over the period the increased benefits apply; and
- Gains/Losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

#### **11. Grants**

Specific revenue grants from central government or other bodies are included in the income of the services to which they relate, subject to grant conditions with the exception of general grants such as Area Based Grant which from this year has been classified as a general grant and is shown separately in the Income and Expenditure Account.

Capital grants, which have been received towards the cost of a project, have been applied to reduce the total cost of the project to the Council.

Where such grants relate to depreciating fixed assets, these are credited to a Government Grants Deferred Account (see Note 12 to the Accounts) and released to the Income and Expenditure Account in line with depreciation.

#### **12. Leases**

Expenditure on operational leases is charged to the relevant service revenue account. The Council has acquired refuse collection and recycling vehicles under a Hire and Maintenance Agreement. Expenditure in 2008/09 along with undischarged obligations under these leases/Hire and Maintenance Agreements is disclosed in Note 28 to the Accounts.

No assets have been acquired under finance leases.

#### **13. Interest**

Interest on any investments is accrued and credited to the Income and Expenditure Account for the period to which it relates.

#### **14. Value Added Tax**

In accordance with SSAP5, Value Added Tax is not included in expenditure or income whether of a capital or revenue nature except where it is irrecoverable.

## 15. Financial Liabilities

Financial liabilities are initially measured as fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the period in the loan agreement. At 31 March 2009 the Council has one temporary loan.

## 16. Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables are initially measured at fair value and are carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made this means that the amount presented in the Balance Sheet is the outstanding principle receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

However the Council has made a number of soft loans to new businesses which are interest free, and car loans to employees at less than market rates. Where material, when a soft loan is made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited or credited to the income and Expenditure Account to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial instruments Adjustment Account in the Statement of Movement on the General Fund Balance. (The loans made in respect of this by Hambleton District Council are not material).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available For Sale Assets are initially measured and carried at fair value. Where an asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council. The Council holds no available for sale assets.

## Income and Expenditure Account

2007/2008		2008/2009		
Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	<b>Continuing Operations</b>			
1,447,306	Central Services to the Public	5,622,108	4,613,837	1,008,271
1,832,549	Cultural and Related Services	6,198,773	2,887,286	3,311,487
3,508,425	Environmental Services	5,487,141	1,337,306	4,149,835
408,409	Planning and Development	3,316,054	4,646,212	(1,330,158)
553,851	Highways Roads & Transportation	895,484	341,765	553,719
638,575	Housing	13,617,015	12,698,573	918,442
1,818,966	Corporate and Democratic Core	1,829,576	76,263	1,753,313
86,893	Non-Distributed Costs	88,940	-	88,940
<b>10,294,974</b>	<b>Total Continuing Operations</b>	<b>37,055,091</b>	<b>26,601,242</b>	<b>10,453,849</b>
-	<b>Discontinued Operations</b>	-	-	-
-	<b>Exceptional Items</b>	-	-	-
<b>10,294,974</b>	<b>Net Cost Of Services</b>	<b>37,055,091</b>	<b>26,601,242</b>	<b>10,453,849</b>
	<b>Other Operating Expenditure / (Income)</b>			
-	(Gain)/Loss on the Disposal of Fixed Assets			294,297
954,107	Precepts and Levies			1,084,601
8,058	(Surplus)/Deficit from Trading Activities (Note 1)			(54,398)
23,971	Interest Payable and Similar Charges			7,819
-	Investment Losses			-
(1,978,281)	Interest and Investment Income			(1,861,800)
133,000	Pension Interest Cost and Expected Return on Pension Assets			695,440
<b>9,435,829</b>	<b>Net Operating Expenditure</b>			<b>10,619,808</b>
	<b>Sources of Finance</b>			
(3,733,515)	Hambleton District Council Precept			(4,019,437)
(6,345)	Demand on the Collection Fund (Surplus)/Deficit			-
(793,646)	Revenue Support Grant			(688,058)
(180,071)	LABGI			(238,267)
-	Area Based Grant *			(16,307)
(4,729,135)	Non Domestic Rates Redistribution			(4,942,657)
<b>(6,883)</b>	<b>(Surplus)/Deficit for the Year</b>			<b>715,082</b>

\* Area Based Grant is classified by the 2008 SORP as a general grant not applied specifically to any service. Adjustments to the comparative figures for 2007/08 are not required by the SORP.

## Statement of the Movement on the General Fund Balance

2007/2008 £		2008/2009 £
(6,883) 6,883	(Surplus)/Deficit for the Year on the Income and Expenditure Account Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the Year	715,082 (715,082)
-	<b>Increase in General Fund Balance for the Year generally available for new expenditure</b>	-
(2,000,000)	General Fund Balance at Start of Year	(2,000,000)
<b>(2,000,000)</b>	<b>General Fund Balance Carried Forward</b>	<b>(2,000,000)</b>

## Note of Reconciling Items for the Statement of Movement on the General Fund Balance

2007/2008 £		2008/2009 £
	<b>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</b>	
(376,910)	Amortisation of Intangible Fixed Assets	(381,810)
(1,359,540)	Depreciation and Impairment of Fixed Assets	(1,719,259)
424,540	Government Grants Deferred Amortisation (Note 12)	526,070
1,329,748	Grants Applied to Capital Expenditure	2,713,083
(337,562)	Write Downs of Revenue Expenditure Funded by Capital Under Statute	(1,356,973)
-	Proceeds of Sales of Fixed Assets	(146,895)
-	Net Profit / (Loss) on Sale of Fixed Assets	(294,297)
-	Capital Receipts Received	264,837
(1,704,000)	Net Charges made for Retirement Benefits in accordance with FRS17	(1,977,440)
1,495	Financial Instruments Adjustment Account (Note 16)	(1,495)
<b>(2,022,229)</b>		<b>(2,374,179)</b>
	<b>Amounts not included in the Income and Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the Year</b>	
1,173,042	Employers contributions payable to NYCC Pension Fund and Retirement payments payable direct to Pensioners	1,275,519
60,458	Capital Expenditure charged in year to General Fund Balance	64,332
<b>1,233,500</b>		<b>1,339,851</b>
	<b>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</b>	
	<b>Net Transfer to/(from) Earmarked Reserves</b>	
795,612	Earmarked Revenue Reserves (Notes 2 and 18)	319,246
<b>795,612</b>		<b>319,246</b>
<b>6,883</b>	<b>Net Additional amount required to be credited to the General Fund Balance for the Year</b>	<b>(715,082)</b>

## Statement of Total Recognised Gains and Losses

2007/2008 £		2008/2009 £
(6,883)	(Surplus)/Deficit for the Year on the Income and Expenditure Account	715,082
(2,896,454)	(Surplus)/Deficit arising on Revaluation of Fixed Assets	(1,830,074)
4,065,000	Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities (Note 13)	2,369,000
7,723	HDC Share of Collection Fund	10,800
<b>1,169,386</b>		<b>1,264,808</b>
-	Any Other (Gains)/Losses	-
<b>1,169,386</b>	<b>Total Recognised (Gains)/Losses for the Year</b>	<b>1,264,808</b>

## The Balance Sheet

31 March 2008 £		31 March 2009 £	£
892,320	<b>Fixed Assets</b>	876,446	
	Intangible Fixed Assets (Note 3)		
	Tangible Fixed Assets (Note 4)		
	<b>Operational Assets:</b>		
27,404,142	- Land and Buildings	25,353,433	
2,309,195	- Vehicles, Plant and Equipment	1,949,970	
2,086,273	- Infrastructure Assets	2,012,928	
88,117	- Community Assets	67,369	
	<b>Non-Operational Assets:</b>		
8,447,049	- Investment Properties	13,802,494	
2,165,605	- Assets Under Construction	3,066,307	
<b>43,392,701</b>	<b>Total Fixed Assets</b>		<b>47,128,947</b>
24,983	Long Term Investments (Note 5)		4,983
79,440	Long Term Debtors (Note 6)		77,531
<b>43,497,124</b>	<b>Total Long Term Assets</b>		<b>47,211,461</b>
	<b>Current Assets</b>		
95,379	Stocks (Note 7)	83,162	
3,369,080	Debtors (Note 8)	6,716,034	
28,356,899	Investments (Note 9)	23,860,000	
4,557	Cash and Bank (Note 22)	212,038	
			30,871,234
<b>75,323,039</b>	<b>Total Assets</b>		<b>78,082,695</b>
	<b>Current Liabilities</b>		
(5,448,615)	Creditors (Note 10)	(6,026,913)	
-	Short Term Borrowing (Note 11)	(1,800,000)	
(968,867)	Cash and Bank (Note 22)	-	
			<b>(7,826,913)</b>
<b>68,905,557</b>	<b>Total Assets Less Current Liabilities</b>		<b>70,255,782</b>
	<b>Long Term Liabilities</b>		
(2,813,534)	Government Grants Deferred (Note 12)	(2,357,646)	
(14,234,079)	Defined Benefit Pension Scheme (Note 13)	(17,305,000)	
<b>(17,047,613)</b>			<b>(19,662,646)</b>
<b>51,857,944</b>	<b>Total Assets Less Liabilities</b>		<b>50,593,136</b>
	<b>Financed By</b>		
(2,153,579)	Revaluation Reserve (Note 14)		(3,983,654)
(1,495)	Financial Instruments Adjustment Account (Note 16)		-
(38,300,578)	Capital Adjustment Account (Note 15)		(40,745,472)
(9,749,541)	Usable Capital Receipts Reserve (Note 17)		(6,973,734)
14,234,079	Pension Reserve (Note 13)		17,305,000
(2,000,000)	General Fund Balance		(2,000,000)
17,522	Collection Fund Balance (Note 8)		28,322
(13,904,352)	Other Reserves (Notes 2 and 18)		(14,223,598)
<b>(51,857,944)</b>	<b>Total Net Worth</b>		<b>(50,593,136)</b>

### Chairman and Executive Director's Certificate

We certify that the accounts set out between pages 20 to 51 inclusive present fairly the true financial position of the authority as at 31 March 2009.

Chairman of Audit & Governance Committee  
23 September 2009

Executive Director  
23 September 2009

## The Cash Flow Statement

2007/2008 £	Cash Flow	2008/2009 £                  £	
	<b>Revenue Activities</b>		
	<b>Cash Outflows</b>		
10,751,232	Cash Paid to and on Behalf of Employees	11,023,285	
7,400,292	Other Operating Cash Payments	9,707,591	
	Housing Benefit Paid Out	11,668,959	
10,350,985			
21,027,062	NNDR Payments to National Pool	23,246,895	
42,721,554	Precepts Paid	45,217,599	
72,209	Payments to Preceptors relating to Collection Fund Surplus	-	
			100,864,329
	<b>Cash Inflows</b>		
(42,292,491)	Council Tax Receipts	(44,418,419)	
(20,977,775)	NNDR Receipts	(23,018,083)	
(4,465,845)	NNDR Receipts from National Pool	(5,339,643)	
(793,646)	Revenue Support Grant	(688,058)	
(14,323,800)	DSS Grants for Benefits (Note 20)	(15,721,441)	
(824,835)	Other Government Grants (Note 20)	(1,443,522)	
(4,336,553)	Cash Received for Goods and Services	(4,579,110)	
(1,137,281)	Other Operating Cash Receipts	(2,246,489)	
			(97,454,765)
<b>3,171,108</b>	<b>Net Cash Flow from Revenue Activities (Note 19)</b>		<b>3,409,564</b>
	<b>Servicing of Finance</b>		
	<b>Cash Outflows</b>		
23,971	Interest Paid		7,819
	<b>Cash Inflows</b>		
(1,978,281)	Interest Received		(1,861,800)
<b>(1,954,310)</b>	<b>Net Cash Flow from Servicing of Finance</b>		<b>(1,853,981)</b>
	<b>Capital Activities</b>		
	<b>Cash Outflows</b>		
3,171,058	Purchase of Fixed Assets	4,334,927	
829,574	Other Capital Payments	2,376,632	
			6,711,559
	<b>Cash Inflows</b>		
(714,205)	Sale of Fixed Assets	(362,346)	
(1,219,923)	Government Grants Received (Note 20)	(711,835)	
(462,351)	Other Capital Receipts	(272,410)	
			(1,346,591)
<b>1,604,153</b>	<b>Net Cash Flow from Capital Activities (Note 19)</b>		<b>5,364,968</b>
	<b>Management of Liquid Resources</b>		
908,093	Short Term Deposits	(16,556,899)	
-	Other Liquid Resources	(1,800,000)	
			(18,356,899)
<b>908,093</b>	<b>Net Cash Flow from Liquid Resources (Note 21)</b>		<b>(18,356,899)</b>
<b>3,729,044</b>	<b>Net Cash Outflow/(Inflow) for the Year (Note 22)</b>		<b>(11,436,348)</b>

## Notes to the Accounts

### GENERAL

#### Changes to Accounting Practice

During the 2008/09 financial year there have been some changes to the way Local Government Accounts are presented. The changes are explained in the Statement of Accounting Policies (No 1 General). Local Government Accounting Practice is now in line with UK Generally Accepted Accounting Practice (UK GAAP) and is starting to move towards Financial Reporting Standards (IFRS).

#### Income and Expenditure Account

The purpose of the Income and Expenditure Account is to show a summary of the resources generated and consumed within the year. This Account is split into three sections. The first section provides information on the income and expenditure of the authority's different operations. The second section comprises of income and expenditure relating to the authority as a whole. The third section shows income from local taxation and general government grants in the period, to give the net surplus or deficit for the year.

#### Statement of the Movement on the General Fund Balance

The purpose of the Statement of the Movement on the General Fund Balance is to reconcile how the balance of resources generated/consumed in the year links in with the statutory requirements for raising Council Tax.

The Income and Expenditure Account discloses the income receivable and expenditure incurred by the Council for the year. The surplus or deficit achieved on the Income and Expenditure Account represents the amount by which income is greater than or less than expenditure. Both income and expenditure are measured using essentially the same accounting conventions (i.e. UK GAAP) that a large (but unlisted) company would use in preparing its audited annual financial statements.

However, the items of 'income' and 'expenditure' that are required to be credited or charged to the General Fund and which therefore must be taken into account in determining a local authority's budget requirement and in turn its Council Tax demand is determined by statute and non-statutory proper practices rather than being in accordance with UK GAAP. While the amounts that the Statement of Recommended Practice (SORP) requires to be included in the Income and Expenditure Account and statute and non-statutory proper practices requires to be included in the General Fund are largely the same, there are a number of differences. For example, depreciation of fixed assets is charged to the Income and Expenditure Account but cannot be charged to the General Fund.

The Statement of the Movement on the General Fund Balance shows the amount to be credited or debited to the General Fund in total as a one line entry. Therefore a note is required to this statement to break this entry down into its component parts. This note is known as the **Note of Reconciling Items for the Statement of Movement on the General Fund Balance**.

## Statement of Total Recognised Gains and Losses

The purpose of the Statement of Total Recognised Gains and Losses is to demonstrate how the movement in the net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.

Not all the gains and losses experienced by a local authority are reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded as they are treated under UK GAAP as arising from asset and liability valuation changes rather than from an entity's operating performance. More detailed explanations relating to specific items within the accounts follow in the notes below.

### NOTES

#### 1. Trading Operations

The authority operates two market undertakings at Northallerton and Thirsk. The total turnover, which was largely rents from stallholders, amounted to £210,187 (2007/08 £211,752), and the surplus charged to the General Fund was £62,457 (2007/08 surplus £78,182).

In addition the Council operates a trade waste collection service which had a turnover of £653,491 (2007/08 £603,920) and made a loss of £8,059 (2007/08 loss of £86,240).

2007/2008 £	Trading Activity	2008/2009 £
(78,182)	Markets	(62,457)
86,240	Trade Waste	8,059
<b>8,058</b>	<b>(Surplus) / Deficit</b>	<b>(54,398)</b>

#### 2. Earmarked Revenue Reserves

Other Earmarked Revenue Reserves	Appropriations		Net Movement £
	To £	From £	
Council Taxpayers Reserve	(1,537,103)	1,730,827	193,724
Community Safety Partnership	(21,099)	22,852	1,753
Local Plan Reserve	-	116,732	116,732
Grants Fund	-	125,167	125,167
Cyclical Reserve	(500,000)	10,776	(489,224)
New Service Improvement Reserve	(931,566)	664,168	(267,398)
<b>Total Movement on Earmarked Reserves</b>	<b>(2,989,768)</b>	<b>2,670,522</b>	<b>(319,246)</b>

## Notes to the Accounts (Cont'd 1)

### 3. Intangible Fixed Assets

2007/2008 £	IT Software and Services	2008/2009 £
2,243,494 (1,175,554)	Original Cost Amortisations to 31 March	2,453,284 (1,560,964)
1,067,940	Balance at 1 April	892,320
209,790	Expenditure in Year	394,195
-	Disposals	(529,730)
(8,500)	Impairments	9,444
(376,910)	Written off to Revenue in Year	(381,810)
-	Depreciation on Disposals	492,027
<b>892,320</b>	<b>Balance at 31 March 2008</b>	<b>876,446</b>

Intangible Fixed Assets cover IT services and software that are used for most of the Council's services including Housing Benefits, Council Tax, CAD and GIS systems etc. These have been acquired over a number of years and are generally written off over five years.

## Notes to the Accounts (Cont'd 2)

### 4. Movement in Tangible Fixed Assets

	Operational Assets		Non-Op Investment Assets	Non-Op Assets Under Construction	Infrastructure Assets	Community Assets	Total
	Land and Buildings	Vehicles, Plant and Equipment					
	£	£	£	£	£	£	£
<b>Gross Book Value at 1 April 2008</b>	29,471,374	6,589,144	8,447,049	2,165,605	2,940,621	88,117	49,701,910
Additions	240,178	228,226	427,178	3,065,141	100,839	5,329	4,066,891
Disposals	(4,184)	(2,315,336)	(191,939)	(14,260)	5,575	(26,077)	(2,546,221)
Adjustments	(2,430,239)	106,697	4,552,465	(2,150,179)	(78,744)	-	-
Revaluations	237,203	-	1,042,706	-	-	-	1,279,909
<b>Gross Book Value at 31 March 2009</b>	<b>27,514,332</b>	<b>4,608,731</b>	<b>14,277,459</b>	<b>3,066,307</b>	<b>2,968,291</b>	<b>67,369</b>	<b>52,502,489</b>
Depreciation at 1 April 2008	(1,801,227)	(4,267,309)	-	-	(854,348)	-	(6,922,884)
Depreciation for Year	(146,400)	(516,970)	-	-	(88,940)	-	(752,310)
Depreciation on Assets Sold	4,185	2,125,518	-	-	(12,075)	-	2,117,628
Depreciation written back on Revalued Assets	575,271	-	-	-	-	-	575,271
<b>Depreciation at 31 March 2009</b>	<b>(1,368,171)</b>	<b>(2,658,761)</b>	<b>-</b>	<b>-</b>	<b>(955,363)</b>	<b>-</b>	<b>(4,982,295)</b>
Accumulated Impairment at 1 April 2008	(266,005)	(12,640)	-	-	-	-	(278,645)
Impairment in Year	(526,723)	12,640	(474,965)	-	-	-	(989,048)
<b>Accumulated Impairment at 31 March 2009</b>	<b>(792,728)</b>	<b>-</b>	<b>(474,965)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,267,693)</b>
<b>Net Book Value at 31 March 2009</b>	<b>25,353,433</b>	<b>1,949,970</b>	<b>13,802,494</b>	<b>3,066,307</b>	<b>2,012,928</b>	<b>67,369</b>	<b>46,252,501</b>
<b>Net Book Value at 1 April 2008</b>	<b>27,404,142</b>	<b>2,309,195</b>	<b>8,447,049</b>	<b>2,165,605</b>	<b>2,086,273</b>	<b>88,117</b>	<b>42,500,381</b>
<b>Change in Net Book Value during the Year</b>	<b>(2,050,709)</b>	<b>(359,225)</b>	<b>5,355,445</b>	<b>900,702</b>	<b>(73,345)</b>	<b>(20,748)</b>	<b>3,752,120</b>

## Notes to the Accounts (Cont'd 3)

### Movement in Tangible Fixed Assets (cont'd)

The Council operates a rolling programme of valuations which is designed to spread the burden of valuation in terms of cost and number over a 5 year period. The last full valuation was carried out in March 2003. The valuations in 2008/09 were carried out by an external valuer – G J Tyerman MRICS of Mouchel

The valuation basis for each category of assets is as follows:

- Operational Land and Buildings – Existing Use Value, calculated using the method of Depreciated Replacement Cost.
- Operational Plant and Equipment - Historic cost as a proxy for current cost.
- Non Operational Assets – Market Value.
- Infrastructure Assets - Historic cost.
- Community Assets - Historic cost.

An analysis of the Council's major fixed assets at 31 March includes:

31 March 2008 Numbers	Assets	31 March 2009 Numbers	Estimated Useful Live Years
3	Offices	3	60
4	Depots	4	11-36
9	Public Conveniences	9	55-60
13	Off Street Car Parks	13	40
1	Community Centres	1	40
4	Sports & Leisure Facilities	4	25-50
5	Industrial Estates	5	N/A
5	Industrial Workshop Buildings	5	N/A
2	Managed Workspace Buildings	2	60
1	Visitor Centre	1	60
4	Tourist Information Centres	4	50-60
23	Vehicles	23	5-8
76,032	Domestic Wheeled Bins	78,156	10

Capital expenditure was financed as follows:

Financed By:-	31 March 2009 £	Expenditure	31 March 2009 £
Capital Receipts	3,040,643	Tangible Fixed Assets	4,066,890
Revenue Contributions	64,332	Intangible Fixed Assets	394,195
Grants	3,562,558	Revenue Funded by Capital under Statute	2,206,448
<b>Total</b>	<b>6,667,533</b>		<b>6,667,533</b>

Expenditure on Revenue expenditure funded by Capital under Statute (2007/08 deferred charges) was written off to revenue in 2008/09. This included Home Improvement Grants (£273,244 in 2008/09 and £300,965 in 2007/08), Grants to community groups and village halls (£108,834 in 2008/09 and £82,513 in 2007/08, a new sports hall at the Galtres Centre costing £753,434 in 2008/09 and other schemes (£1,070,936 in 2008/09 and £109,629 in 2007/08).

## Notes to the Accounts (Cont'd 4)

Further details on the Council's capital expenditure incurred during 2008/09 are shown in the Capital Accounts Summary on page 55.

At the end of 2008/09 the Council had the following significant capital commitment outstanding (where significant means an outstanding commitment of over £250,000).

Contract	Contractor	Contract Value £	Outstanding Commitment £	Expected Completion
Northallerton Managed Workspace	Lumsden & Carroll	2,114,884	1,118,364	September 2009

### Hire and Maintenance

The Council was committed at 31 March 2009, to make payment under a Hire and Maintenance Agreement in 2008/09 in respect of its main refuse collection fleet – an analysis by expiration date is shown below.

	Vehicles Plant and Equipment £
Hire and Maintenance Agreement expiring in 2009/10	-
Hire and Maintenance Agreement expiring between 2010/11 and 2013/14	1,794,240
	<b>1,794,240</b>

## 5. Long Term Investments

The investments consist of:

31 March 2008 £	Long Term Investments	31 March 2009 £
20,000 4,983	ADSC Debenture 3 ½ War Loan Stock	- 4,983
<b>24,983</b>	<b>Total Long Term Investments</b>	<b>4,983</b>

The debenture was redeemed during 2008/09

## Notes to the Accounts (Cont'd 5)

### 6. Long Term Debtors

31 March 2008 £	Long Term Debtors	31 March 2009 £
78,112	Car Loans to Employees	77,531
1,328	Interest Adjustment re Car Loans	-
<b>79,440</b>	<b>Total Long Term Debtors</b>	<b>77,531</b>

### 7. Stocks

The main items of stock relate to:

31 March 2008 £	Stocks	31 March 2009 £
16,820	Central Stocks - Stationery etc.	18,168
26,069	Herriot Visitor Centre	14,846
7,598	TICs	8,238
15,332	Operational Services	20,307
29,560	Leisure Facilities	21,603
<b>95,379</b>	<b>Total Stocks</b>	<b>83,162</b>

### 8. Debtors

The 2008 SORP states that the Collection Fund Balance shown on the Balance Sheet should only be Hambleton District Council's share of the total Collection Fund Balance. The remainder of the balance due to or from other authorities should be included as a debtor or creditor on the Balance Sheet. The table below shows the calculation for Hambleton District Council's share for both years:-

31 March 2008 £	Collection Fund Analysis	31 March 2009 £
	<b>Other Authorities</b>	
159,893	North Yorkshire County Council 74% (2007/08 73%)	261,982
32,855	North Yorkshire Police Authority 14% (2007/08 15%)	49,565
8,761	North Yorkshire Fire & Rescue Auth. 4% (2007/08 4%)	14,161
201,509	<b>Amount included in Debtors (other Local Authorities)</b>	325,708
17,522	Hambleton District Council share 8% (2007/08 8%)	28,322
<b>219,031</b>	<b>Total Collection Fund Balance</b>	<b>354,030</b>

**Notes to the Accounts (Cont'd 6)**

31 March 2008 £	Debtors	31 March 2009 £
	<b>Amounts falling due in one year :-</b>	
552,655	Government Departments	3,707,020
527,536	Other Local Authorities	519,842
211,975	Other Public Sector Organisations	15,288
5,632	Housing Associations	95,063
1,111,521	Council Taxpayers	1,206,198
630,167	Business Ratepayers	316,201
1,550,389	Sundry Debtors	2,323,278
4,589,875		8,182,890
(1,220,962)	Less Provision For Doubtful Debts	(1,466,856)
167	Add Interest Adjustment re: Micro Loans	-
<b>3,369,080</b>	<b>Net Debtors</b>	<b>6,716,034</b>

## Notes to the Accounts (Cont'd 7)

### 9. Short Term Investments

The investments consist of:

31 March 2008			Investments	31 March 2009		
Specified	Non Specified	Total		Specified	Non Specified	Total
£	£	£		£	£	£
12,490,633	4,066,266	16,556,899	Investec Investment Management	-	-	-
4,300,000	7,500,000	11,800,000	Money Market	10,660,000	13,200,000	23,860,000
<b>16,790,633</b>	<b>11,566,266</b>	<b>28,356,899</b>	<b>Total Investments</b>	<b>10,660,000</b>	<b>13,200,000</b>	<b>23,860,000</b>

In total the investments held earned £1,843,354 in interest in 2008/09. All the funds are currently managed internally. Specified investments are those held for less than 1 year.

## Notes to the Accounts (Cont'd 8)

### 10. Creditors

31 March 2008 £	Creditors	31 March 2009 £
(443,071)	Other Local Authorities	(444,807)
(162,599)	Other Public Sector Organisations	(28,126)
(455,245)	Government Departments	(881,038)
(14,626)	Water Companies	(21,297)
(16,471)	Housing Associations	(69,047)
(831,549)	Council Taxpayers	(790,456)
(1,879,097)	Business Ratepayers	(1,582,979)
(1,645,957)	Sundry Creditors	(2,209,164)
<b>(5,448,615)</b>	<b>Total Creditors</b>	<b>(6,026,913)</b>

### 11. Short Term Borrowing

31 March 2008 £	Short Term Borrowing	31 March 2009 £
-	Balance Brought Forward at 1 April	-
-	Money Market Loan	(1,800,000)
-	<b>Balance at 31 March 2009</b>	<b>(1,800,000)</b>

The above loan was taken out on a short term basis and repaid in April 2009.

### 12. Government Grants Deferred

Government Grants and other contributions are credited to the continuing operations section of the Income and Expenditure Account. They are released to the service receiving the grant over the useful life of the asset to match the depreciation of the asset to which it relates.

2007/2008 £	Government Grants and Other Contributions Deferred	2008/2009 £
(3,269,009)	Balance Brought Forward at 1 April	(2,813,534)
(1,298,813)	Grants Received in the Year	(2,783,265)
1,754,288	Grants Applied to Capital Expenditure transferred to Income and Expenditure Account	3,239,153
<b>(2,813,534)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(2,357,646)</b>

## Notes to the Accounts (Cont'd 9)

### 13. Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by North Yorkshire County Council – this is a funded defined benefit salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £2,369,000 (£4,061,000 2007/08) as restated, were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £6,430,000.

#### Reconciliation of present value of the Scheme Liabilities:

2007/2008 £	Funded Liabilities: Local Gov Pension Scheme	2008/2009 £
(42,266,000)	<b>1 April</b>	(44,890,000)
(1,196,000)	Current Service Cost	(1,276,000)
(2,272,000)	Interest Cost	(2,752,000)
(414,000)	Contributions by Scheme Participants	(468,000)
(364,000)	Actuarial Gains and (Losses)	10,660,000
1,997,000	Benefits Paid	1,285,000
(375,000)	Past Service Cost	(6,000)
<b>(44,890,000)</b>	<b>31 March</b>	<b>(37,447,000)</b>

#### Reconciliation of fair value of the Scheme Assets:

2007/2008 £	Funded Assets: Local Gov Pension Scheme	2008/2009 £
32,605,000	<b>1 April</b>	30,629,000
2,137,000	Expected Rate of Return	2,076,000
(3,697,000)	Actuarial Gains and (Losses)	(13,029,000)
1,167,000	Employer Contributions	1,283,000
414,000	Contributions by Scheme Participants	468,000
(1,997,000)	Benefits Paid	(1,285,000)
<b>30,629,000</b>	<b>31 March</b>	<b>20,142,000</b>

The expected rate of return on Scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actuarial return on Scheme assets in the year was £10,953,000 (2007/08: £1,953,000).

## Notes to the Accounts (Cont'd 10)

### Scheme History

	2004/2005*	2005/2006*	2006/2007 as restated	2007/2008 as restated	2008/2009
	£	£	£	£	£
Present Value of Liabilities	(35,900,000)	(42,278,000)	(42,266,000)	(44,890,000)	(37,447,000)
Fair Value of Assets	23,823,727	30,473,103	32,605,000	30,629,000	20,142,000
<b>Surplus/(Deficit) in the Scheme</b>	<b>(12,076,273)</b>	<b>(11,804,897)</b>	<b>(9,661,000)</b>	<b>(14,261,000)</b>	<b>(17,305,000)</b>

\* The Council has elected not to restate fair value of the Scheme assets for 2004/05 and 2005/06 as permitted by FRS 17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £17m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £17,305,000.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2010 is £1.3m.

#### Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the Pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2007.

## Notes to the Accounts (Cont'd 11)

The principle assumptions used by the actuary have been:

2007/2008	Local Government Pension Scheme	2008/2009
7.5%	Long-term Expected Rate of Return on Assets in the Scheme	7.5%
10.7%	Equity Investments	10.0%
12.75%	Bonds	8.0%
	Other	
	Mortality Assumptions:	
	Longevity at 65 for Current Pensioners:	
21.1years	Men	21.2 years
24.0 years	Women	24.0 years
	Longevity at 65 for Future Pensioners	
22.2 years	Men	22.2 years
25.0 years	Women	25.0 years
3.6%	Rate of Inflation	3.3%
5.35%	Rate of Increase in Salaries	5.05%
3.6%	Rate of Increase in Pensions	3.3%
6.1%	Rate for Discounting Scheme Liabilities	7.1%
	Take-up of Option to convert Annual Pension into Retirement Lump Sum:	
50%	Maximum Cash	50%
50%	3/80ths Cash	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of assets held:

31 March 2008 %		31 March 2009 %
72.9	Equity Investment	74.8
21.8	Bonds	19.7
5.3	Other Assets	5.5
<b>100.0</b>		<b>100.0</b>

History of experience gains and losses:-

The actuarial gains identified as movements on the Pensions Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009.

	2004/2005*	2005/2006*	2006/2007 as restated	2007/2008 as restated	2008/2009
	%	%	%	%	%
Difference between the Expected and Actual Return on Assets.	3.2	15.2	0.5	12.1	64.7
Experience Gains and Losses on Liabilities	3.0	2.2	0.0	3.3	0.0

\* The Council has elected not to restate fair value of the Scheme assets for 2004/05 and 2005/06 as permitted by FRS 17 (as revised).

## Notes to the Accounts (Cont'd 12)

### 14. Revaluation Reserve

The Revaluation Reserve records unrealised revaluation gains arising from holding assets, since 1 April 2007. The 2007 SORP required this new reserve to have an opening balance of zero.

2007/2008 £	Revaluation Reserve	2008/2009 £
-	Balance Brought Forward at 1 April	(2,153,579)
(2,191,742)	Revaluation of Fixed Assets	(1,855,181)
38,163	Disposal of Fixed Assets	25,106
<b>(2,153,579)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(3,983,654)</b>

### 15. Capital Adjustment Account

The balance brought forward into the Capital Adjustment Account at 1 April 2007 was the combined balance of the former Fixed Asset Restatement Account and Capital Financing Account. The account provides a balancing mechanism between the different rates at which assets are depreciated under the SORP, and the way they are financed through the capital controls system.

2007/2008 £	Capital Adjustment Account	2008/2009 £                      £	
(36,077,610)	Balance Brought Forward at 1 April	(38,300,578)	
(2,481,289)	<b>Capital Financing</b>		
(60,458)	- Usable Capital Receipts	(3,040,643)	
(1,329,748)	- Direct Revenue Financing	(64,332)	
(3,871,495)	- Grants Applied	(2,713,083)	
714,472	Amortisation of Intangible Assets and Revenue Funded by Capital under Statute to Income and Expenditure Account	1,231,285	
288,089	Impairment Loss on Fixed Assets	979,603	
1,070,506	Provision for Depreciation	1,688,346	
(424,540)	Deferred Grant Release	(526,070)	
1,648,527		3,373,164	
<b>(38,300,578)</b>	<b>Balance Carried Fwd at 31 March</b>	<b>(40,745,472)</b>	

### 16. Financial Instruments Adjustment Account

The new Financial Instruments requirements of SORP 2007 mean that the Council has to account for lost interest on any loans that it gives either interest free or at interest rates below current market rates.

## Notes to the Accounts (Cont'd 13)

The current rate of interest for car loans is 3.5% and micro loans (given to new businesses) are interest free. The table below shows for 2007/08 the interest lost calculated at 4.75%. Because the interest rate variations are so small it has been agreed with the Auditor that they are not material and therefore the calculations have not been performed for the 2008/09 financial year. At 31 March 2009 3 micro loans had been granted (3 in 2007/08) and the total balance outstanding was £4,950 (£3,224 in 2007/08). The balance outstanding on car loans at 31 March 2009 was £77,531 (£78,112 at 31 March 2008), which is also shown in Note 6.

31 March 2008 £	Financial Instruments Adjustment Account	31 March 2009 £
(1,328)	Interest Adjustment re: Car Loans	-
(167)	Interest Adjustment re: Micro Loans	-
<b>(1,495)</b>	<b>Total Financial Instruments Adjustment Account</b>	<b>-</b>

### 17. Usable Capital Receipts Reserve

2007/2008 £	Usable Capital Receipts Reserve	2008/2009 £
(11,484,004)	Balance Brought Forward at 1 April	(9,749,541)
(746,826)	Capital Receipts in Year	(264,837)
2,481,289	Financing of Capital Expenditure	3,040,644
<b>(9,749,541)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(6,973,734)</b>

### 18. Other Reserves

Other Reserves	1 April 2008 £	Increases in Year £	Decreases in Year £	31 March 2009 £
Council Taxpayers Reserve	(10,044,059)	(1,537,103)	1,730,827	(9,850,335)
Community Safety Partnership	(64,096)	(21,099)	22,852	(62,343)
Local Plan Reserve	(280,653)	-	116,732	(163,921)
Hambleton Strategic P'ship	(8,000)	-	-	(8,000)
Grants Fund	(382,000)	-	125,167	(256,833)
Cyclical Reserve	(64,500)	(500,000)	10,776	(553,724)
Service Improvement Reserve	(1,195,866)	(931,566)	664,168	(1,463,264)
Capital Fund	(1,865,178)	-	-	(1,865,178)
<b>Total Other Reserves</b>	<b>(13,904,352)</b>	<b>(2,989,768)</b>	<b>2,670,522</b>	<b>(14,223,598)</b>

The purposes of the above reserves are as follows:

## Notes to the Accounts (Cont'd 14)

**Council Taxpayer Reserve** – To support Council Tax levels and revenue spending.

**Community Safety Partnership** – To receive surpluses and deficits from the Community Safety Partnership Accounts.

**Local Plan** – To assist in the funding of a continuous programme of Local Plan preparation and review.

**Hambleton Strategic Partnership Reserve** – To receive surpluses and deficits from the Hambleton Strategic Partnership Accounts.

**Grants Fund** – To fund revenue grants to organisations on an annual basis. This is a new reserve established in 2007/08.

**Cyclical Reserve** – To receive annual contributions from the revenue account to enable the financing of cyclical events. This is a new reserve established in 2007/08.

**Service Improvement Reserve** – To improve or sustain service delivery.

**Capital Fund** – To provide revenue support to assist funding of the Capital Programme. No contribution was made from the fund in 2008/09.

### 19. Net Cash Flow – Reconciliations

The Cash Flow statement is an analysis of the Income and Expenditure Account, Collection Fund and Balance Sheet. It seeks to bring together both cash in-flows and out-flows during the year and excludes internal transfers and recharges.

#### Revenue

2007/2008 £	Cash Flow Reconciliation	2008/2009	
		£	£
	<b>Revenue Activities</b>		
-	Movement on the General Fund Balance	-	
-	Capital Grants transferred to Revenue	835,821	
96,531	Collection Fund Balance	134,999	970,820
(177,409)	Contributions (to)/from Provisions	(245,894)	
(60,458)	Financing of Capital Expenditure	(64,332)	
1,954,310	Investment Interest	1,853,981	
(795,612)	Transfers (to)/ from Reserves	(319,246)	1,224,509
(1,710)	Increase/(Decrease) in Stock	(12,217)	
1,250,310	Increase/(Decrease) in Debtors	1,074,228	
905,146	(Increase)/Decrease in Creditors	152,224	1,214,235
<b>3,171,108</b>	<b>Net Cash Flow from Revenue Activities</b>		<b>3,409,564</b>

Notes to the Accounts (Cont'd 15)

Capital

2007/2008 £	Cash Flow Reconciliation	2008/2009	
		£	£
4,027,040	<b>Capital Expenditure</b> Gross Capital Expenditure		6,667,533
(23,536)	(Increase)/Decrease in Creditors	44,026	
(2,872)	Increase/(Decrease) in Debtors	-	
			44,026
4,000,632	<b>Total Capital Payments</b>		6,711,559
(2,206,811)	<b>Capital Income</b> Gross Capital Income	(3,910,230)	
-	Capital Grants Transferred to Revenue	835,821	
(201,996)	Increase/(Decrease) in Debtors	1,772,292	
12,328	(Increase)/Decrease in Creditors	(44,474)	
(2,396,479)	<b>Total Capital Receipts</b>		(1,346,591)
<b>1,604,153</b>	<b>Net Cash Flow from Capital Activities</b>		<b>5,364,968</b>

## Notes to the Accounts (Cont'd 16)

### 20. Government Grants

31 March 2008 £	Government Grants	31 March 2009 £
	<b>Revenue</b>	
(3,550,651)	Council Tax Benefit	(3,708,779)
(10,773,149)	Rent Allowances and Rent Rebates	(12,012,662)
(121,982)	Renovation Grants	(104,982)
-	DCLG – Energy Efficiency for Vulnerable Households	(178,547)
(10,000)	Yorkshire Forward – Renaissance Market Towns	(91,199)
-	DEFRA – Contaminated Land	(842)
-	DFT – Concessionary Fares	(280,900)
(87,074)	Community Safety	(1,253)
(36,250)	Homelessness	(60,000)
(201,350)	Planning Delivery	(439,145)
-	Project Delivery Team	(48,387)
(180,071)	LABGI	(238,267)
(82,941)	Local Housing Allowance	-
(17,775)	Enabling Strategy	-
(70,000)	Beacon Council	-
(36,145)	Smoke Free Grant	-
(76,663)	LSPA – Efficiency and Waste	-
(36,566)	Waste Performance	-
<b>(15,280,617)</b>	<b>Total Revenue Grants</b>	<b>(17,164,963)</b>
	<b>Capital</b>	
(52,091)	Leisure Grants – Stokesley, Hambleton & Thirsk	-
(14,188)	Art Projects at Stokesley & Neasham Lane	(7,500)
(54,068)	Implementing Electronic Government	-
-	Regional Improvement Efficiency Project	(15,000)
-	DCLG – Planning Delivery Grant	(219,573)
-	Yorkshire Forward Momentum Managed Workspaces	(62,862)
-	Big Lottery Fund – Aldwark Park Area	(10,000)
-	Yorkshire Forward – Renaissance Market Towns	(30,000)
(184,522)	Yorkshire Forward – 17/17A Market Place, Bedale	(25,000)
(706,408)	Yorkshire Forward – Stokesley Grow-on Units	(309,355)
(76,664)	LSPA – Efficiency and Waste	(32,545)
<b>(1,087,941)</b>	<b>Total Capital Grants</b>	<b>(711,835)</b>

The 2007/08 figures in the table have been restated to comply with the 2008 SORP

### 21. Management of Liquid Resources

	31 March 2008 £	31 March 2009 £	Movement £
Investments	28,356,899	23,860,000	(4,496,899)
Less Internally Managed Funds (treated as a cash equivalent)	(11,800,000)	(23,860,000)	(12,060,000)
Short Term Loan	-	(1,800,000)	(1,800,000)
<b>Total Cash and Cash Equivalent</b>	<b>16,556,899</b>	<b>(1,800,000)</b>	<b>(18,356,899)</b>

## Notes to the Accounts (Cont'd 17)

### 22. Movement in Cash and Cash Equivalents

	31 March 2008 £	31 March 2009 £	Movement £
Cash with Officers	4,557	3,416	(1,141)
Cash at Bank/Overdrawn (-)	(968,867)	208,622	1,177,489
	(964,310)	212,038	1,176,348
Short Term Investments	11,800,000	23,860,000	12,060,000
Short Term Loan	-	(1,800,000)	(1,800,000)
<b>Total Cash and Cash Equivalents</b>	<b>10,835,690</b>	<b>22,272,038</b>	<b>11,436,348</b>

### 23. Publicity

Section 5, of the Local Government Act 1986, which came in force on 1 April 1988, requires a local authority to keep a separate account of expenditure on publicity. Hambleton has complied with the Act and the Publicity Account is operated as a memorandum account (as jointly recommended by the Chartered Institute of Public Finance and Accountancy and the former Office of the Deputy Prime Minister). Consequently the account does not appear in this Statement of Accounts, but is summarised below:

2007/2008 £	Publicity Memorandum Account	2008/2009 £
35,832	Staff Advertising	25,959
105,148	General Advertising	78,473
<b>140,980</b>	<b>Total Expenditure</b>	<b>104,432</b>

Section 5(2) of the Act provides that ..... "Any person interested may at any time and without payment inspect the account and make copies of it or any part of it".

### 24. Related Party Transactions

In the financial year to 31 March 2009 material transactions between the Council and the following related parties took place that are not wholly explained specifically in the Statement of Accounts.

North Yorkshire County Council - a range of receipts and payments relating to Collection Fund, Pension Fund and contractual payments in both directions. The County Council is a separate entity but does have several common members with the District Council.

Thirsk and Sowerby Swimming Baths Charity – operationally this is run by Hambleton District Council for a management fee. The Charity is a separate entity but does have several Council Members who are Trustees of the Charity.

Members of the Council have interests in other related parties such as Parish Councils and other public bodies.

## Notes to the Accounts (Cont'd 18)

None of the relationships involve any material transactions. However the following Members are involved in other organisations with which the Council has material transactions:-

Councillor	Organisation	Relationship	2008/2009 Payment £	Nature of Payments
A Barker	Yorwaste	Non-Exec Director	96,356	Recycling Income
J Prest	J Prest Property Management	Director	15,152	Housing Benefit Payments

### 25. S.137 Local Government Act 1972

Under Section 137(3) of the Local Government Act 1972 (amended) the Council is empowered to spend up to £5.30 x the relevant population of the district to finance projects which are in the interests of the district or some of its inhabitants, when not otherwise authorised. For Hambleton District Council the relevant sum is £463,973(2007/08 £463,973). In 2008/09 the Council had expenditure under this power of £0 (2007/08 £390).

### 26. Partnerships

#### North Yorkshire Building Control Partnership (NYBCP)

On 1 September 2007 the Building Control service was transferred to the North Yorkshire Building Control Partnership. The other Partnership members are Ryedale, Selby and Scarborough District Councils. The NYBCP contribution to reserves for 2008/09 is £5,000 giving an accumulated reserve of £10,000. Hambleton's share of this reserve is £2,500, based on the terms of the Partnership agreement.

#### North Yorkshire Audit Partnership (NYAP)

On 1 April 2008 the Internal Audit service was transferred to the North Yorkshire Audit Partnership. The other Partnership members are Richmondshire, Ryedale, Selby and Scarborough District Councils.

#### Concessionary Fares Partnership

The Council provides a Concessionary Fares Bus Pass Scheme in conjunction with the North Yorkshire Concessionary Fares Partnership, under legislation enacted in the Transport Act 2000. Men and women over 60, together with disabled persons (as defined in the Act) are currently entitled to a bus pass which allows them to travel free by bus anywhere in England (on local buses only). The gross expenditure of the Scheme was £454,714 (2007/08 £241,718) of which £393,901 (2007/08 £220,087) related to operator reimbursements. The expenditure of the scheme includes a share of the administration cost incurred by the Partnership – these totalled £246,375 (2007/08 £204,861), and Hambleton's share was £27,158 (2007/08 £21,631).

## Notes to the Accounts (Cont'd 20)

### Community Safety Partnership

The Hambleton Community Safety Partnership has been set up to reduce crime and disorder and promote community safety in Hambleton. Hambleton District Council, as accountable body, is working with the following organisations to achieve the Partnership's aims for 2008/09:

- ◆ North Yorkshire Police
- ◆ North Yorkshire County Council
- ◆ North Yorkshire Police Authority
- ◆ York & North Yorkshire Primary Care Trust
- ◆ North Yorkshire Probation Service
- ◆ Broadacres Housing Association
- ◆ North Yorkshire Fire and Rescue Service
- ◆ North Yorkshire Fire Combined Authority
- ◆ National Probation Service
- ◆ North Yorkshire Drug & Alcohol Action Team
- ◆ Northallerton & District Voluntary Service Association
- ◆ Government Office for Yorkshire and the Humber
- ◆ Northallerton Magistrates

The total cost of the Partnership for 2008/09 was £106,690 (2007/08 £163,033) and Hambleton's contribution was £10,000 (2007/08 £10,000).

## 27. Employees Emoluments

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:-

Total Emoluments	Number of Employees	
	2007/2008	2008/2009
£50,000 - £59,999	7	7
£60,000 - £69,999	0	0
£70,000 - £79,999	0	0
£80,000 - £89,999	2	1
£90,000 - £99,999	0	0
£100,000 - £109,999	1	0
£110,000 - £119,999	0	0
£120,000 - £120,999	0	1
<b>Total</b>	<b>10</b>	<b>9</b>

## 28. Leasing / Hire and Maintenance Agreement

The Council uses a number of vehicles under a Hire and Maintenance Agreement to provide Refuse Collection and Recycling services.

Payments under these agreements are accounted for on an accruals basis and therefore the amount paid in the year differs from that shown in the Income and Expenditure Account.

The amount paid under these arrangements totalled £518,715 in 2008/09 (£24,359 2007/08) however the amount charged to revenue was £504,710 (£294,625 2007/08)

## Notes to the Accounts (Cont'd 21)

reflecting the accrual of Hire and Maintenance lease expenditure within the Council's accounts. Details of outstanding commitments under these arrangements are shown in Note 4 to the Accounts.

### 29. Members Allowances

A total of £267,073 was paid in Members Allowances during 2008/09 (£261,340 2007/08).

### 30. Trust Funds

The Council acts as one of several trustees for the Thirsk and Sowerby Swimming Baths Charity, and administers the Charity's funds on its behalf. The Capital value of the fund is £2,365,787 as at 31 March 2009 (£2,313,240 31 March 2008). This Fund does not represent assets of the Council and therefore is not included in the Balance Sheet.

### 31. Audit Fees

The Council incurred the following fees relating to external audit and inspection:

2007/2008 £	Audit Fees	2008/2009 £
66,800	Fees payable to the Statutory Auditor with regard to external audit services carried out by the appointed auditor.	64,869
4,700	Fees payable to the Statutory Auditor in respect of statutory inspection.	7,621
17,000	Fees payable to the Statutory Auditor for the certification of grant claims and returns.	39,033
8,092	Fees payable in respect of other services provided by the Statutory Auditor.	3,680
<b>96,592</b>	<b>Total Audit Fees</b>	<b>115,203</b>

The fees for other services payable relate to Thirsk and Sowerby Swimming Baths Charity (£3,680 in 2008/09 and £3,680 in 2007/08).

### 32. Events after the Balance Sheet Date

Under FRS 21, Events after the Balance Sheet Date, the Council is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts. There were no significant events to be considered between the Balance Sheet date and the Authorisation date.

The Statement of Accounts for 2008/09 were formally tabled before the Audit and Governance Committee for approval on 24 June 2009 and authorised for issue by the Chairman of the Committee and the Executive Director on that date. The statements are then subject to the External Audit process and will be published on the Council's website once the external audit is completed.

## Notes to the Accounts (Cont'd 22)

### 33. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity Risk – the possibility that the authority might not have the funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Treasury Management is carried out by a central treasury management team, under policies approved by Hambleton District Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

#### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they meet the criteria laid down in the Council's Annual Investment Strategy. The authority has a policy of not lending more than 3m (or 20% of its fund value), whichever is the higher, of its surplus balances to one institution.

#### Liquidity Risk

Liquidity risk is concerned with the Council's ability to have adequate cash resources at all times to enable it to achieve its business/service objectives. This risk is mitigated by active daily cash flow management and forward financial planning. The Council also has bank overdraft arrangements and is able to borrow from the money market.

Hambleton District Council borrows only to finance temporary short term cash flows. Temporary borrowing was undertaken at the year end with the loan of £1,800,000 which was repaid on 1 April 2009.

<b>Maturity Profile of Borrowing</b>	<b>31 March 2009 £</b>
Less than one year	1,800,000
Between one and two years	-
Between two and five years	-
More than five years	-
All trade and other payables due to be paid in less than one year	1,800,000

## Notes to the Accounts (Cont'd 23)

### Interest Rate Risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects.

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise. However, the Council's policy is not to borrow at variable rates.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise. However, the Council's policy is not to invest at variable rates.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at a fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the Income and Expenditure Account and would affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments would be reflected in the STRGL. However, the Council's policy is not to invest or borrow at variable rates.

The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

## Collection Fund Income and Expenditure Account

2007/2008 £		2008/2009	
		£	£
41,538,108	<b>Income</b> - Council Tax		43,717,224
3,336,974	Transfers from General Fund - Council Tax benefits		3,678,814
21,173,384	Income Collectable from Business Ratepayers (Note 3)		23,397,221
792,390	Ministry of Defence Payment in Lieu of Council Tax		836,965
<b>66,840,856</b>	<b>Total Income for the Year</b>		<b>71,630,224</b>
	<b>Expenditure</b>		
33,303,254	Precept Payments		
6,543,891	- North Yorkshire County Council	35,214,881	
3,733,515	- North Yorkshire Police Authority	6,889,698	
1,977,992	- Hambleton District Council	4,019,437	
	- North Yorkshire Fire and Rescue Authority	2,086,470	
			48,210,486
21,027,062	Business Rates		
146,322	- Payment to National Pool	23,246,895	
	- Costs of Collection	150,326	
			23,397,221
79,258	Increase in Provision for Bad Debt	134,938	
47,539	Write Offs	22,578	
			157,516
78,554	Transfer to General Fund - Surplus Estimated for Previous Year		-
<b>66,937,387</b>	<b>Total Expenditure for the Year</b>		<b>71,765,223</b>
<b>96,531</b>	<b>(Surplus)/Deficit for the Year</b>		<b>134,999</b>
122,500	(Surplus)/Deficit Brought Forward at 1 April		219,031
<b>219,031</b>	<b>(Surplus)/Deficit Carried Forward at 31 March</b>		<b>354,030</b>

## Notes to the Collection Fund Income and Expenditure Account

### 1. General

These accounts represent the transactions of the Collection Fund which is a statutory fund prepared on an accruals basis.

The Collection Fund accounts are consolidated with the other accounts of the Council.

2. The Council Tax is a property based tax with properties allocated to valuation bands from A to H. The tax base for Hambleton was calculated at £35,629.61 for 2008/09 being the total number of properties converted to an equivalent number of band D dwellings. The number in each band shown as band D equivalents was:-

A	B	C	D	E	F	G	H	Total
1,728.83	5,296.72	6,797.34	5,785.81	6,413.78	5,038.89	3,692.04	257.20	35,010.61
Add Contributions in Lieu – MOD (Band D equivalent)								619.00
								<b>35,629.61</b>

The average Council Tax for Hambleton at Band D was £1,353.10, made up as follows:

2007/2008 £	Precepting Authorities	2008/2009 £
80.38	Hambleton District Council	84.00
943.54	North Yorkshire County Council	988.36
185.40	North Yorkshire Police Authority	193.37
25.40	Parish	28.81
56.04	North Yorkshire Fire Authority	58.56
<b>1,290.76</b>	<b>Total Average Band D Council Tax</b>	<b>1,353.10</b>

3. Under the arrangements for uniform business rates, the Council collects non-domestic rates from its area, which are based on local rateable values multiplied by a uniform rate. At 31 March 2009 the non-domestic rateable value was £56,187,722 which when multiplied by a uniform business rate of 45.8p gives a total collectable of £25,733,977.

After taking into account prior year adjustments, transitional adjustments, small property relief, empty property rate and mandatory and discretionary relief this gives a net total collectable during 2008/09 of £23,397,221.

# **Independent Auditors' Report to the Members of Hambleton District Council**

## **Opinion on the accounting statements**

We have audited the accounting statements and related notes of Hambleton District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the related notes to the Core Financial Statements 1 to 33 and the related notes to the Collection Fund 1 to 3. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Hambleton District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## ***Respective responsibilities of the Executive Director (Section 151 Officer) and the independent auditors***

The Executive Director (Section 151 Officer's) responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Council Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

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

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

We read other information published with the accounting statements and related notes as described in the contents section, and consider whether it is consistent with the audited accounting statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

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

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

## ***Opinion***

In our opinion the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Council Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.

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

### **Council's Responsibilities**

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

### **Auditors' Responsibilities**

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

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

**Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Thomson (Engagement Lead)

**For and on behalf of Deloitte LLP**

**Appointed Auditor  
Leeds, England**

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the Council but no control procedures can provide absolute assurance in this area.

## Capital Accounts Summary 2008/2009

Committee and Service	Total Expenditure £	Usable Receipts £	Revenue Reserves £	Revenue Contributions £	Capital Grants & Contributions £
<b>Prosperity &amp; Places</b>					
Housing	733,197	458,650	-	-	274,547
Community Development	108,584	108,584	-	-	-
Economic Development	3,971,001	1,075,316	-	-	2,895,685
Car Parks	110,923	104,100	-	-	6,823
<b>Sub-total Prosperity &amp; Places</b>	<b>4,923,705</b>	<b>1,746,650</b>	<b>-</b>	<b>-</b>	<b>3,177,055</b>
<b>Safety &amp; Health</b>					
Leisure Centres	991,251	829,678	-	26,950	134,623
Playing Fields & Open Spaces	55,093	55,093	-	-	-
CCTV	10,080	10,080	-	-	-
Footway Lighting	34,170	34,170	-	-	-
Community Safety	47,545	8,386	22,852	-	16,307
<b>Sub-total Safety &amp; Health</b>	<b>1,138,139</b>	<b>937,407</b>	<b>22,852</b>	<b>26,950</b>	<b>150,930</b>
<b>People, Sustainable Communities &amp; Excellence</b>					
Offices & Depots	5,329	5,329	-	-	-
IT Equipment	504,698	255,595	-	14,530	234,573
Waste Collection & Recycling	56,876	56,876	-	-	-
Energy Management Schemes	38,786	38,786	-	-	-
<b>Sub-total People, Sustainable Communities &amp; Excellence</b>	<b>605,689</b>	<b>356,586</b>	<b>-</b>	<b>14,530</b>	<b>234,573</b>
<b>GRAND TOTAL</b>	<b>6,667,533</b>	<b>3,040,643</b>	<b>22,852</b>	<b>41,480</b>	<b>3,562,558</b>

## Income and Expenditure Account – Committee Analysis

This statement supplements the Income and Expenditure Account on page 20, and gives an analysis of the Council's expenditure and income by Scrutiny Committee. A number of services have moved between Priority Themes in 2008/09, therefore the Expenditure for 2007/08 could be in a different Theme from the 2008/09 Expenditure. There are also some new services in 2008/09.

Details	2008/2009			2007/2008
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Prosperity and Places Scrutiny Committee</b>				
<u>Places</u>				
Local Tax Collection	-	-	-	684,989
Housing Benefits	12,569,252	12,427,347	141,905	99,904
Local Land Charges	119,273	109,881	9,392	(82,172)
Pest Control	-	-	-	69,184
Public Conveniences	-	-	-	194,936
Street Cleansing	-	-	-	724,816
Waste Collection	-	-	-	1,440,989
Recycling	-	-	-	(38,630)
Environmental Health Services	-	-	-	422,799
Operational Services	-	-	-	7,456
Housing Strategy	526,744	222,333	304,411	98,154
Registered Social Landlords	101,697	-	101,697	2,537
Housing Act Advances	-	-	-	450
Housing Advice	57,483	-	57,483	52,440
Private Sector Housing Renewal	-	-	-	241,058
Homelessness	277,993	123,935	154,058	144,040
Housing Services	265,214	264,730	484	(8)
Building Control	146,187	53,169	93,018	262,816
Development Management	1,147,581	1,117,614	29,967	261,957
Planning Policy	785,623	301,416	484,207	520,084
Environmental Grants & Initiatives	113,697	22,500	91,197	88,163
Design & Maintenance	-	-	-	4,605
Community Development – HDC	259,197	-	259,197	-
Community Development - Partnership	23,610	23,610	-	-
<u>Prosperity</u>				
Public Transport	545,777	282,490	263,287	318,046
Tourism	186,003	-	186,003	163,443
Visitor Information	-	-	-	13,030
Visitor Centres (TICs)	81,911	26,045	55,866	70,407
World of James Herriot	369,534	184,737	184,797	112,445
Off-Street Parking	349,707	59,275	290,432	235,805
Workspace Management	397,539	2,751,244	(2,353,705)	(1,059,060)
Business Grants	22,208	7,056	15,152	16,832
Support to Business & Enterprise	574,056	558,621	15,435	33,856
Government Initiatives	10,073	-	10,073	2,615
Promotion & Marketing of the Area	23,874	6,763	17,111	12,003
Economic Development	185,661	179,535	6,126	(812)
<b>Sub-total</b>	<b>19,139,894</b>	<b>18,722,301</b>	<b>417,593</b>	<b>5,119,177</b>

## Income and Expenditure Account – Committee Analysis (Cont'd)

Details	2008/2009			2007/2008
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<b>Safety &amp; Health Scrutiny Committee</b>				
<u>Safety</u>				
Emergency Planning	49,029	-	49,029	42,381
Licensing	187,361	187,894	(533)	-
Health & Safety at Work	-	-	-	150,239
Footway Lighting	228,431	235	228,196	180,943
CCTV	221,510	122,914	98,596	104,431
Community Safety (HDC)	145,182	-	145,182	143,024
Community Safety (Partnership)	107,247	128,346	(21,099)	-
Defences Against Flooding	18,051	10	18,041	16,426
<u>Health</u>				
Museums	2,830	-	2,830	15,431
Hambleton Forum	178,937	96,135	82,802	85,644
Swimming Pools & Leisure Centres	5,003,774	2,708,869	2,294,905	855,110
Thirsk All Weather Pitch	44,680	19,585	25,095	111,163
Open Spaces	119,443	25,719	93,724	45,997
Leisure Services	362,683	29,370	333,313	360,383
Facilities Unit	191,340	192,904	(1,564)	(504)
Cemeteries and Closed Churchyards	10,950	2,074	8,876	6,650
Health and Safety at Work	133,953	-	133,953	-
Food Safety	-	-	-	207,816
Other Licensing	-	-	-	(35,761)
Pest Control	142,600	67,148	75,452	-
Public Health	479,237	33,990	445,247	-
Public Conveniences	241,254	28,165	213,089	-
Private Sector Housing Renewal	526,179	367,775	158,404	-
Lifestyles	87,696	33,980	53,716	-
<b>Sub-total</b>	<b>8,482,367</b>	<b>4,045,113</b>	<b>4,437,254</b>	<b>2,289,373</b>
<b>People, Sustainable Communities &amp; Excellence Scrutiny Committee</b>				
<u>People and Sustainable Communities</u>				
Democratic Representation	1,045,362	34,784	1,010,578	1,052,957
Corporate Management	-	-	-	766,009
Street Cleansing	798,394	12,684	785,710	-
Waste Collection	1,503,076	24,581	1,478,495	-
Recycling	1,192,742	825,144	367,598	-
Environmental Health Services	738,476	733,201	5,275	-
Operational Services	506,479	505,598	881	-
Food Safety	177,674	10,798	166,876	-
Elections	228,858	94,884	133,974	175,977
Grants & Subscriptions	-	-	-	30,950
Customer & Information Services	-	-	-	(6,345)
Community Planning – HDC	-	-	-	269,955
Community Planning - Partnership	-	-	-	-
Committee Services	144,638	146,663	(2,025)	-

## Income and Expenditure Account – Committee Analysis (Cont'd)

Details	2008/2009			2007/2008
	Gross Expenditure £	Income £	Net Expenditure £	Net Expenditure £
<u>Excellence</u>				
Personnel and Payroll	344,942	342,947	1,995	5,183
Customer Services	867,213	931,795	(64,582)	-
Performance and Efficiency	155,738	163,662	(7,924)	-
Resources Department	523,358	522,734	624	(1,789)
Communications	187,347	189,692	(2,345)	-
Design & Maintenance	446,763	446,152	611	-
Data Management	266,058	263,994	2,064	-
Corporate Management	784,214	41,479	742,735	-
Grants & Subscriptions	30,113	-	30,113	-
ICT Services	1,193,775	1,182,558	11,217	15,535
Admin Buildings	522,930	419,068	103,862	25,997
Depots	76,915	74,244	2,671	25,774
Unapportionable Central Overheads	135,389	11,742	123,647	493,119
Corporate Management & Support	1,291,917	1,300,121	(8,204)	20,716
Legal and Committee Services	-	-	-	2,684
Legal Services	180,894	178,289	2,605	-
Local Tax Collection	4,978,835	4,266,284	712,551	-
Performance and Improvement	-	-	-	9,702
<b>Sub total</b>	<b>18,322,100</b>	<b>12,723,098</b>	<b>5,599,002</b>	<b>2,886,424</b>
<b>Grand Total</b>	<b>45,944,361</b>	<b>35,490,512</b>	<b>10,453,849</b>	<b>10,294,974</b>

### Note:

The net costs of support services have been transferred to the Income and Expenditure Account on page 20, in accordance with the Code of Practice on Local Authority Accounting, as the recharged cost of these services is reflected in the Accounts of the service receiving it.

## Glossary of Terms

### **Accounting Policies:**

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Revenue account or Balance Sheet it is to be presented.

### **Accruals:**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Actuarial Gains and Losses:**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- (b) the actuarial assumptions have changed.

### **Capital Expenditure:**

Payments made for the purchase or provision of assets of long term value to the Council e.g. land, buildings, plant and machinery.

### **Capital Receipt:**

The money received from the sale of assets

### **Collection Fund:**

A fund administered by the Billing Authority (District Councils) into which is paid Council Tax it collects together with the payment it receives for National Non Domestic (Business) Rates (NNDR) collected from business ratepayers. Precepts are paid from the fund to precepting authorities including the billing authority.

### **Contingency:**

A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

### **Creditors:**

Amounts incurred by the Council but not yet paid.

### **Current Service Cost (Pensions):**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

### **Debtors:**

Amounts due to the Council but not yet received.

**Defined Benefit Scheme:**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Deferred Capital Receipts:**

Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council houses.

**Depreciated Replacement Cost**

This means that the cost of constructing the property is calculated, and then depreciated for the factors of age and obsolescence. An addition is then made for the value of the land on which the property is situated. Such valuations are subject to the prospect and viability of the continued occupation and use of the property.

**Depreciation:**

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

**Existing Use Value**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction, after property marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

**Expected Rate of Return on Pension Assets:**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**Fair Value:**

The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**General Fund:**

The main account of the council which records the cost of services.

**Government Grants:**

Payments by central government towards the cost of local authority services either specifically, such as house improvements grants, or generally, in the form of Revenue Support Grant.

**Impairment:**

A reduction in the value of a fixed asset, usually measured by a valuer, below its carrying amount on the Balance Sheet.

**Intangible Assets:**

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, e.g. software licences.

**Investments (Non Pensions Fund):**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Investments (Pension Fund):**

The investments of the Pension Fund will be accounted for in the statements of that Fund. However, authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**Local Authority Business Growth Incentive (LABGI) Scheme:**

In 2005 the Government introduced this scheme whereby local authorities could share in any excess business rate income above a pre-determined growth rate.

**Market Value**

Market Value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

**Net Book Value:**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Operational Assets:**

Fixed assets held and occupied used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

**Precepting Authorities:**

Local authorities that cannot levy Council Tax and Non-Domestic Rates directly on the public but have the power to precept. Billing authorities (District Councils) subsequently pass on the requirements of precepting authorities (County Councils and Parish Councils) in the total Council Tax levy. The Non-Domestic Rate levy is set by Central Government.

**Prudence:**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

**Retirement Benefits:**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employer's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**Revenue Expenditure:**

Recurring expenditure on day to day expenses such as salaries, wages, electricity and telephones.

**Revenue Financing:**

A method of financing capital expenditure from revenue resources in the year of account instead of spreading the cost over a period of years.

**Revenue Support Grant:**

Paid by central government to assist in the provision of local government services.

**Scheme Liabilities:**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Support Service Costs:**

The cost of certain departments that provide professional and administrative services to the Council e.g. legal and accountancy.