MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts for the Year Ended 31st March 2011

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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 those affairs. In this authority, that Officer is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance 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 Code).

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Head of Finance has also:

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

Foreword by the Head of Finance

1. Introduction

The purpose of this foreword is to provide a guide to the most significant matters reported in the accounts. The first IFRS-based financial statements are being produced for 2010/11, so Members are presented this year with a set of accounts that look different from previous years, in order to reflect the changed requirements. These requirements, set out in the 2007 Budget report, announced that the UK Public Sector would adopt IFRS based financial reporting, which was seen as best practice and would allow better international comparisons to be made. The specific areas that have changed are detailed later in this Foreword (paragraph 8).

The pages that follow are the Council's Accounts for 2010/11. The format of these Financial Statements is set out under IFRS 1 – Presentation and Disclosure, and in order to comply with IAS 1, the Authority's first IFRS financial statements 2010/11 now comprise:

- Three statements of financial position (Balance Sheet);
- Two statements of comprehensive income and expenditure (CIES);
- Two statements of cash flows;
- Two statements of changes in equity (MIRS);
- Related notes, including comparative information

As most IFRS accounting is retrospective, we have had to account for things as if they had always been under IFRS rules.

Each of the main Financial Statements are explained further below:

- **Movement in Reserves Statement (MIRS*)*** – This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line within the MIRS shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.
- **Comprehensive Income and Expenditure Statement (CIES)** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Balance Sheet** – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- **Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.
- **Notes to the Accounts -** These explain the basis of the figures in the accounts. In particular the first note is 'Critical Judgements In Applying Accounting Policies', which enables an appreciation of the policies that have been followed in dealing with material items.
- **Collection Fund -** This account reflects the statutory requirement for the Council to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to non-domestic rates and council tax and illustrates the way in which council tax has been distributed to West Sussex County Council, Sussex Police Authority and the General Fund. The Collection Fund is incorporated in the Balance Sheet as part of Debtors and also the Cash Flow Statement.

Once again, we will also be publishing summary accounts to help 'non-financial' people understand the Council's financial position. If any further information is required on any aspect of these documents please use the relevant details below to contact us.

I would now like to draw attention to the key features of these accounts and offer a brief financial overview of the year and comparison with the previous year.

2. Outturn for 2010/11

Revenue

The revenue and capital outturn for 2010/11 was reported to Cabinet on 6th June 2011. The report explained that the early part of 2010/11 presented initial uncertainties for Mid Sussex with regard to the Coalition Government announcements of in-year spending cuts hitting local Government. However, in-spite of this, continuous prudent management of resources has proved a successful approach to keeping within budget for 2010/11. Throughout the year, the drive has been to control costs, especially as the financial outlook facing the Council next year and beyond is very challenging.

During 2010/11 Cabinet received five full Budget Management reports, and additionally, received two interim update reports in March and April. Over the year, the budget has continued to be managed in order to ensure that financial targets are met without compromising service performance. Mid Sussex has an embedded culture of seeking efficiencies, which has helped achieve this year's underspend of £743,000. This is after allowing for the previously approved transfers totalling £450,000, to the Job Evaluation / Redundancy Specific Reserve, and £20,000 for empty homes funding, as approved by Cabinet 11th April 2011.

Furthermore, this year's underspend has enabled the Council to make provision, in specific reserves, for potential expenditure in the future, thus taking pressure off the revenue budget and mitigating some of the significant pressures that will face the Council as a result of the Comprehensive Spending Review. It has also enabled the Council to boost the General Reserve in accordance with the wishes of Members. This outturn position is set out in the table overleaf.

Interest

For 2010/11, interest receipts for the year totalled £195,000 against an original budget of £160,000. Of the total received, £6,000 has been transferred to the Corporate Organisational and Development Specific Reserve for employee benefits. This is in accordance with existing practice to part-pay employees' professional qualification subscriptions. The revenue budget underspend position means that no interest was required to support the outturn. Therefore, the remaining balance of £189,000 was transferred to General Reserve.

Specific Items and Reserves

Specific items financed from the Specific Reserves and General Reserve for 2010/11 totalled £1,094,000. Further details are contained within the Transfers to /from Earmarked Specific Reserves note (Note 5) to the accounts.

Revenue Expenditure 2010/11 Service Area	Estimate 2010/11 £'000	Actual 2010/11 £'000	Variation 2010/11 £'000
Building & Asset maintenance	(225)	**(278)**	**(53)**
Cleansing Services	2,648	**2,607**	**(41)**
Community Services & Culture	1,615	**1,534**	**(81)**
IBO Client	1,158	**1,153**	**(5)**
Facility Management, Streetscene & Landscapes	2,322	**2,217**	**(105)**
Parking Services	(844)	**(797)**	**47**
Customer Services and Communications	(25)	**(27)**	**(2)**
Personnel & Payroll	19	**30**	**11**
Corporate Organisational Development	21	**(29)**	**(50)**
Legal Services	(1)	**(7)**	**(6)**
Land Charges	64	**60**	**(4)**
Property	(1,026)	**(1,028)**	**(2)**
Member Support & Elections	799	**776**	**(23)**
Performance Scrutiny and Partnerships	481	**434**	**(47)**
Building Control	240	**194**	**(46)**
Environmental Health	1,100	**1,051**	**(49)**
Housing	795	**721**	**(74)**
Finance Accountancy	(67)	**(97)**	**(30)**
Finance Corporate	508	**539**	**31**
ICT	(206)	**(182)**	**24**
Revenues & Benefits	1,510	**1,374**	**(136)**
Development Management	982	**587**	**(395)**
Planning Policy	981	**854**	**(127)**
Better Mid Sussex	139	**136**	**(3)**
Strategic Core	1,656	**1,491**	**(165)**
Drainage levies	13	**13**	**0**
Benefits	(150)	**(53)**	**97**
Balance Unallocated	31	**0**	**(31)**
	14,538	**13,273**	**(1,265)**
Capital schemes to be financed from revenue	42	**0**	**(42)**
Better Mid Sussex capitalised salaries	(150)	**0**	**150**
Contribution to Disabled Facilities Grant	425	**425**	**0**
Payback to reserves: Voluntary severances	64	**0**	**(64)**
Step 5: Adjustments to service levels renovation grants	(20)	**(20)**	**0**
Interest due on loan approved realting to the Brow	0	**8**	**8**
Interest payable on bins	69	**69**	**0**
Total Revenue Expenditure 2010/11	14,968	**13,755**	**(1,213)**
less transfer to JE / Redundancy specific reserve	0	**450**	**450**
less transfer to Empty homes Specific Reserve	0	**20**	**20**
less transfer to Specific Reserve requests	0	**425**	**425**
Total Revenue Expenditure 2010/11	14,968	**14,650**	**(318)**

Capital

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. Actual Capital Spending for the year amounted to £3,431,000 (including £224,000 relating to non-programmed projects which are projects that do not form part of the planned Capital Programme, but which are authorised under delegated authority). This was £324,000 less than the updated 2010/11 programme of £3,755,000 (being £548,000 when excluding the non-programmed projects).

Of this variation, £481,000 relates to slippage. The majority of the slippage relates to delays in Major Capital Renewals (£398,000), which is due to a delay in undertaking roofing works on various sites. The other significant slippage is for Bolnore Leisure Site (£50,000). In addition, delays in Affordable Housing projects have meant that this budget was underspend by £70,000, which has been rolled over and added to the Capital Programme for 2011/12.

The main items of expenditure in the year were:

Capital Expenditure 2010/11	**2010/11**
Property, Plant and Equipment	**£**
Land and Buildings	
Leisure Centres	**92,414**
Community Centres	**3,412**
Infrastructure Assets	
Drainage Assets	**49,975**
Plant / Vehicles / Equipment	
Playground Equipment	**182,698**
ICT Hardware	**23,534**
Intangible Assets	
Software and software licences	**67,199**
Investment Property	
The Brow	**1,891,477**
Revenue Expenditure funded from Capital Under Statute	
Housing - Disabled Facilities Grants (DFG)	**751,087**
Housing - Affordable Housing	**99,000**
Rural Community Provision & Capital Grants	**98,080**
Other expenditure	**172,303**
Total	**3,431,179**

The capital expenditure in the year was financed by:

Capital Receipts	£398,987
General Fund Balances	£236,424
Other Reserves (Specific Reserve)	£57,497
Government Grants & Other contributions (including Disabled Facility Grants)	£460,148
Section 106s	£386,646
One Year Loan	£1,891,477

Usable capital receipts for 2010/11 totalled £292,906 (refer Note 4 of the accounts), and other receipts received in 2010/11 totalled £983,413 (refer Note 29 Grant Income – receipts in advance). The split mainly relates to:

Section 106 agreements	£529,082
Renovation Grant	£352,100
Other government grants and contributions	£102,231

The available year end balances of Usable Capital Receipts is £242, Capital Grants and Contributions Reserve is £1,169,443 and Section 106 Contributions and Capital Grants Receipts in Advance is £4,701,488.

3. Borrowing

A report to Council on 17th November 2010 approved borrowing of up to £2,000,000 to finance the surrender of the existing lease at The Brow and to finance the demolition of the existing building ahead of a conditional sale of the whole site to a leading retirement house builder. £1 million was secured from Thurrock Borough Council for 364 days at 1.2%. The other £1 million was secured from East Riding of Yorkshire Council pension Fund also for 364 days at 1.2%. The proceeds arising from the completion of the conditional sale will enable the Council to repay the loan.

4. Local Taxpayers

During the year, the Council collected £79.953m in Council Tax (net of council tax benefit) on behalf of West Sussex County Council, Sussex Police Authority and Mid Sussex District Council and its towns and parishes. All but £8.551m of this was passed on to the other authorities. The collection rate for the year was 98.4% of the total amount due and most of the remainder will be collected in the first few months of 2011/12.

5. Pensions

The pensions liability has decreased to £18,166,000 as at 31st March 2011, from £45,837,000 as at 31st March 2010. This is principally the result of a change in the basis of the Actuary's assumptions, whereby the pension increases are now linked to Consumer Price Index (CPI) rather than Retail Price Index (RPI). This change is detailed as an exceptional item in the Comprehensive Income and Expenditure Statement. The other main change has been an adjustment to mortality assumptions due to increased life expectancy. Full details of the movement in the liability are shown in the Notes to the Accounts, Note 36.

6. Provisions

At 31st March 2011 there is a provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

None

7. Other Significant items

In 2010/11, HMRC confirmed the acceptance of the final claim for overpaid VAT for past years, and MSDC was refunded £387,236, including statutory interest dating back to 1973. Of this total, expenditure totalling £77,447 was incurred relating to fees paid to Pricewaterhouse Coopers, who were engaged on a "no win no fee" basis to prepare and submit our retrospective claim. This was reported to Members in the Budget Management Report to Cabinet 10th January 2011. The sum received is included in Culture, Environmental and Planning Services income, and then transferred to General Reserve.

In 2009/10, the sum of £1,127,837 overpaid VAT for past years was shown as an exceptional item on the Comprehensive Income and Expenditure Statement.

8. Changes Under International Financial Reporting Standards

In order to reflect the move to International Financial Reporting Standards (IFRS), there are a number of changes that need to be adopted. IFRS 1 First-time Adoption of International Financial Reporting Standards sets out these specific transitional arrangements that apply only in this first year.

These are described below:

- There is a requirement to show the effect of an 'embedded lease' which reflects the asset part of the contract with SERCO. This is a requirement arising from International Accounting 17 (IAS 17) Lease Accounting, and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

- In previous years, income and costs relating to investment properties has been shown as part of 'Central Services to the Public' in the Income and Expenditure Statement. From 2010/11, there is a requirement to show this as part of Financing and Investment activities, to distinguish between service and investment related income and expenditure. Similarly, any gains or losses on disposals of investment properties are shown as part of Financing and Investment activities.

- Grants and contributions are now recognised on receipt and shown in the Comprehensive Income and Expenditure statement (CIES), unless there is a condition in the agreement that has not been met. In previous years, such grants and contributions were recognised over the life of the asset and the income matched against the related depreciation in the Income and Expenditure statements. Where the related expenditure is of a capital nature, the grant or contribution will be transferred from the general fund to the Capital Adjustment Account to reflect the application of capital resources to finance an asset. Refer to Prior Period Adjustments Note 6.

- On the Balance Sheet, investments are now required to be split between short-term investments and cash/cash equivalents. Short-term investments are defined as those deposits that would incur a penalty if redeemed before the agreed maturity date. Deposits that are held 'on call' are readily available with no penalty for early realisation and are shown as 'cash equivalent'.

- The Code follows the component accounting requirements set out in IAS16. The Code places a much greater emphasis in this area and defines components that require to be depreciated separately in the context of those having a 'cost that is significant in relation to the total cost of the asset'. The Code requires the authority to adopt new accounting policies in respect of componentisation and de-recognition of components from 1 April 2010, and to apply these policies prospectively from that date. For MDSC, all assets are re-valued on an annual basis, and our In - house Valuer has confirmed that there is no material change in the figures between componentization and valuing as a whole, other than the fact that there are certain assets that are not depreciated (i.e. land) or items that are not depreciated in value terms e.g. moveable fixtures and fittings. Therefore, for this year's accounts, component accounting has not been adopted, as there would be no material impact on our assets if the components were separated, and it has been established there is no added value from splitting assets into components.

- All employee benefits are accounted for as they are earned by the employee. This has required accruals for items such as holiday pay and flexi-leave.

9. Further Information

Interested members of the public have a statutory right to inspect the accounts from 14th July 2011 to 10th August 2011. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Mid Sussex Leader and East Grinstead Observer. The Notice was also placed on the MSDC website, under the Finance Publications section. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315

(Peter.Stuart@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (Cathy.Craigen@midsussex.gov.uk), at Mid Sussex District Council, Oaklands Road, Haywards Heath,

RH16 1SS. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.

MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts 2010/11

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Audit Commission Act 1998.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at the reporting date and its income and expenditure for the year ended 31st March 2011. These financial statements replace the unaudited financial statements authorised for issue by the Head of Finance on 30th June 2011.

P Stuart
Head of Finance
27 September 2011

Certification by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 27 September 2011.

Signed on behalf of the Audit Committee

Cllr A Lea
Chairman Audit Committee
27 September 2011

Financial Statements

Movement in Reserves Statement

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants & Contributions	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Restated Balance at 1 April 2009	**3,865,487**	**1,140,788**	**776,993**	**1,251,104**	**7,034,372**	**61,694,779**	**68,729,151**
Surplus/(deficit) on provision of services (accounting basis)	(5,579,437)	0	0	0	(5,579,437)	0	**(5,579,437)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(19,902,917)	**(19,902,917)**
Total Comprehensive Income and Expenditure	**(5,579,437)**	**0**	**0**	**0**	**(5,579,437)**	**(19,902,917)**	**(25,482,354)**
Adjustments between accounting basis and funding basis under regulation (refer Note 4)	6,990,480	0	(628,957)	(59,196)	6,302,327	(6,302,327)	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	1,411,043	0	(628,957)	(59,196)	722,890	(26,205,244)	(25,482,354)
Transfers (to) / from Earmarked Reserves (refer Note 5)	(375,935)	375,935	0	0	0	0	0
Increase / Decrease in Year	1,035,108	375,935	(628,957)	(59,196)	722,890	(26,205,244)	(25,482,354)
Restated Balance at 31 March 2010	**4,900,595**	**1,516,723**	**148,036**	**1,191,908**	**7,757,262**	**35,489,535**	**43,246,797**

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants & Contributions Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Restated Balance at 1 April 2010	**4,900,595**	**1,516,723**	**148,036**	**1,191,908**	**7,757,262**	**35,489,535**	**43,246,797**
Surplus/(deficit) on provision of services (accounting basis)	9,615,129	0	0	0	9,615,129	0	**9,615,129**
Other Comprehensive Expenditure and Income	0	0	0	0	0	20,444,750	**20,444,750**
Total Comprehensive Income and Expenditure	**9,615,129**	**0**	**0**	**0**	**9,615,129**	**20,444,750**	**30,059,879**
Adjustments between accounting basis and funding basis under regulation (refer Note 4)	(7,122,292)	0	(147,794)	(22,465)	(7,292,551)	7,292,551	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	2,492,837	0	(147,794)	(22,465)	2,322,578	27,737,301	30,059,879
Transfers (to) / from Earmarked Reserves (refer Note 5)	(675,238)	675,238	0	0	0	0	0
Increase / Decrease in Year	1,817,599	675,238	(147,794)	(22,465)	2,322,578	27,737,301	30,059,879
Balance at 31 March 2011	**6,718,194**	**2,191,961**	**242**	**1,169,443**	**10,079,840**	**63,226,836**	**73,306,676**

Comprehensive Income and Expenditure Statement

restated 2009/10 Gross Expenditure £	restated 2009/10 Gross Income £	restated 2009/10 Net Expenditure £		Note	2010/11 Gross Expenditure £	2010/11 Gross Income £	2010/11 Net Expenditure £
			Service Net Expenditure (25)				
9,628,969	(8,713,586)	915,383	Central Services to the Public		8,041,128	(6,970,625)	**1,070,503**
18,579,708	(5,346,677)	13,233,031	Culture, Environmental and Planning Services		13,604,268	(3,462,468)	**10,141,800**
275,943	(1,403,780)	(1,127,837)	Exceptional Items	(7)	0	0	**0**
2,545,202	(2,395,644)	149,558	Highways, Roads and Transport Services		2,053,060	(2,123,635)	**(70,575)**
31,389,786	(29,640,954)	1,748,832	Housing Services		31,729,984	(29,805,711)	**1,924,273**
2,562,231	(121,058)	2,441,173	Corporate and Democratic Core		3,374,199	(88,430)	**3,285,769**
1,955,237	0	1,955,237	Non Distributed Costs		222,470	0	**222,470**
0	0	0	Exceptional Items	(7)	(9,539,000)	0	**(9,539,000)**
66,937,076	(47,621,699)	19,315,377	**Net Cost of Services**		49,486,109	(42,450,869)	**7,035,240**
			Other Operating Expenditure				
		12,387	(Gain)/ loss on disposal of Property Plant & Equipment				**(147,905)**
		3,054,225	Parish and Town Council Precepts & Drainage Levies				**3,150,099**
		63,155	Amounts payable into Housing Capital Receipts Pool				**77,425**
		3,129,767					**3,079,619**
			Financing and Investment Income & Expenditure				
		380,248	Interest Payable				**150,699**
		(336,258)	Interest and Investment Income				**(195,695)**
		(1,004,393)	Investment Properties Net Income				**(981,395)**
		(343,898)	Movement in Fair Value of Investment Properties				**(1,560,873)**
		2,548,000	Pensions interest cost & expected return on pension assets				**1,195,000**
		1,243,699					**(1,392,264)**
			Specific Grant Income				
		(11,315,587)	Income from Council Tax				**(11,647,413)**
		(5,228,636)	Non-domestic rates redistribution				**(5,647,570)**
		(1,440,224)	Non-ringfenced government grants				**(856,631)**
		(124,959)	Capital Grants & S106 receipts used for financing				**(186,110)**
		(18,109,406)					**(18,337,724)**
		5,579,437	**(Surplus) / Deficit on Provision of Services**				**(9,615,129)**
		(278,083)	Surplus arising on revaluation of Property, Plant, Equipment assets				**(1,281,750)**
		20,181,000	Actuarial (gains) / losses on pension fund assets and liabilities				**(19,163,000)**
		19,902,917	**Other Comprehensive Income and Expenditure**				**(20,444,750)**
		25,482,354	**Total Comprehensive Income and Expenditure**				**(30,059,879)**

Balance Sheet

Restated As at 1st April 2009 £	Restated As at 31st March 2010 £		Note	As at 31st March 2011 £
62,570,332	59,824,938	Land and Buildings		**58,812,538**
3,924,048	3,497,776	Vehicles, Plant & Equipment		**3,058,921**
3,912,110	3,683,026	Infrastructure Assets		**3,528,140**
99,677	99,677	Community Assets		**99,677**
70,506,167	67,105,417	**Property, Plant & Equipment**	8	**65,499,276**
16,443,608	16,787,506	Investment Properties	9	**20,094,856**
523,106	420,659	Intangible Assets	10	**314,200**
383,661	487,415	Long Term Debtors	13	**334,605**
0	0	Long Term Investments		**0**
87,856,542	84,800,997	**Long Term Assets**		**86,242,937**
7,000,000	4,000,000	Short Term Investments	16	**13,500,000**
77,773	5,392	Inventories	14	**6,326**
8,241,063	9,199,183	Short Term Debtors	15	**4,769,119**
(1,459,833)	(1,655,242)	less provn Bad Debts		**(1,957,162)**
2,353,124	4,188,123	Cash & Cash Equivalents	17	**1,763,080**
16,212,127	15,737,456	**Current Assets**		**18,081,363**
(4,452,506)	(3,827,725)	Creditors	19	**(3,448,512)**
(98,303)	(102,117)	Provision for accumulated absences	20	**(93,961)**
(237,932)	(252,691)	Finance Lease Payable Less 1 Year	32	**(268,366)**
(90,156)	(134,447)	Borrowing Payable Less 1 Year	11	**(2,146,895)**
(4,878,897)	(4,316,980)	**Current Liabilities**		**(5,957,734)**
(361,698)	0	Provision	20	**0**
(4,839,087)	(4,543,477)	Capital Grants & Contributions Receipts In Advance	29	**(4,701,488)**
(1,255,918)	(1,003,227)	Finance Lease Payable Longer 1 Year	32	**(734,861)**
(1,533,918)	(1,590,972)	Borrowing Payable Longer 1 Year	11	**(1,457,541)**
(22,470,000)	(45,837,000)	Liability related to Defined Benefit Pension Scheme	36	**(18,166,000)**
(30,460,621)	(52,974,676)	**Long Term Liabilities**		**(25,059,890)**
68,729,151	43,246,797	**Net Assets**		**73,306,676**
13,283,796	13,165,396	Revaluation Reserve	22	**14,071,730**
70,748,196	68,030,138	Capital Adjustment Account	22	**67,208,222**
290,979	264,537	Deferred Capital Receipts Reserve	22	**228,825**
(22,470,000)	(45,837,000)	Pension Reserve	22	**(18,166,000)**
(98,303)	(102,117)	Accumulated Absences Account	22	**(93,961)**
(59,889)	(31,419)	Collection Fund Adj Ac(Deficit) / Surplus	22	**(21,980)**
61,694,779	35,489,535	**Unusable Reserves**	22	**63,226,836**
1,251,104	1,191,908	Capital Grants & Contributions Reserve	21	**1,169,443**
776,993	148,036	Usable Capital Receipts Reserve	21	**242**
1,140,788	1,516,723	Earmarked Specific Reserve	5	**2,191,961**
3,865,487	4,900,595	General Fund Balances	5	**6,718,194**
7,034,372	7,757,262	**Usable Reserves**	21	**10,079,840**
68,729,151	43,246,797	**Total Reserves**		**73,306,676**

Cash Flow Statement

Restated 2009/10 £		Note	2010/11 £
	Operating Activities		
	Cash Outflows		
12,899,442	Cash Paid to and on Behalf of Employees		12,452,666
18,333,947	Other Operating Cash Payments		16,245,949
32,119,585	Housing Benefit Paid Out		34,331,099
3,054,225	Payments to Preceptors		3,150,099
379,503	Interest Paid	24	143,226
61,562	Payments to Capital Receipts Pool		77,700
66,848,264			66,400,739
	Cash Inflows		
(1,454,149)	Rental Income		(1,429,936)
(11,260,061)	Council Tax Receipts		(11,690,285)
(5,228,636)	NNDR Payments from National Pool		(5,647,570)
(1,206,837)	Revenue Support Grant		(820,080)
(34,693,247)	DWP Grants for Benefits		(34,652,817)
(1,880,744)	Other Government Grants		(1,512,466)
(11,474,316)	Cash Received for Goods and Services		(11,143,251)
(491,843)	Interest Received	24	(131,631)
(1,027,613)	Other Operating Receipts		(1,346,773)
(68,717,446)			(68,374,809)
(1,869,182)	**Net Cash (Inflow)/Outflow - Operating Activities**		(1,974,070)
	Investing Activities		
568,806	Purchase of PPE, investment property & intangible assets		2,265,492
86,500,000	Purchase of Short-term & long-term Investments		94,900,000
0	Other payments for investing activities (if not in 2 lines above)		0
(58,848)	Proceeds from sale of PPE, Investment property & intangibles		(292,906)
(89,500,000)	Proceeds from Short-term & Long-term Investments		(85,400,000)
(309,989)	Other receipts from investing activities, include grants specifically paid for cost of purchase of PPE or Intangibles & S106s		(589,658)
(2,800,031)	**Net Cash flows from investing activities**		10,882,928
	Financing Activities		
(205,000)	Cash receipts of short & long term borrowing		(2,000,000)
(218,034)	Other receipts from financing activities		(4,864,961)
237,932	Cash payments for reduction of o/s liabilities for finance leases		252,691
104,401	Repayments of short & long term borrowing		128,455
2,914,915	Other payments for financing activities		0
2,834,214	**Net cash flows from financing activities**		(6,483,815)
(1,834,999)	**(Increase) / Decrease in Cash and Cash Equivalents**		2,425,043
2,353,124	Cash & Cash Equivalents (1st April)		4,188,123
4,188,123	Cash & Cash Equivalents (31st March)		1,763,080
1,834,999	**movement in year increase / (decrease)**		(2,425,043)

Notes to the Accounts

Notes to the Accounts

1. Critical Judgements In Applying Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 and be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets.

(b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowing is at a fixed rate over the life of the 15 year loan from Public Works Loan Board (PWLB) and a fixed rate over the life of a 5 year loan from PWLB. In addition, interest payable on borrowing is at a fixed rate for 364 days from Thurrock Borough Council and East Riding of Yorkshire Council Pension Fund.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of meter reading each year rather than being apportioned between financial years;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing and Council Tax Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Garden Waste, where annual fee income is accounted for in the year received, although renewal dates vary throughout the year and service is provided for a year from renewal.

These policies are consistently applied each year and therefore do not have a material effect on the year's accounts.

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are on call and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

(d) Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

(e) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(f) Charges to Revenue for Non- Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(g) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision or Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by West Sussex County Council. The scheme is a defined benefit scheme.

The liabilities of the West Sussex County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a nominal discount rate of 5.5% (based on the indicative rate of return on a high quality corporate bond).

The assets of the West Sussex County Council pension scheme attributable to the council are included in the Balance Sheets at their fair value:

- Quoted securities - bid value
- Unquoted securities – professional estimate
- Unitised securities – average of the bid and offer rates
- Property – market value

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year –allocated in the Comprehensive Income and Expenditure Account to the revenue accounts of services for which the employees worked
- Past service costs (gains)– the increase /(decrease) in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited / (credited) to the Net Cost of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
- Interest on obligation – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Financing and Investment Income and Expenditure part of the CIES
- Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Financing and Investment Income and Expenditure part of the CIES
- Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to ‘Other Comprehensive Income and Expenditure’ within the CIES
- Contributions paid to the West Sussex pension fund – cash paid as employer’s contributions to the pension fund

Statutory provisions limit the council to raising council tax to cover the amounts payable by the council to the pension fund in the year. In the Movement in Reserves Statement (MIRS) this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

The council also has restricted powers to make discretionary awards of retirement benefits in the events of early retirements. It is not the council’s policy to make such payments.

International Accounting Standard 19 (IAS 19)

IAS 19 replaces Financial Reporting Standard 17 (FRS 17) in 2010/11 as the intention is to harmonise UK accounting standards with the corresponding International Standard. The changes are reflected in revised disclosure requirements. There is no effect of the balance sheet position or the operating profit.

The figures for pension costs have been prepared in accordance with International Accounting Standard 19, Employee Benefits, (IAS 19). They include costs for both current and former employees. These costs have been determined on the basis of contributions required to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The effect on the Comprehensive Income and Expenditure Statement as a result of adopting IAS 19 in relation to pensions, is that the net cost of services has been decreased, the Financing and Investment Income and Expenditure part of the CIES has increased, and the Actuarial (gains) / losses on pension fund assets and liabilities shown within the Other Comprehensive Income and Expenditure part of the CIES has decreased. The amounts are shown as reconciling amounts in the Movement in Reserves Statement (MIRS) and are transferred into the Pensions Reserve. Full details are shown in the Notes to the Accounts, Note 36. The Balance Sheet includes a pensions liability, balanced by a pensions reserve of the same value. Interested parties may contact the Head of Finance for details of these adjustments.

The Council's policy in relation to its commitments to the West Sussex Pension Fund for 2010/11 was:

- for service accounts to bear the cost of pension contributions which relate to current employment only;
- to charge the revenue account with the actuarial costs of early retirement, e.g. early payment of pension and any added years granted.

In addition to pensions, IAS 19 includes the cost of accounting for short-term absences, typically accrued annual and flexi leave entitlement that is earned by employees but not taken and thus carried forward to the next financial year. The cost is charged to the Service Net Expenditure and then reversed out in the Movement in Reserves Statement.

(h) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(i) Financial Instruments

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable on borrowing are at a fixed rate over the life of a 15 year loan, and a 5 year loan from Public Works Loan Board (PWLB). The amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Statement is the amount payable for the year in the loan agreement. An additional £2 million in short term loans was arranged for 364 days, repayable in November 2011.

Financial Assets

Financial assets are classified into two types:

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

Investments are shown in the Balance Sheet at cost. Short Term Investments are those that have a maturity of up to 364 days and Long Term Investments are those that will mature in one year or more.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive 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 principal receivable, and interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Account.

There are no assets held as available for sale.

(j) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that

- The Authority will comply with the conditions attached to the payments and
- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors, Unapplied Grants and Contributions Receipts In Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant (ABG) was a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

(k) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events, for example software and software licences, are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This has been set as 5 years. As asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,00) the Capital Receipts Reserve.

(l) Inventories and Long Term Contract

Inventories are valued at actual cost. This is a departure from the requirements of the code and IAS 2, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

Long term contracts are accounted for on the basis of charging the Surplus or Defict on the Provision of Services with the value of works and services received under the contract during the financial year.

(m) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

(n) Jointly controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

(o) Leases

Leases are classified as finance leases where the terms of the lease in substance transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between

- A charge for the acquisition of the payments made to the lessor in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge recognising calculations of effective interest rate (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases
The Authority has not granted any finance leases over a property, or item of plant or equipment.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(p) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used - the full cost of over heads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council’s status as a multi-functional, democratic organisation
- Non Distributed Cost – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Statement, as part of Net Cost of Services.

(q) Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: expenditure costs of £10,000 or more, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can ben measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement: assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost. Open spaces (community assets) have been included at a nominal value of £1 per item. Works of art (community assets) have been included on the basis of an insurance valuation undertaken during 1998.

- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. The asset valuations, as at 1st April 2010, were carried out by Mr David Waite, FRICS, Property Manager for the council. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by;

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less that the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. As exception is made for assets without a determinable finite life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, equipment - Computer equipment and new playground equipment is calculated using the straight- line method over 5 years. Other equipment is depreciated using a 10% reducing balance method, with 10 year straight line for the Wheeley Bins and Skate Park Equipment, and 7 year straight line for the Car Parking Machines.
- Infrastructure – straight line allocation over the life of the asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held For Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is subsequent decrease to fair value less costs to see, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged in Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow –the capital financing requirement-). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities: A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measure reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets: A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(s) Reserves and Balances

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure

Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

(t) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

(u) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(v) Officer Personal Loan Scheme

Balances held are shown as long term debtors in the Balance Sheet. Loans in their last year are still shown as long term debtors with the exception of season ticket loans which are included as sundry debtors in the Balance Sheet as the maximum period allowed is twelve months.

(w) Borrowing Costs

The Council charges borrowing costs to the Comprehensive Income and Expenditure Statement in the period to which the borrowing relates. It does not capitalise any borrowing costs against its assets.

(x) Redemption of Debt

There is a legal requirement to make a charge to the Comprehensive Income and Expenditure Statement to contribute towards reducing the overall borrowing. The Council's policy is to charge this Minimum Revenue Provision (MRP) on an annuity basis over the life of the loans.

2. Assumptions Made About the Future and other major sources of uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £7.5m. In addition, a 0.5% increase in the Pension Increase Rate would increase liabilities by £5.8m However, the assumptions interact in complex ways. During 2010/11, the Authority's actuaries advised that the net pensions liability had decreased by £27.6m, principally due to the change from RPI to CPI for estimates of pension increases and changes in life expectancy.

3. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 27 September 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 12th September 2011 the Cabinet resolved to demolish the Leisure building which is being vacated in October. The net book value of this building as at 31 March 2011 was £683,703. This will be reflected in the 2011-12 financial statements.

4. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure, as shown in the Movement In Reserves Statement.

2009-10	**Usable Reserves**			
	General Fund Balance	Capital Receipts Reserve	Capital Grants & Contributions Reserve	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**2,695,540**	**0**	**0**	**(2,695,540)**
Revaluation losses on Property Plant and Equipment	**1,343,388**	**0**	**0**	**(1,343,388)**
Movements in the market value of Investment Properties	**(343,898)**	**0**	**0**	**343,898**
Amortisation of intangible assets	**182,344**	**0**	**0**	**(182,344)**
Capital grants and contributions applied	**(896,947)**	**0**	**0**	**896,947**
Revenue expenditure funded from capital under statute	**1,381,316**	**0**	**0**	**(1,381,316)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**71,234**	**0**	**0**	**(71,234)**
	4,432,977	**0**	**0**	**(4,432,977)**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**(322,841)**	**0**	**0**	**322,841**
Capital expenditure charged against the General Fund	**(202,175)**	**0**	**0**	**202,175**
	(525,016)	**0**	**0**	**525,016**

2009-10	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants & Contributions Reserve	Movement in Unusable Reserves
Adjustments primarily involving the Capital Receipts Reserve	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(58,848)	58,848		
Use of the Capital Receipts Reserve to finance new capital expenditure		(651,092)	0	651,092
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	63,155	(63,155)		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		26,442	0	(26,442)
	4,307	(628,957)	0	624,650
Adjustments primarily involving the Capital Grants Unapplied Reserve				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(83,132)	0	83,132	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(142,328)	142,328
	(83,132)	0	(59,196)	142,328
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	5,286,000			(5,286,000)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,100,000)			2,100,000
	3,186,000	0	0	(3,186,000)
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(28,470)			28,470
	(28,470)	0	0	28,470
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,814			(3,814)
	3,814	0	0	(3,814)
Total Adjustments shown on Movement In Reserves Statement	6,990,480	(628,957)	(59,196)	(6,302,327)

2010-11	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants & Contributions Reserve	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**2,299,586**	**0**	**0**	**(2,299,586)**
Revaluation losses on Property Plant and Equipment	**940,339**	**0**	**0**	**(940,339)**
Movements in the market value of Investment Properties	**(1,498,373)**	**0**	**0**	**1,498,373**
Amortisation of intangible assets	**173,658**	**0**	**0**	**(173,658)**
Capital grants and contributions applied	**(824,330)**	**0**	**0**	**824,330**
Revenue expenditure funded from capital under statute	**1,120,471**	**0**	**0**	**(1,120,471)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**82,500**	**0**	**0**	**(82,500)**
	2,293,851	**0**	**0**	**(2,293,851)**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**(381,145)**	**0**	**0**	**381,145**
Capital expenditure charged against the General Fund	**(293,921)**	**0**	**0**	**293,921**
	(675,066)	**0**	**0**	**675,066**

2010-11	Usable Reserves General Fund Balance	Capital Receipts Reserve	Capital Grants & Contributions Reserve	Movement in Unusable Reserves
Adjustments primarily involving the Capital Receipts Reserve	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(292,906)**	**292,906**		
Use of the Capital Receipts Reserve to finance new capital expenditure		**(398,987)**	**0**	**398,987**
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	**77,425**	**(77,425)**		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		**35,712**	**0**	**(35,712)**
	(215,481)	**(147,794)**	**0**	**363,275**
Adjustments primarily involving the Capital Grants Unapplied Reserve				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**0**		**0**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**(22,465)**	**22,465**
	0	**0**	**(22,465)**	**22,465**
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	**(6,060,000)**			**6,060,000**
Employer's pensions contributions and direct payments to pensioners payable in the year	**(2,448,000)**			**2,448,000**
	(8,508,000)	**0**	**0**	**8,508,000**
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**(9,440)**			**9,440**
	(9,440)	**0**	**0**	**9,440**
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(8,156)**			**8,156**
	(8,156)	**0**	**0**	**8,156**
Total Adjustments shown on Movement In Reserves Statement	**(7,122,292)**	**(147,794)**	**(22,465)**	**7,292,551**

5. Transfers To/From Earmarked Specific Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked specific reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010-11. The net movement in the year is shown on the Movement In Reserves Statement.

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2010-11, to Cabinet on 6th June 2011.

	Balance at 1st April 2009 £	Transfers In 2009-10 £	Transfers Out 2009-10 £	Balance at 31st March 2010 £	Transfers In 2010-11 £	Transfers Out 2010-11 £	Balance at 31st March 2011 £
Specific Reserve							
Member Support & Partnerships	3,312	40,000	0	43,312	46,352	(46,985)	**42,679**
Development Control	124,552	0	0	124,552	0	0	**124,552**
Planning Policy	248,603	60,000	0	308,603	128,968	(9,850)	**427,721**
Accountancy	0	0	0	0	5,000	0	**5,000**
Finance Corporate	87,135	189,000	(9,130)	267,005	724,956	(369,238)	**622,723**
ICT	0	0	0	0	10,820	0	**10,820**
Revenues and Benefits	237,966	51,626	(61,849)	227,743	218,101	0	**445,844**
Housing	681	47,500	0	48,181	57,100	0	**105,281**
Environmental Health	836	0	0	836	0	0	**836**
Land Charges	0	0	0	0	34,356	0	**34,356**
Community Services & Culture	193,320	58,745	(39,168)	212,897	55,000	(70,239)	**197,658**
Leisure Operations	153,811	11,280	(59,797)	105,294	0	(105,294)	**0**
Client Leisure Operations	0	66,500	(22,694)	43,806	98,000	(50,853)	**90,953**
Building & Asset Maintenance	0	0	0	0	42,483	0	**42,483**
Facilities Management & Streetscene	0	0	0	0	26,000	0	**26,000**
Personnel & Payroll	6,150	0	(6,150)	0	0	0	**0**
Corporate Organisational Development	2,922	7,178	(4,637)	5,463	8,978	(5,250)	**9,191**
Better Mid Sussex	81,500	50,000	(2,469)	129,031	10,000	(133,167)	**5,864**
Specific Reserve Total	1,140,788	581,829	(205,894)	1,516,723	1,466,114	(790,876)	**2,191,961**
General Fund Balances	3,865,487	2,988,237	(1,953,129)	4,900,595	2,120,537	(302,938)	**6,718,194**
	5,006,275	3,570,066	(2,159,023)	6,417,318	3,586,651	(1,093,814)	**8,910,155**

- Earmarked Specific Reserve **–** This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.

- General Fund Balances – This includes amounts earmarked for the Capital Programme, amounts provided by developers as commuted sums in lieu of future maintenance, and resources available to meet future running costs for services.

6. Prior Period Adjustments

The Statement of Accounts for 2010-11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009-10. As detailed in Note 1, the council has adopted several significant new accounting policies that impact on the comparative figures for 2009-10 in the Comprehensive Income and Expenditure Account as shown below:

Comprehensive Income and Expenditure Account

	Income and Expenditure Account in 2009/10 Statement of Accounts	Relocation of government grants deferred credits	Relocation of employee benefits accrual	Relocation of investment property valuations and Inc/Exp	Relocation of Capital Grants and S106 receipts	Relocation of Finance Lease Interest Paid	2009/10 comparatives in Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£	£
Central services to the public	902,982	3,233	9,168				**915,383**
Cultural, environmental, regulatory and planning services	12,122,960	431,682	(7,942)	1,006,843	(235,238)	(85,274)	**13,233,031**
Highways, roads and transport services	21,138	129,235	(815)				**149,558**
Housing Services	1,742,526	619,883	6,306		(619,883)		**1,748,832**
Exceptional Items	(1,127,837)	0					**(1,127,837)**
Corporate & Democratic Core	2,391,150	52,926	(2,903)				**2,441,173**
Non Distributed Costs	1,961,236	0		(5,999)			**1,955,237**
Impact on Net Cost of Services	18,014,155	1,236,959	3,814	1,000,844	(855,121)	(85,274)	**19,315,377**
Other Operating Expenditure							
(Gain)/Loss on the disposal of fixed assets	12,387						**12,387**
Town & Parish Precepts & Drainage Levies	3,054,225						**3,054,225**
Contribution of housing capital receipts to Government Pool	63,155						**63,155**
	3,129,767	0	0	0	0	0	**3,129,767**

continued on next page

Comprehensive Income and Expenditure Statement cont'd

	Income and Expenditure Account in 2009/10 Statement of Accounts £	Relocation of government grants deferred credits £	Relocation of employee benefits accrual £	Relocation of investment property valuations and Inc/Exp £	Relocation of Capital Grants and S106 receipts £	Relocation of Finance Lease Interest Paid £	2009/10 comparatives in Comprehensive Income and Expenditure Statement £
Financing and Investment Income & Expenditure							
Interest Payable	294,974					85,274	**380,248**
Interest and Investment Income	(336,258)						**(336,258)**
Investment Properties Net Income				(1,004,393)			**(1,004,393)**
Value of Investment Properties				(343,898)			**(343,898)**
Pension interest cost & expected return on pension assets	2,548,000						**2,548,000**
	2,506,716	0	0	(1,348,291)	0	85,274	**1,243,699**
Impact on Net Operating Expenditure	23,650,638	1,236,959	3,814	(347,447)	(855,121)	0	**23,688,843**
Taxation and Non-Specific Grant Income							
Collection Fund	(11,315,587)						**(11,315,587)**
Government Grants	(6,668,860)				(124,959)		**(6,793,819)**
(Surplus) / Deficit for the Year	**5,666,191**	**1,236,959**	**3,814**	**(347,447)**	**(980,080)**	**0**	**5,579,437**

Government Grants

Under the code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures as detailed above.
- Capital grants and Section 106 contributions with no conditions received prior to April 2009. Previously, no income was recognised in respect of these grants, which were shown in the Unapplied Capital Grants Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the

grants and Section 106 contributions have been transferred to the Capital Grants and Contributions Reserve within the Usable Reserves section of the Balance Sheet.

- There is no change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and the current accounting policies.

This has resulted in the following changes being made to the 2009-10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Government Grants Deferred Account	(664,191)	664,191
Capital Adjustment Account	(69,598,303)	(664,191)
Capital Grants & Contributions Unapplied (liabilities)	(6,090,191)	1,251,104
Capital Grants & Contributions Reserve (reserves)	0	(1,251,104)

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Government Grants Deferred Account	(466,508)	466,508
Capital Adjustment Account	(66,730,481)	(466,508)
Capital Grants & Contributions Unapplied (liabilities)	(5,735,385)	1,191,908
Capital Grants & Contributions Reserve (reserves)	0	(1,191,908)

Short-Term Accumulating Compensated Absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009-10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Provision for Accumulated Absences	0	(98,303)
Accumulated Absences Account	0	98,303

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Provision for Accumulated Absences	0	(102,117)
Accumulated Absences Account	0	102,117

Leases

Under the Code, and IFRIC 4 Determining Whether an Arrangement Contains a Lease, the classification of the 21 year contract for waste disposal services with SERCO has been reviewed. The contract required the operator to provide and use assets (refuse vehicles) in the delivery of the contract. Two factors, that the lease term is for the majority of the assets life, and the present value of the minimum lease payments equals substantively all of the fair value of the assets, have led the council to conclude that the agreement does indeed contain a lease. It therefore needs to retrospectively account for the lease from the date at which it entered into the agreement as a finance lease The financial statements have been amended as follows:

- The council has recognised the vehicles as assets and a finance lease liability.
- A depreciation charge has been included within Cultural, Environmental, Regulatory and Planning Services.

- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account) being the same value as the depreciation charged. These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.
- The interest element of the lease payment in respect of the vehicles is charged to the Financing and Investment Income and Expenditure line in Surplus or Deficit on the Provision of Services.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Property, plant and equipment (leased assets)	0	1,493,850
Finance Lease Liability Payable Less 1 Year	0	(237,932)
Finance Lease Liability Payable Longer 1 Year	0	(1,255,918)

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Property, plant and equipment (leased assets)	0	1,255,918
Finance Lease Liability Payable Less 1 Year	0	(252,691)
Finance Lease Liability Payable Longer 1 Year	0	(1,003,227)

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, ie,.deposits on call. As a consequence of reclassifying cash and cash equivalents in the opening balance sheet in accordance with IAS7, the following changes have been made:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Short Term Investments	8,000,000	(1,000,000)
Cash and Cash Equivalents	1,353,124	1,000,000

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Short Term Investments	8,000,000	(4,000,000)
Cash and Cash Equivalents	188,123	4,000,000

Investment Properties / Property, Plant and Equipment

Investment Property is property held solely to earn rentals or for capital appreciation. The following transfer to Land and Buildings for buildings that are used in the supply of services was for Scout Hut Sites. In addition, the transfer of Market Place Car Park from Property Plant and Equipment to Investment Properties.

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Land and Buildings	63,339,717	(769,378)
Investment Properties	15,674,230	769,378

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Land and Buildings	59,653,277	171,661
Investment Properties	16,959,167	(171,661)

Intangible Assets / Property, Plant and Equipment

Intangible Assets including the Software transfer from Plant, Property and Equipment

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Intangible Assets	178,787	344,319
Vehicles, Plant & Equipment	2,774,517	(344,319)

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Intangible Assets	124,358	296,301
Vehicles, Plant & Equipment	2,538,159	(296,301)

Revaluation Reserve / Capital Adjustment Account

Investment Property revaluations restated to the Capital Adjustment Account

Opening 1 April 2009 Balance Sheet	2009/10 Statements £	Adjustments Made £
Revaluation Reserve	(13,769,498)	485,702
Capital Adjustment Account	(69,598,303)	(485,702)

31 March 2010 Balance Sheet	2009/10 Statements £	Adjustments Made £
Revaluation Reserve	(13,998,545)	833,149
Capital Adjustment Account	(66,730,481)	(833,149)

7. Exceptional Items

These are material items in terms of the authority's overall net expenditure, which derive from events or transactions that are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

Retrospective VAT

In 2009/10 the authority successfully reclaimed £1,127,837, a substantial refund of VAT originally paid over to HMRC as part of Leisure and Cultural activities for which VAT had been added on top of the core charge. Following a successful appeal elsewhere which set a precedent, a retrospective VAT claim dating back over 20 years was approved, together with simple interest. This was reported to Members as part of Budget Management reports and within the Corporate Plan 2010-11. The sums received were then transferred to General Reserve. At that time, we were still progressing one outstanding claim for Cultural Services and Sports & Leisure (sports tuition). This has been received in 2010-11 and included in Culture, Environmental and Planning Services.

Pensions Liability

Exceptional items include £9,539,000 gross income in respect of changes to pensions indexation. These changes were first announced by the Chancellor of the Exchequer in his Emergency Budget on 22 June 2010. In this budget, the Chancellor set out that public sector pension increases would now be linked to Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This is also reflected in the change in the Pensions liability in the Balance Sheet which has decreased from £45,837,000 as at 31st March 2010 to £18,166,000 as at 31st March 2011.

8. Property, Plant and Equipment

Non- current assets are included in the balance sheet at their current value, except for infrastructure and community assets which are included at historical cost or £1 value.

Movements in 2010-11	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2010	61,701,720	5,404,469	3,985,071	99,677	**71,190,937**	1,817,402
Additions	95,826	206,232	49,975	0	**352,033**	0
Disposals	0	0	0	0	**0**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	290,100	0	0	0	**290,100**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,829,826)	0	0	0	**(1,829,826)**	0
At 31 March 2011	60,257,820	5,610,701	4,035,046	99,677	**70,003,244**	1,817,402
Accumulated Depreciation and Impairment						
At 1 April 2010	(1,876,782)	(1,906,693)	(302,045)	0	**(4,085,520)**	(561,484)
Charge for current year	(1,449,637)	(645,087)	(204,861)	0	**(2,299,585)**	(252,691)
Depreciation written out to the Revaluation Reserve	1,881,137	0	0	0	**1,881,137**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	**0**	0
At 31 March 2011	(1,445,282)	(2,551,780)	(506,906)	0	**(4,503,968)**	(814,175)
Net Book Value At 31 March 2011	**58,812,538**	**3,058,921**	**3,528,140**	**99,677**	**65,499,276**	**1,003,227**
Net Book Value At 31 March 2010	**59,824,938**	**3,497,776**	**3,683,026**	**99,677**	**67,105,417**	**1,255,918**

Comparative Movements in 2009-10	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2009	66,144,905	5,467,945	4,020,015	99,677	**75,732,542**	1,817,402
Additions	201,981	217,445	3	0	**419,429**	0
Disposals	(500)	(280,921)	(34,947)	0	**(316,368)**	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	681,297	0	0	0	**681,297**	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,325,963)	0	0	0	**(5,325,963)**	0
At 31 March 2010	61,701,720	5,404,469	3,985,071	99,677	**71,190,937**	1,817,402
Accumulated Depreciation and Impairment						
At 1 April 2009	(3,574,573)	(1,543,897)	(107,905)	0	**(5,226,375)**	(323,552)
Charge for current year	(1,881,664)	(618,571)	(195,305)	0	**(2,695,540)**	(237,932)
Depreciation written out on disposal	100	255,775	1,165		**257,040**	0
Depreciation written out to the Revaluation Reserve	3,579,355	0	0	0	**3,579,355**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	**0**	0
At 31 March 2010	(1,876,782)	(1,906,693)	(302,045)	0	**(4,085,520)**	(561,484)
Net Book Value At 31 March 2010	**59,824,938**	**3,497,776**	**3,683,026**	**99,677**	**67,105,417**	**1,255,918**
Net Book Value At 31 March 2009	**62,570,332**	**3,924,048**	**3,912,110**	**99,677**	**70,506,167**	**1,493,850**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings: straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant and Equipment: computer equipment and new playground equipment, straight line over 5 years. Other equipment is depreciated using 10% reducing balance method, with 10 years straight line for the Wheeley Bins and Skate Park Equipment, and 7 year straight line for the Car Parking Machines.
- Infrastructure: straight line over the life of the asset

Commitments under Capital Contracts

After taking account of the capital expenditure in 2010/11, the Council has authorised expenditure of £6,508,000 in future years to 2014/15. Expenditure of £187,455 related to contracts entered into prior to 31st March 2011.

Revaluations

The following statement shows the annual revaluation of non- current assets measured at fair value, as detailed in the Foreword the annual valuations are carried out by Mr David Waite, FRICS, Mid Sussex District Council Property Manager. The sources of information and assumptions made in producing the various valuations for 1 April 2010 are set out in a valuation certificate and report. Operational assets are defined as being held, occupied and used by the Council in the direct delivery of services for which there is a statutory or discretionary responsibility, and valued as Existing Use Value (EUV). For specialised operational properties, depreciated replacement cost (DRC) is used. Further information is in the Statement of Accounting Policies Note 1(q) Property, Plant and Equipment. An impairment review was conducted for 31 March 2011, by Mr David Waite, FRICS, with no further adjustments needed to the asset values.

	Land and Buildings	Vehicles, Plant, Equipment	Infrastructure	Community Assets	Total
	£	£	£	£	£
Valued at historical cost		3,058,921	3,528,140	99,677	6,686,738
Valued at fair value in:					
2010/11	**58,812,538**	**0**	**0**	**0**	**58,812,538**
	58,812,538	3,058,921	3,528,140	99,677	65,499,276

The non- current assets owned by the Council included in the Balance Sheet are shown in the following table.

	Number as at 31st March 11	Number as at 31st March 10
Land and Buildings		
Car Parks	**33**	33
Parks and Recreation Grounds (with sports pitches)	**39**	39
Housing Properties	**1**	1
Halls, Community Centres and Scout Hut Sites	**22**	8
Leisure Centres	**3**	3
Pavilions	**23**	23
Public Conveniences	**9**	9
Office Buildings	**3**	3
Depots and Workshops	**1**	1
Other Operational Assets *	**32**	26
Vehicles, Plant and Equipment		
Computer Hardware	**14**	13
Equipment (items over £10,000)	**23**	20
Infrastructure Assets		
Drainage Assets	**53**	57
Highway Land	**80**	73
Permanent Ways	**11**	11
Community Assets		
Parks and Open Spaces (without sports pitches)	**255**	255
Cemeteries	**2**	2
Allotment Sites	**4**	4
Historic Buildings	**2**	2
Works of Art and Civic Regalia	**17**	17
Other Community Assets (includes Footpaths, Ponds &Woods)	**14**	14
Investment Properties		
Industrial and Other Estate Sites	**5**	5
Central Development Area Sites	**11**	12
Shops	**5**	5
Car Park - Central Development Area Site	**1**	1
Other Investment Assets	**23**	32
Intangible Assets		
Software and Software Licences	**30**	27

* Other operational assets consist mainly of areas of land where third parties have been given permission to build assets (pavilions, club houses etc). In these cases Mid Sussex District Council is the freeholder.

9. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The main income received is ground rent for shopping centres and industrial estates.

	2010-11 £	2009-10 £
Rental income from investment property	**(1,274,551)**	(1,274,244)
Direct operating expenses arising from investment property	**293,156**	269,851
Net gain / (loss)	**(981,395)**	(1,004,393)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2010-11 £	2009-10 £
Balance at 1 April	**16,787,506**	16,443,608
Additions:		
Purchases	**1,664,000**	0
Subsequent expenditure	**227,477**	0
Disposals	**(82,500)**	0
Net gains/losses from fair value adjustments	**1,498,373**	343,898
Transfers:		
to/from Property, Plant and Equipment	**0**	0
Balance at 31 March	**20,094,856**	16,787,506

Revaluations

The annual revaluation of Investment Properties measured at fair value, as detailed in the Foreword the annual valuations are carried out by Mr David Waite, FRICS, Mid Sussex District Council Property Manager. The sources of information and assumptions made in producing the valuations for 1 April 2010 are set out in a valuation certificate and report.

An impairment review was conducted for 31 March 2011, by Mr David Waite, FRICS, with no further adjustments needed to the asset values.

10 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

The restated balance brought forward for Intangible Assets of £420,659 combines the previous net book value of Software licences of £124,358 and £296,301 for the actual Software held for various IT systems that were part of Vehicles Plant and Equipment total with in Operational Assets. All software is given a 5 year useful life. The carrying amount of intangible assets is amortised on a straight line basis.

	Purchased Software and Software Licences	Less Amortised	Net Book Value
	£	£	£
Restated Balances 1 April 10	**1,352,623**	**(931,964)**	**420,659**
Expenditure in Year	**67,199**		**67,199**
Disposals			**0**
Written off to revenue in year		**(173,658)**	**(173,658)**
Balance at 31st March 11	**1,419,822**	**(1,105,622)**	**314,200**

Comparatives for 2009-10	Purchased Software and Software Licences	Less Amortised	Net Book Value
	£	£	£
Restated Balances 1 April 09	**1,556,040**	**(1,032,934)**	**523,106**
Expenditure in Year	**91,803**		**91,803**
Disposals	**(295,220)**	**283,314**	**(11,906)**
Written off to revenue in year		**(182,344)**	**(182,344)**
Balance at 31st March 10	**1,352,623**	**(931,964)**	**420,659**

11. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet

	Long Term			Current		
		restated	restated		restated	restated
	31.3.11	31.3.10	1.4.09	31.3.11	31.3.10	1.4.09
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Investments						
Loans and receivables	**0**	0	0	**13,500**	4,000	7,000
Total Investments	**0**	0	0	**13,500**	4,000	7,000
Debtors						
Loans and receivables	**334**	487	383	**2,380**	2,739	6,465
Cash	**0**	0	0	**1,763**	4,188	2,353
Total Debtors	**334**	487	383	**4,143**	6,927	8,818
Borrowings						
Financial Liabilties at amortised cost	**1,458**	1,591	1,534	**2,147**	134	90
Total Investments	**1,458**	1,591	1,534	**2,147**	134	90
Other Long Term Liabilities						
Finance lease liabilities	**735**	1,003	1,256			
Total Other Long Term Liabilities	**735**	1,003	1,256			
Creditors						
Financial Liabilties	**4,701**	4,543	4,839	**3,517**	3,900	4,508
Total Creditors	**4,701**	4,543	4,839	**3,517**	3,900	4,508

Borrowings

Borrowing was arranged with Public Works Loan Board (PWLB) on 4 March 2008 at a fixed interest rate of 4.55% with repayments of £157,610 per year for 15 years. An additional loan was arranged on 27 July 2009 at a fixed rate of 2.23%. Yearly payments are £43,556 for 5 years. In November 2010, a further £2 million was borrowed, £1 million from Thurrock Borough Council and £1 million from East Riding of Yorkshire Pension Fund, for 364 days at 1.2% to finance the surrender of a lease.

Fair Value of assets and liabilities carried at amortised cost

Financial assets and liabilities represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments, using the following assumptions:

- For Public Works Loans Board (PWLB) loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount

The fair values are calculated as follows:

Financial Liabilities

	Amortised Cost 31.3.11 £000	Fair Value 31.3.11 £000	Amortised Cost 31.3.10 £000	restated Fair Value 31.3.10 £000	Amortised Cost 1.4.09 £000	restated Fair Value 1.4.09 £000
PWLB debt	**1,597**	**1,638**	1,725	1,850	1,624	1,823
Other liabilities	**10,961**	**10,966**	9,446	9,446	10,603	10,603
Money market investments less than 1 year	**13,500**	**13,596**	4,000	4,000	7,000	7,000
Other assets	**4,477**	**4,843**	7,414	7,414	6,968	6,968

Debtor and Creditor amounts relating to such things as council tax, non-domestic rates, general rates etc are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts.

12. Long Term Investments

There are no long-term Treasury Management Investments at 31 March 2011.

13. Long Term Debtors

2010-11	Balance at 1st April 2010 £	Advances in year £	Repayments in year £	Balance at 31st March 2011 £
Mortgages	191,476	0	(35,711)	**155,765**
Loan to Freedom GLL	137,723	0	(41,581)	**96,142**
Personal Loan Scheme	158,216	16,990	(92,508)	**82,698**
	487,415	16,990	(169,800)	**334,605**

Comparatives for 2009-10	Balance at 1st April 2009 £	Advances in year £	Repayments in year £	Balance at 31st March 2010 £
Mortgages	217,918	0	(26,442)	**191,476**
Loan to Freedom GLL	0	164,335	(26,612)	**137,723**
Personal Loan Scheme	165,743	44,999	(52,526)	**158,216**
	383,661	209,334	(105,580)	**487,415**

14. Inventories

	31st March 2011 £	31st March 2010 £	1st April 2009 £
Catering - Bar Supplies etc	**273**	290	41,290
Sports Shop Goods	**0**	0	6,479
Leisure Centre Maintenance Stock	**0**	0	16,934
ICT - Computer Consumables	**3,837**	3,886	9,669
ICT - Telephones	**2,216**	1,216	3,401
	6,326	5,392	77,773

15. Debtors

	31st March 2011	restated 31st March 2010	restated 1st April 2009
Amounts falling due within one year	£	£	£
Central Government Departments	**639,460**	4,992,459	3,954,832
Other Local Authorities	**583,569**	1,229,308	308,115
Other Entities and Individuals	**3,546,090**	2,977,416	3,978,115
	4,769,119	9,199,183	8,241,062
Provision for Doubtful Debts	**(1,957,162)**	(1,655,242)	(1,459,833)
	2,811,957	7,543,941	6,781,229

16. Investments

As a consequence of rules introduced by the Local Government and Housing Act 1989 the Council has a formal policy on investment of surplus funds. Short term investments comprise deposits with other Local Authorities, banks and similar institutions. Maturity is within one year.

	31st March 2011 at Cost £	restated 31st March 2010 at Cost £	restated 1st April 2009 at Cost £
Treasury Management Investments	**13,500,000**	4,000,000	7,000,000

17. Cash and Cash Equivalents

The balance of Cash, cash on hand and demand deposits, and Cash Equivalents, short-term , highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, is made up of the following elements:

	31st March 2011 £	restated 31st March 2010 £	restated 1st April 2009 £
Cash held by the Authority	**750**	981	10,993
Bank current accounts	**62,330**	187,142	1,342,131
Short-term deposits with financial institutions	**1,700,000**	4,000,000	1,000,000
	1,763,080	4,188,123	2,353,124

18. Assets Held for Sale

The council has no assets held for sale at 31 March 2011 or for 31 March 2010.

19. Creditors

	31st March 2011 £	restated 31st March 2010 £	restated 1st April 2009 £
Government Departments	**(661,555)**	(647,559)	(298,223)
Other Local Authorities	**(980,083)**	(587,173)	(543,735)
Public corporations and trading funds	**(28,399)**	0	0
Other entities and individuals	**(1,778,475)**	(2,592,993)	(3,610,548)
	(3,448,512)	(3,827,725)	(4,452,506)

20. Provisions / Provisions For Accumulated Absences

At 31st March 2011 there is a provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The provision at 1st April 2009 was for costs associated with the Better Mid Sussex partnership. With the termination of the Framework Agreement (without cost) the provision was no longer required at 31st March 2010.

	Employee Benefits Accrual £	Better Mid Sussex £	Total Provisions £
Balance at 1 April 2009	**98,303**	361,698	**460,001**
Movement in Year	**3,814**	(361,698)	**(357,884)**
Balance at 31 March 2010	**102,117**	0	**102,117**
Movement in Year	**(8,156)**	0	**(8,156)**
Balance at 31 March 2011	**93,961**	0	**93,961**

21. Usable Reserves

All movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. Also, full details of the movements in Earmarked Specific Reserve and General Fund Balances are shown in Note 5.

Restated Balance at 1st April 2009 £	Restated Balance at 1st April 2010 £	Usable Reserves	Purpose of Reserve	Balance at 31st March 2011 £	see below
1,251,104	1,191,908	**Capital Grants and Contributions Reserve**	Contributions available to finance capital expenditure	**1,169,443**	(a)
776,993	148,036	**Usable Capital Receipts Reserve**	Proceeds of non current asset sales available to meet future capital investment	**242**	(b)
1,140,788	1,516,723	**Earmarked Specific Reserve**	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied	**2,191,961**	Note 5
3,865,487	4,900,595	**General Fund Balances**	Resources available to meet future running costs for services	**6,718,194**	Note 5
7,034,372	7,757,262	**Total Usable Reserves**		**10,079,840**	

(a) Capital Grants and Contributions Reserve

The Capital Grants and Contributions Reserve represents capital grants and Section 106 contributions with no repayment conditions that are available to finance capital expenditure.

restated 2009/10 £		2010/11 £
1,251,104	**Balance brought forward at 1st April**	**1,191,908**
83,132	Capital contributions received during year	**0**
1,334,236		**1,191,908**
(142,328)	less applied for capital financing	**(22,465)**
1,191,908	**Balance carried forward at 31st March**	**1,169,443**

(b) Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve represents the capital receipts from the sale of non- current assets that are available to finance future capital expenditure.

2009/10 £		2010/11 £	2010/11 £
776,993	**Balance brought forward at 1st April**		**148,036**
58,848	Capital Receipts during year	**292,906**	
26,442	Mortgage Principal Repaid	**35,712**	
862,283			**328,618**
(63,155)	less payment of Pooling of Housing Capital Receipts	**(77,425)**	
(651,092)	less applied for capital financing	**(398,987)**	
(714,247)			**(476,412)**
148,036	**Balance carried forward at 31st March**		**242**

22. Unusable Reserves

Restated Balance at 1st April 2009 £	Restated Balance at 1st April 2010 £	Unusable Reserves	Purpose of Reserve	Balance at 31st March 2011 £	see below
13,283,796	13,165,396	**Revaluation Reserve**	Represents gains on revaluation of Land & Building Assets since 1-4-07	**14,071,730**	(a)
70,748,196	68,030,138	**Capital Adjustment Account**	Represents timing differences between consumption of non current assets and financing of capital expenditure	**67,208,222**	(b)
290,979	264,537	**Deferred Capital Receipts Reserve**	Amounts of capital income still to be received	**228,825**	(c)
(22,470,000)	(45,837,000)	**Pensions Reserve**	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	**(18,166,000)**	(d)
(59,889)	(31,419)	**Collection Fund Adjustment Account**	Balance due to or from Mid Sussex for (Deficit) / Surplus	**(21,980)**	(e)
(98,303)	(102,117)	**Accumulated Absences Account**	Balancing account to allow inclusion of Provision for Employee Benefits Accrual	**(93,961)**	(f)
61,694,779	35,489,535	**Total Unusable Reserves**		**63,226,836**	

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

restated 2009/10 £		2010/11 £	2010/11 £
13,283,796	**Balance brought forward at 1st April**		**13,165,396**
2,062,939	Upward revaluation of assets	**1,700,823**	
(1,784,856)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**(419,073)**	
278,083	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**1,281,750**
(396,482)	Difference between fair value depreciation and historical cost	**(375,416)**	
(1)	Accumulated gains on assets sold or scrapped	**0**	
(396,483)	Amount written off to the Capital Adjustment Account		**(375,416)**
13,165,396	**Balance carried forward at 31st March**		**14,071,730**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

restated 2009/10 £		2010/11 £	2010/11 £
70,748,196	**Balance brought forward at 1st April**		**68,030,138**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,695,540)	Charges for depreciation and impairment of non-current assets	**(2,299,586)**	
(1,343,388)	Revaluation losses on Property, Plant and Equipment	**(940,339)**	
(182,344)	Amortisation of intangible assets	**(173,658)**	
(1,381,316)	Revenue expenditure funded from capital under statute	**(1,120,471)**	
(71,234)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(82,500)**	
(5,673,822)			**(4,616,554)**
396,482	Adjusting amounts written out of the Revaluation Reserve		**375,416**
(5,277,340)	Net written out amount of the cost of non-current assets consumed in the year		**(4,241,138)**
	Capital financing applied in the year:		
651,092	Use of the Capital Receipts Reserve to finance new capital expenditure	**398,987**	
202,175	Capital expenditure charged against the General Fund balances	**293,921**	
1,039,276	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**846,795**	
322,841	Statutory provision for the financing of capital investment charged against the General Fund balance	**381,145**	
2,215,384			**1,920,848**
343,898	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		**1,498,374**
68,030,138	**Balance carried forward at 31st March**		**67,208,222**

(c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans.

Under statutory arrangements, the Authority does not treat these gains as usable for financing hew capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2009/10 £		2010/11 £
290,979	**Balance at 1 April**	**264,537**
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
(26,442)	Mortgage Principal repaid transferred to Capital Receipts Reserve upon receipt of cash	**(35,712)**
264,537	**Balance at 31 March**	**228,825**

(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £		2010/11 £
(22,470,000)	**Balance at 1 April**	**(45,837,000)**
(20,181,000)	Actuarial gains or losses on pensions assets and liabilities	**19,163,000**
(5,286,000)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**6,060,000**
2,100,000	Employer's pensions contributions and direct payments to pensiors payable in the year	**2,448,000**
(45,837,000)	**Balance at 31 March**	**(18,166,000)**

(e) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £		2010/11 £
(59,889)	**Balance at 1 April**	**(31,419)**
28,470	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**9,439**
(31,419)	**Balance at 31 March**	**(21,980)**

(f) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2009/10 £	2009/10 £		2010/11 £	2010/11 £
	(98,303)	**Balance at 1 April**		**(102,117)**
0	0	Settlement or cancellation of accrual made at the end of the preceding year	**4,167**	
(3,814)		Amounts accrued at the end of the current year	**3,989**	
	(3,814)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**8,156**
	(102,117)	**Balance at 31 March**		**(93,961)**

23. Trust Funds

The Council is the sole trustee of and administers a number of Trust Funds which have been consolidated within Service Net Expenditure as follows. The accounts for these charities are subject to independent examination. The Trust Fund Assets are not consolidated within the Council's Assets.

Net Current Assets 31 March 11		2010/11 Gross Expenditure	2010/11 Gross Income Charitable Trading	2010/11 Net Expenditure	2009/10 Net Expenditure
£		£	£	£	£
1,642,015	Beech Hurst Gardens	90,229	(102,135)	**(11,906)**	(17,471)
448,970	St.Johns Park	53,106	(9,852)	**43,254**	25,719
55,600	Fairfield Road Recreation Ground	13,555	(3,413)	**10,142**	4,109
57,500	Richard Worsley Recreation Ground	50,514	(6,926)	**43,588**	25,455
2	Lucastes Avenue Open Space	353	0	**353**	360
1	West Common Open Space	608	0	**608**	618
151,500	Ashurst Wood Recreation Ground	11,304	(2,254)	**9,050**	13,445
2,355,588		219,669	(124,580)	**95,089**	52,235

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:.

2009/10		2010/11
£		£
(491,843)	Interest received	**(131,631)**
379,503	Interest paid	**143,226**
0	Dividends received	**0**

25. Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across business units. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions)rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to business units.

Further analysis is detailed in the foreword by the Head of Finance which shows the net expenditure breakdown for the year across each Head of Service area compared to the Corporate Plan and Budget Report 2010/11.

Business Unit Income & Expenditure 2010-11	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance Scrutiny & Partnerships	(96,131)	(10,000)	(106,131)	239,094	105,733	195,015	539,842	433,711
Development Control	(778,941)	0	(778,941)	773,182	205,780	386,718	1,365,680	586,739
Planning Policy	(2,821)	(33,670)	(36,491)	400,394	121,603	419,136	941,133	904,642
Finance Accountancy	0	0	0	568,017	74,962	(723,100)	(80,121)	(80,121)
Finance Corporate	(3)	0	(3)	505,920	212,321	(39,517)	678,724	678,721
ICT	0	0	0	13,041	713,729	(932,914)	(206,144)	(206,144)
Revenues & Benefits	(2,731,248)	(870,508)	(3,601,756)	3,272,247	858,562	680,204	4,811,013	1,209,257
Housing	(256,334)	(87,674)	(344,008)	365,858	496,631	202,592	1,065,081	721,073
Environmental Health	(337,504)	0	(337,504)	827,206	177,765	384,422	1,389,393	1,051,889
Building Control	(497,654)	0	(497,654)	573,997	71,226	119,536	764,759	267,105
Land Charges	(165,841)	(34,356)	(200,197)	136,562	2,597	86,993	226,152	25,955
Legal Services	(59,676)	0	(59,676)	268,502	28,043	(250,708)	45,837	(13,839)
Property	(1,360,640)	0	(1,360,640)	92,888	74,347	146,900	314,135	(1,046,505)
Building & Asset Maintenance	(22,562)	0	(22,562)	163,495	491,156	(863,200)	(208,549)	(231,111)
Cleansing Services	(1,460,165)	0	(1,460,165)	212,597	3,494,523	248,603	3,955,723	2,495,558
Community Services & Culture	(182,370)	(284,656)	(467,026)	342,696	1,381,938	238,619	1,963,253	1,496,227
Facility Mgment & Streetscene	(461,454)	0	(461,454)	490,748	1,859,823	259,588	2,610,159	2,148,705
Parking Services	(2,065,597)	0	(2,065,597)	496,312	562,603	166,722	1,225,637	(839,960)
Customer Services & Comms	(7,441)	0	(7,441)	490,231	107,161	(617,010)	(19,618)	(27,059)
Personnel & Payroll	(9,195)	0	(9,195)	233,030	63,427	(257,597)	38,860	29,665
Corporate Organisational Devel	0	0	0	129,373	28,112	(183,636)	(26,151)	(26,151)
Better Mid Sussex	0	0	0	86,774	22,006	48,676	157,456	157,456
Strategic Core	(20)	0	(20)	1,244,950	31,313	213,231	1,489,494	1,489,474
Leisure Operations Client	(401,986)	0	(401,986)	140,011	509,289	57,205	706,505	304,519
Member Support	(5,517)	0	(5,517)	221,089	550,549	13,522	785,160	779,643
Benefits	(3,214,455)	(34,825,821)	(38,040,276)	0	37,923,201	0	37,923,201	(117,075)
Total	(14,117,555)	(36,146,685)	(50,264,240)	12,288,214	50,168,400	0	62,456,614	12,192,374

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

	2010/11 £
Net expenditure in the business unit analysis	12,192,374
Investment Property within reporting segment but excluded from Net Cost of Service	981,394
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(6,138,528)
Cost of Services in Comprehensive Income and Expenditure Statement	7,035,240

Reconciliation to Subjective Analysis

2010-11	Business Unit Analysis	Amounts not reported to management for decision making	Investment Property within reporting segment but excluded from Net Cost of Service	Allocation of recharges	Cost of Services	Corporate Amounts	**Total**
	£	£	£	£	£	£	£
Fees, charges & other service income	(14,117,555)	(961,426)	1,274,551	(6,500,521)	(20,304,951)	0	(20,304,951)
Interest and investment income					0	(195,695)	(195,695)
Income from council tax					0	(11,647,413)	(11,647,413)
Government grants and contributions	(36,146,685)				(36,146,685)	(6,690,311)	(42,836,996)
Total Income	(50,264,240)	(961,426)	1,274,551	(6,500,521)	(56,451,636)	(18,533,419)	(74,985,055)
Employee expenses	12,288,214	(9,711,156)	(102,218)	0	2,474,840	1,195,000	3,669,840
Other service expenses	50,168,400	1,120,471	(54,983)	0	51,233,888	(2,542,268)	48,691,620
Support Service recharges			(135,956)	6,500,521	6,364,565	0	6,364,565
Depreciation, amortisation and impairment		3,413,583			3,413,583	0	3,413,583
Interest Payments					0	150,699	150,699
Precepts & Levies					0	3,150,099	3,150,099
Payment to Housing Capital Receipts Pool					0	77,425	77,425
Gain or loss on disposal of assets					0	(147,905)	(147,905)
Total Expenditure	62,456,614	(5,177,102)	(293,157)	6,500,521	63,486,876	1,883,050	65,369,926
Surplus or deficit on the provision of services	12,192,374	(6,138,528)	981,394	0	7,035,240	(16,650,369)	(9,615,129)

Comparatives for 2009-10 are shown in the following tables:

Business Unit Income & Expenditure 2009-10	Fees, charges & other service income £	Government Grants £	Total Income £	Employee expenses £	Other service expenses £	Support service recharges £	Total Expenditure £	Net Expenditure £
Performance Scrutiny & Partnerships	(135,178)	(7,252)	(142,430)	238,530	163,412	214,961	616,903	474,473
Development Control	(592,343)	0	(592,343)	821,718	241,379	360,661	1,423,758	831,415
Planning Policy	(82)	(16,835)	(16,917)	366,089	114,496	290,356	770,941	754,024
Finance Accountancy	0	0	0	556,081	76,791	(708,754)	(75,882)	(75,882)
Finance Corporate	(169)	0	(169)	204,385	507,124	(96,753)	614,756	614,587
ICT	0	0	0	345,601	421,523	(921,425)	(154,301)	(154,301)
Revenues & Benefits	(1,053,430)	(895,435)	(1,948,865)	1,809,663	701,434	645,143	3,156,240	1,207,375
Housing	(120,326)	(96,766)	(217,092)	365,515	381,580	208,769	955,864	738,772
Environmental Health	(338,012)	(27,880)	(365,892)	795,809	220,681	330,882	1,347,372	981,480
Building Control	(465,741)	0	(465,741)	547,927	57,594	110,210	715,731	249,990
Land Charges	(222,765)	0	(222,765)	114,101	6,222	74,763	195,086	(27,679)
Legal Services	(45,597)	0	(45,597)	251,321	35,650	(249,478)	37,493	(8,104)
Property	(1,361,472)	0	(1,361,472)	81,107	681,440	143,086	905,633	(455,839)
Building & Asset Maintenance	(21,567)	0	(21,567)	65,344	645,667	(950,826)	(239,815)	(261,382)
Cleansing Services	(1,285,808)	0	(1,285,808)	282,514	3,401,082	330,769	4,014,365	2,728,557
Community Services & Culture	(155,589)	(276,996)	(432,585)	368,099	1,336,987	271,566	1,976,652	1,544,067
Facility Mgment & Streetscene	(359,052)	0	(359,052)	381,460	1,799,883	214,280	2,395,623	2,036,571
Leisure Operations	(1,700,581)	0	(1,700,581)	1,362,776	1,008,151	149,894	2,520,821	820,240
Parking Services	(2,040,521)	0	(2,040,521)	515,327	565,875	121,092	1,202,294	(838,227)
Customer Services & Comms	(8,707)	0	(8,707)	527,296	145,217	(720,016)	(47,503)	(56,210)
Personnel & Payroll	(25,241)	0	(25,241)	257,098	58,753	(296,705)	19,146	(6,095)
Organisational Devel	0	0	0	174,929	59,638	(187,524)	47,043	47,043
Better Mid Sussex	(100,000)	0	(100,000)	21,761	53,383	3,816	78,960	(21,040)
Strategic Core	(8,587)	0	(8,587)	1,334,404	62,477	241,267	1,638,148	1,629,561
Leisure Operations Client	(1,382,873)	0	(1,382,873)	183,011	649,676	449,649	1,282,336	(100,537)
Member Support	(9,180)	0	(9,180)	221,345	556,621	(29,683)	748,283	739,103
Benefits	(2,893,187)	(32,393,650)	(35,286,837)	0	35,124,686	0	35,124,686	(162,151)
Total	(14,326,008)	(33,714,814)	(48,040,822)	12,193,211	49,077,422	0	61,270,633	13,229,811

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

	2009/10 £
Net expenditure in the business unit analysis	13,229,811
Investment Property within reporting segment but excluded from Net Cost of Service	1,004,393
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	5,081,173
Cost of Services in Comprehensive Income and Expenditure Statement	**19,315,377**

Reconciliation to Subjective Analysis

2009-10	Business Unit Analysis	Amounts not reported to management for decision making	Investment Property within reporting segment but excluded from Net Cost of Service	Allocation of recharges	Cost of Services	Corporate Amounts	**Total**
	£	£	£	£	£	£	£
Fees, charges & other service income	(14,326,008)	(1,178,327)	1,274,244	(6,846,726)	(21,076,817)	0	(21,076,817)
Interest and investment income					0	(336,258)	(336,258)
Income from council tax					0	(11,315,587)	(11,315,587)
Government grants and contributions	(33,714,814)				(33,714,814)	(6,793,819)	(40,508,633)
Total Income	(48,040,822)	(1,178,327)	1,274,244	(6,846,726)	(54,791,631)	(18,445,664)	(73,237,295)
Employee expenses	12,193,211	1,389,488	(101,864)		13,480,835	2,548,000	16,028,835
Other service expenses	49,077,422	1,381,316	(35,933)		50,422,805	(1,348,291)	49,074,514
Support Service recharges		(743,856)	(132,054)	6,846,726	5,970,816		5,970,816
Depreciation, amortisation and impairment		4,232,552			4,232,552	0	4,232,552
Interest Payments					0	380,248	380,248
Precepts & Levies					0	3,054,225	3,054,225
Payment to Housing Capital Receipts Pool					0	63,155	63,155
Gain or loss on disposal of assets					0	12,387	12,387
Total Expenditure	61,270,633	6,259,500	(269,851)	6,846,726	74,107,008	4,709,724	78,816,732
Surplus or deficit on the provision of services	13,229,811	5,081,173	1,004,393	0	19,315,377	(13,735,940)	5,579,437

26. Members Allowances

The Authority paid the following amounts to Members of the council during the year.

	2010/11	2009/10
	£	£
Allowances	**398,434**	405,343
Expenses	**11,260**	17,479
Total	**409,694**	422,822

27. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary (including fees & Allowances)	Bonuses	Expenses Allowances	Pension contributions	Total
		£	£	£	£	£
Chief Executive (w.e.f. 20th October 2010- Note a)	2010/11	47,549		781	10,969	59,299
Chief Executive (Note b)	2010/11	34,645		683	7,984	43,312
Chief Executive -J Jory (Note c)	2009/10	149,950	12,598	1,543	31,668	195,759
Head of Finance	2010/11	74,021		1,464	17,138	92,623
Head of Finance	2009/10	72,932		1,049	16,720	90,701
Head of Corporate Improvement	2010/11	69,529		732	15,963	86,224
Head of Corporate Improvement	2009/10	68,163		524	15,523	84,210
Solicitor to the Council	2010/11	68,163		0	15,113	83,276
Solicitor to the Council	2009/10	65,586		0	14,822	80,408
Head of Leisure & Sustainability	2010/11	63,705		1,798	14,883	80,386
Head of Leisure & Sustainability	2009/10	64,056		908	14,682	79,646
Better Mid Sussex Planning Leader	2010/11	64,176		0	14,504	78,680
Better Mid Sussex Planning Leader	2009/10	64,176		0	14,504	78,680
Head of Revenues & Benefits (CenSus)	2010/11	64,056		1,141	12,648	77,845
Head of Revenues & Benefits (CenSus)	2009/10	64,056		764	14,303	79,123
Head of Housing Services	2010/11	58,969		0	13,400	72,369
Head of Housing Services	2009/10	59,394		0	13,400	72,794
Head of Econ.Promotion & Planning (Note d)	2010/11	46,141		1,244	10,767	58,152
Head of Econ. Promotion & Planning (Note d)	2009/10	49,092		862	11,290	61,244
Head of Organisational Development (Note e)	2010/11	40,140		0	9,072	49,212
Head of Organisational Development	2009/10	66,871		0	15,113	81,984
Deputy Chief Executive (Note f)	2010/11	54,198		1,049	12,555	67,802
Deputy Chief Executive	2009/10	93,438		1,311	21,413	116,162

(Expenses allowances comprise BUPA Medical Insurance payments only)

Note a: This employee was appointed on 20th October 2010 and the table therefore shows a part-year cost.

Note b: This employee left the Council on 30th June 2010, and their costs were less than £50,000 (also see note c). Therefore they have been excluded from the Remuneration Banding Note below.

Note c: A contractual sum of £11,369 is included in 'Salaries and Fees' in respect of Returning Officer Fees for the 2009 Elections.

Note d: This employee works 30 hours per week. The whole time equivalent is £57,221. This employee is excluded from the Remuneration Banding Note below.

Note e: This employee left the Council on 2nd November 2010, and the table therefore shows a part-year cost. Therefore, they have been excluded from the Remuneration Banding Note below.

Note f: This employee was appointed to the Chief Executive post on 20th October 2010. The post of Deputy Chief Executive was then deleted. This line therefore shows a part-year effect.

Banding Note

The total number of employees, whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	Number of Employees	
Remuneration Band	2010/11	2009/10
£160,000 - £164,999	**0**	1
£155,000 - £159,999	**0**	0
£150,000 - £154,999	**0**	0
£145,000 - £149,999	**0**	0
£140,000 - £144,999	**0**	0
£135,000 - £139,999	**0**	0
£130,000 - £134,999	**0**	0
£125,000 - £129,999	**0**	0
£120,000 - £124,999	**0**	0
£115,000 - £119,999	**0**	0
£110,000 - £114,999	**0**	0
£105,000 - £109,999	**1**	0
£100,000 - £104,999	**1**	0
£95,000 - £99,999	**0**	0
£90,000 - £94,999	**0**	1
£85,000 - £89,999	**0**	0
£80,000 - £84,999	**0**	0
£75,000 - £79,999	**2**	0
£70,000 - £74,999	**2**	1
£65,000 - £69,999	**3**	3
£60,000 - £64,999	**1**	3
£55,000 - £59,999	**1**	1
£50,000 - £54,999	**6**	8

These bandings include all the Senior Officers listed individually above (unless specifically excluded within the notes i.e. three Officers). It also includes non-Senior Officers whose remuneration totals more than £50,000 in the year.

The employee remuneration (not for a Senior Officer shown in the first table) which is shown in the band £105,000 - £109,000 includes a severance payment being paid in that year only, in addition to normal salary.

The resignation of the Chief Executive on 30th June 2010 and the appointment of the new Chief Executive on 20th October 10 has resulted in a change to the number of employees in the remuneration bandings above because of the part-year effects outlined in the notes to the previous table.

28. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2010/11	restated 2009/10
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	**107,986**	125,150
Fees payable to the Audit Commission in respect of statutory inspection	**0**	9,152
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	**27,000**	30,664
Fees payable in respect of other services provided by the appointed auditor during the year (Legal Fees , Cyprus Road)	**27,000**	0
	161,986	164,966

29. Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2010-11.

	2010/11	restated 2009/10
Credited to Taxation and Non Specific Grant Income	£	£
Redistributed Non Domestic Rates	**5,647,570**	5,228,636
Revenue Support Grant	**820,080**	1,206,837
Local Authority Business Growth Incentive Grant	**0**	64,276
Housing Planning Delivery Grant	**0**	146,300
Area Based Grant	**36,551**	22,811
Capital Grants and S106 Receipts	**186,110**	124,959
	6,690,311	6,793,819
Credited to Services	£	£
Housing Benefits/Council Tax Collection Administration	**658,078**	672,671
CenSus Shared Service Contributins - Housing Benefits and Council Tax Collection	**2,494,108**	834,921
West Sussex County Council Contribution- Civil Parking Enforcement	**173,890**	211,282
West Sussex County Council Contribution- Recycling Credits	**675,663**	666,992
Department of Transport	**284,656**	276,996
DWP Grants for Benefits/ Council Tax Collection	**36,525**	10,315
NNDR Cost of Collection contribution	**171,441**	175,644
Other	**392,614**	487,634
	4,886,975	3,336,455
Total	**11,577,286**	10,130,274

Capital Grants and Contributions - Receipts In Advance

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver, including Section 106s, which are time limited.

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (eg playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

	2010/11 £	restated 2009/10 £
Balance at 1 April	**(4,543,477)**	(4,839,087)
Received in year	**(982,341)**	(249,452)
Applied to Comprehensive Income Expenditure Statement for Capital Financing	**824,330**	545,062
Balance at 31 March	**(4,701,488)**	(4,543,477)

The £4,701,488 year-end balance comprises of £4,684,840 Section 106 receipts and £16,648 contributions.

The restated opening balance of £4,839,087 is after £1,144,750 Section 106 receipts with no repayment conditions and £106,354 Government Grants have been restated and shown on the Balance Sheet as Capital Grants and Contributions Reserve as all conditions for their usage have been met.

30. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

We have sent a letter for confirmation of any related party transactions to all members and senior officers. Declarations are still outstanding from 7 members.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 25 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in Note 29.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 26. During 2010/11, no works or services were commissioned from companies in which any member had an interest. The Cabinet Grants Panel committed/paid grants totalling £538,721 to voluntary organisations in which six members had positions on the governing body. The Council has entered into transactions with a number of charities/organisations, where members of the Council act as directors. In addition, a payment of £4,700 was made to Haywards Heath & District Business Association, and £3,491 was paid to Age UK West Sussex.

No grants were made to organisations whose senior management included close members of the families of members. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the council office during office hours.

Chief Officers	*Gross Expenditure* *£*	*Gross Income* *£*
Personal loans made available under the Council scheme	**0**	**(35,307)**

Census Partnership

As a result of the Census Partnership between Adur, Horsham and Mid Sussex District Council, there is an agreement to share certain costs of the partnership. As at 31st March 2011, the following amounts were due in respect of expenditure in that year:

	£		£
Mid Sussex liability to Horsham	**65,615**	Horsham liability to Mid Sussex	**216,604**
Mid Sussex liability to Adur	**0**	Adur liability to Mid Sussex	**223,939**

31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/11	restated 2009/10
	£	£
Opening Capital Financing Requirement	**2,975,349**	3,112,677
Capital Investment		
Operational Assets	**352,033**	419,429
Investment Assets	**1,891,477**	0
Intangible Assets	**67,199**	91,803
Revenue expenditure funded from capital under statute / De minimis Assets	**1,120,471**	1,381,316
Freedom Gym Equipment Loan	**0**	205,000
Source of Finance		
Capital Receipts	**(398,987)**	(651,092)
Government Grants and Other Contributions	**(846,794)**	(1,039,276)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	**(675,066)**	(544,508)
Closing Capital Financing Requirement	**4,485,682**	2,975,349
Explanation of Movement in Year		
Increase / Decrease in underlying need to borrow (supported by Government financial assistance)	**0**	0
Increase / Decrease in underlying need to borrow (unsupported by Government financial assistance)	**1,510,333**	(137,328)
Increase/ (Decrease) in Capital Financing Requirement	**1,510,333**	(137,328)

32. Leases

Lessee - Finance Leases

The Council has a contract with SERCO for the provision of waste collection. The vehicles used to provide the service are now shown as Property, Plant and Equipment in the Balance Sheet, with a life of seven years. This is being renegotiated to extend the vehicle life to 10 ½ years.

	31 March 2011	restated 31 March 2010	restated 01 April 2009
	£	£	£
Vehicles, Plant, Equipment	**1,003,227**	**1,255,918**	**1,493,850**
	1,003,227	**1,255,918**	**1,493,850**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011	restated 31 March 2010	restated 01 April 2009
	£	£	£
Finance lease liabilities (net present value of minimum lease payments)			
current	**268,366**	**252,691**	**237,932**
non- current	**734,861**	**1,003,227**	**1,255,918**
Finance costs payable in future years	**0**	**0**	**0**
Minimum lease payments	**1,003,227**	**1,255,918**	**1,493,850**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments			**Finance Lease Liabilities**		
	31 March 2011	31 March 2010	01 April 2009	31 March 2011	31 March 2010	01 April 2009
	£	£		£	£	£
Not later than one year	**268,366**	**252,691**	**237,932**	**268,366**	**252,691**	**237932**
Later than one year and not later than five years	**734,861**	**1,003,227**	**1,255,918**	**734,861**	**1,003,227**	**1255918**
Later than five years	**0**	**0**	**0**	**0**	**0**	**0**
	1,003,227	**1,255,918**	**1,493,850**	**1,003,227**	**1,255,918**	**1,493,850**

Lessee - Operating Leases

The Council has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amounts paid under these arrangements in 2010/11 were £45,395 (£86,278 in 2009/10) and the total commitments at 31st March 2011 amounted to £142,000 (£164,000 in 2009/10).

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2011	31 March 2010	01 April 2009
	£	£	£
Not later than one year	**42,000**	**45,395**	**82,278**
Later than one year and not later than five years	**55,000**	**97,000**	**164,000**
Later than five years	**0**	**0**	**0**
	97,000	**142,395**	**246,278**

The expenditure charged to the Cultural, Environmental, Regulatory and Planning Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2011	31 March 2010	01 April 2009
	£	£	£
Minimum lease payments	**13,756**	**18,019**	**13,550**
	13,756	**18,019**	**13,550**

Lessor – Operating Leases
The Council owns a few properties which are leased out under the terms of an operating lease. A projection of the current rental income is provided in the table below.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	£	£	£	£	£	£
Rental Income Due	**86,090**	86,090	86,090	86,090	86,090	86,090
	86,090	86,090	86,090	86,090	86,090	86,090

The Balance Sheet value of these properties at 31 March 2011 was £869,314.

Lessor – Finance Leases
The Council does not lease out assets under a finance lease**.**

33. Impairment Losses

During 2010/11, the Authority has recognised an impairment loss of £826,024 in relation to its three council office buildings as part of the revaluation for 1 April 2010, completed by Mr David Waite, FRICS. The impairment loss has been charged to Corporate and Democratic Core line in the Comprehensive Income and Expenditure Statement. In addition, the valuation of Clair Hall, Haywards Heath was reduced by £158,634 with the impairment charged to the Cultural, Environmental, Regulatory and Planning line in the Comprehensive Income and Expenditure Statement.

Details of the revaluation are consolidated in Note 1(q), and Property, Plant and Equipment Note 8.

34. Capitalisation of Borrowing Costs

At 31st March 2011 the Authority has no capitalised borrowing costs.

35. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £298,042 (£0 in 2009/10). Of this total, £162,157 is payable to three officers, in the form of compensation for loss of office. The remaining £135,885 is payable to 7 officers across the council who took voluntary redundancy as part of the Authority's rationalisation of services.

36. Defined Benefit Pension Schemes

The Council is a participating employer in the West Sussex Pension Fund which is a Local Government Pension Scheme administered by West Sussex County Council. This Fund provides pension fund members with defined benefits related to pay and service. We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in the Reserves Statement. Under Pension Regulations, contributions are required to meet 100% of the overall liabilities of the Fund.

In 2010/11, the Council paid an employer's contribution of £1,729,934 (£1,772,724 in 2009/10) into the West Sussex Pension Fund, representing 22.6% (19% in 2009/10) of employees' pensionable pay. The contribution rate was determined by the Fund's Actuary, based on triennial actuarial valuations. The actuary has estimated that the employer's contribution for the year ended 31st March 2012 will be approximately £2,182,000.

At the last review in 2010, the Actuary valued the Mid Sussex share of the Pension Fund as 76% funded, giving rise to a deficit of £16.4 million with liabilities of £68 million. No additional lump sums were made to the Pension Fund in 2010/11 (2009/10 Nil). During 2010/11, payments totalling £165,077 (1.5% of pensionable pay) were made into the Pension Fund in respect of the actuarial costs relating to early retirements.

The Council is responsible for all pension payments relating to added years benefits it has awarded and is responsible for other pension costs payable to the East Sussex Pension Fund in respect of pre 1974 pensioners. In

2010/11 payments to both funds totalled £236,754 (2.6% of pensionable pay) and were met by amounts set aside for this purpose in the Specific Reserve.

On 1st February 2010 Census Revenues and Benefits shared service staff were transferred within the Local Government Pension Scheme to Mid Sussex. The figures for the year ended 31st March 2011 reflect the full-year effect of this transaction. All sums payable to the pension fund now or at any future date arising out of or in connection with any service occurring prior to the commencement date shall be borne by the Participating Authority by whom that employee was employed immediately prior to that date.

The Council is a participating employer in the West Sussex Pension Fund which is a Local Government Pension Scheme.

In the 2010 valuation, the actuary proposed that 20 years would again be a prudent period over which to recover the fund deficit. This would give rise to a decreased employers' contribution rate of 15.6% for each of the three years to 2013/14. In addition, the Council would make lump sum payments as follows: 2011/12 £635,000, 2012/13 £753,000 and 2013/14 £888,000. The actuary has used the projected unit method as a basis for calculating the service cost. This is in accordance with IAS 19.

The effects on the Comprehensive Income and Expenditure Statement of incorporating IAS 19 are as follows:

Comprehensive Income and Expenditure Statement Costs for the year to 31st March 2011

Analysis of amount charged :	2010/11 £'000	% of pay	2009/10 £'000	% of pay
Cost of Services:				
Current Service Cost	**2,060**	20.4%	838	10.0%
Past Service Cost/ Gain *	**(9,505)**	(112.3%)	160	2.1%
Losses/(Gains) on Curtailment and Settlements	**190**	2.4%	1,740	23.0%
*this includes (£9,539,000) gain shown as exceptional item				
Financing and Investment Income and Expenditure:				
Expected return on Employer assets	**(3,894)**	(42.9%)	(2,300)	(30.2%)
Interest cost	**5,089**	59.4%	4,102	53.1%
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Services	**(6,060)**	73.0%	4,540	58.0%
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:				
Actuarial Gains/(Losses) on plan assets	**4,756**		12,588	
Actuarial Gains/(Losses) on obligation	**14,407**		(32,769)	
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**19,163**		(20,181)	
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**6,060**		(4,540)	
Actual amount charged to the General Fund Balance for pensions in the year:				
Employers' contributions payable to the scheme	**1,730**		1,773	

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 Pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of Actuaries.

Investment Returns

The return on the Fund in market value terms for the year to 31 March 2011 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. Details are given below:

Actual Return for Period from 1 April 2010 to 31 December 2010	6.9%
Estimated Return for Period from 1 April 2010 to 31 March 2011	8.3%

Financial Assumptions

The assumptions used by the Actuary in preparing the pensions information are:

Year ended:	**31.3.11**	31.3.10
	% pa	% pa
Inflation /Pension Increase Rate	2.80%	3.80%
Salary Increase Rate	5.10%	5.30%
Expected Return on Assets	6.90%	7.20%
Discount Rate	5.50%	5.50%

Breakdown of expected return on assets by category

Year ended:	**31.3.11**	31.3.10
	% pa	% pa
Equities	7.50%	7.80%
Bonds	4.90%	5.00%
Property	5.50%	5.80%
Cash	4.60%	4.80%

Mortality

Life expectancy is based on actuarial tables, which now show an improvement over earlier years' assumptions. The average future life expectancies at age 65 are summarised below:

	Males	**Females**
Current Pensioners	22.7 years	24.2 years
Future Pensioners	24.3 years	26.4 years

Historic mortality

Life expectancy for all previous years is based on actuarial tables. The allowance for future life expectancy is:

Year ended	**Prospective Pensioners**	**Pensioners**
31st March 2010	year of birth, medium cohort and 1% p.a minimum improvements from 2007	year of birth, medium cohort and 1% p.a minimum improvements from 2007
31st March 2009	calendar year 2033	calendar year 2017
31st March 2008	calendar year 2033	calendar year 2017
31st March 2007	calendar year 2017	calendar year 2009

Age ratings are applied to the above tables based on membership profile

Scheme History

Year ended:	31.3.11	31.3.10	31.3.09	31.3.08	31.3.07
	£ 000	£ 000	£ 000	£ 000	£ 000
Fair Value of Employer Assets	63,020	53,978	38,480	48,200	48,470
Present Value of Defined Benefit Obligation	(81,186)	(99,815)	(60,950)	(62,350)	(68,160)
Surplus/(Deficit)	(18,166)	(45,837)	(22,470)	(14,150)	(19,690)
Experience Gains/(Losses) on Assets	4,756	12,588	(13,470)	(4,210)	(900)
Experience Gains/(Losses) on Liabilities	6,240	0	(60)	(2,400)	(10)
Actuarial Gains/(Losses) on Employer Assets	4756	12,588	(13,470)	(4,210)	(900)
Actuarial Gains/(Losses) on Obligation	14,407	(32,769)	5,680	(9,470)	5,670
Actuarial Gains/(Losses) recognised in Income and Expenditure Account	19,163	(20,181)	(7,790)	(13,680)	4,770

Assets and liabilities in relation to retirement benefits

Reconciliation of defined benefit obligation

Year ended:	31.3.11	31.3.10
	£ 000	£ 000
Opening Defined Benefit Obligation	**99,815**	60,950
Current service Cost	**2,060**	838
Interest Cost	**5,089**	4,102
Contributions by Members	**681**	535
Actuarial Losses / (gains)	**(14,407)**	32,769
Past Service Costs / (Gains)	**(9,505)**	160
Losses/ (Gains) on Curtailments	**190**	0
Liabilities Extinguished on Settlements	**0**	(4,100)
Liabilities Assumed in a Business Combination	**0**	7,201
Exchange Differences	**0**	0
Estimated Unfunded Benefits Paid	**(120)**	(130)
Estimated Benefits Paid	**(2,617)**	(2,510)
Closing Defined Benefit Obligation	**81,186**	99,815

Reconciliation of fair value of employer assets

Year ended:	31.3.11	31.3.10
	£ 000	£ 000
Opening Fair Value of Employer Assets	**53,978**	38,480
Expected Return on Assets	**3,894**	2,372
Contributions by Members	**681**	535
Contributions by the Employer	**2,328**	1,970
Contributions in respect of Unfunded Benefits	**120**	130
Actuarial (Losses) / Gains	**4,756**	12,588
Assets Distributed on Settlements	**0**	(5,840)
Assets Acquired in a Business Combination	**0**	6,383
Exchange Differences	**0**	0
Unfunded Benefits Paid	**(120)**	(130)
Benefits Paid	**(2,617)**	(2,510)
Closing Fair Value of Employer Assets	**63,020**	53,978

The asset values below as at 31st March 2011 and 31st March 2010 are at bid value as required under IAS 19

Fair value of employer assets

Year ended:	31.3.11	31.3.10
	£ 000	£ 000
Equities	**48,532**	41,023
Bonds	**8,825**	8,093
Property	**4,407**	3,241
Cash	**1,256**	1,621
Total	**63,020**	53,978

Balance Sheet

Year ended:	**31.3.11 £ 000**	31.3.10 £ 000
Fair Value of Employer Assets	**63,020**	53,978
Present Value of Funded Liabilities *	**(79,516)**	(97,835)
Net (Under) / Overfunding in Funded Plans	**(16,496)**	(43,857)
Present Value of Unfunded Liabilities **	**(1,670)**	(1,980)
Unrecognised Past Service Cost	**0**	0
Net Asset /(Liability)	**(18,166)**	(45,837)
Amount in the Balance Sheet		
Liabilities	**(18,166)**	(45,837)
Net Asset /(Liability)	**(18,166)**	(45,837)

*An estimate of this liability is comprised of approximately: £32,941,000, £12,080,000 and £34,495,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31st March 2011. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer.

** For unfunded liabilities as at 31st March 2011, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabitating) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pensions as at the date of the member's death.

The liabilities as at 31st March 2011 are based on the current benefit structure of the LGPS.

Further information can be found in the West Sussex County Council Pension Fund's Annual Report, which is available on request from County Hall, Chichester, West Sussex.

37. Contingent Liabilities

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2011 the amount guaranteed was £42,894 (£44,527 as at 31st March 2010). The Deposit Guarantee is time limited and is equal to the tenancy term that the landlord has granted the tenant which is typically 6 or 12 months, therefore the potential liability will have expired by 31st March 2012.

As at 31st March 2010 Crest Nicholson (South) Limited were seeking permission to challenge our small room sizes supplementary planning document. This case has been settled at no cost to the Council.

38. Contingent Assets

There are no contingent assets as at 31 March 2011.

39. Nature and Extent of Risks Arising From Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments and payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interests rates movements

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing strategies and policies to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services

Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the code of Practice
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.

  By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counter-parties in compliance with the Government Guidance;

These are required and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members by the end of September following the year that it refers to. These policies are implemented by the treasury manager. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposure to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above and set out in detail in the Treasury Management Policy.

Mid Sussex District Council has traditionally lent to UK clearing banks and their subsidiaries, this has now been extended to include some major European banking groups, and the twenty-five largest UK Building Societies, using their total asset base as guidance.

The Council does not formally allow credit for its trade debtors. The total due can be analysed by age as follows:

	31.3.11 £ 000
Less than three months	**214**
Three to six months	**24**
Six months to one year	**20**
Greater than one year	**41**
Total	**299**

Liquidity risk

The Council manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

The Council has ready access to borrowing from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer- term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no real risk that it will be unable to raise finance to meet is commitments under financial instruments. As stated earlier in the Statement, reserves from a key part of risk management and help ensure liquidity, as they are cash backed.

Refinancing and Maturity Risk

The costs and benefits of any proposals for borrowing, private financing, or partnership arrangements will be evaluated against alternative methods of finance and provision.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments that are for one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury manager addresses the operational risks within the approved parameters. This includes monitoring the financial liability and monitoring the maturity profile of investments to insure sufficient liquidity is available for the Council's day-to-day cash flow needs.

The investments of £13,500,000 shown in the balance sheet all mature within one year, and all trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

In terms of exposure to interest rate changes on amounts borrowed, the Council has no direct exposure as all of its borrowing is at a fixed rate. Falls in interest rates would increase the fair value of the borrowing but as borrowing is not carried at fair value in the balance sheet any such nominal gains and losses will not impact on the Comprehensive Income and Expenditure Statement. Exposure to interest rate changes is greater for investments because the Council's investments have a much shorter maturity profile.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury manager will monitor market and forecast interest rates within the year to adjust exposures accordingly.

At 31st March 2011 the Council held no variable rate investments or borrowings and there was no impact on the Comprehensive Income and Expenditure Statement resulting from movements in fair value or fixed rate investments.

Foreign exchange risk

All the Council's treasury activity is in Sterling, so there is currently no exposure to fluctuations in exchange rates.

40. Accounting Policies Issued But Not Yet Adopted

The 2011/12 accounting Code of Practice includes changes relating to Heritage Assets. The Jill Windmill is currently shown on the Balance Sheet as a Community Asset with a value of £1. Its classification may be required to change to Heritage Asset.

There are 13 works of art which have been included as Community Assets on the basis of an insurance valuation undertaken during 1998 of £95,300, and civic regalia held at historic cost of £3,100, will be retained as Community Assets.

MID SUSSEX
DISTRICT COUNCIL

Collection Fund

Collection Fund

Income and Expenditure Account

This account details all monies due from Council Tax and National Non Domestic Rates (NNDR/Business Rates), and payments made to West Sussex County Council, Sussex Police Authority, Town and Parish Councils, and the District Council. All Business Rates, less a deduction for collection costs, are paid to a Central Government pool and redistributed to local authorities by formula. The costs of administering the collection of this income are accounted for in the General Fund.

	Note	2010/11 £	2009/10 £
Income			
Council Tax	*1*		
Income receivable from Taxpayers		**(79,952,669)**	(77,529,998)
Transfers to/(from) General Fund			
Council Tax Benefits		**(6,220,421)**	(5,877,349)
Transitional Relief from previous years		**4,464**	11,443
Total Council Tax		**(86,168,626)**	(83,395,904)
National Non-Domestic Rates			
Income collectable from Business Ratepayers	*2*	**(37,886,325)**	(37,993,554)
Contributions			
Contribution to/from Previous Year's (Deficit)/Surplus	*4*	**(373,000)**	(364,000)
		(124,427,951)	(121,753,458)
Expenditure			
Demand and Precepts			
West Sussex County Council		**66,426,088**	64,452,875
Sussex Police Authority		**7,912,890**	7,660,047
Mid Sussex District Council		**11,688,643**	11,336,357
National Non-Domestic Rates	*2*		
Payment to National Pool		**37,714,884**	37,817,910
Cost of Collection Allowance		**171,441**	175,644
Bad and Doubtful Debts (Council Tax only)	*3*		
Write Offs		**57,840**	71,702
Provisions		**386,514**	27,851
		124,358,300	121,542,386
Movement on Fund Balance Deficit/(Surplus)		**(69,651)**	(211,072)
Collection Fund Balance			
Balance at the Beginning of the Year		**231,623**	442,695
Movement on Fund Balance		**(69,651)**	(211,072)
Balance at Year End Deficit/(Surplus)	*5*	**161,972**	231,623

Notes to the Income and Expenditure Account

1. Council Tax

The council is required to calculate a tax base each year and this is divided into the total precept requirement to produce the band D council tax figure.

The tax base is calculated by estimating the number of dwellings in the district in each tax band, taking into account an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions and discounts where applicable.

Each band total is then adjusted to give band D equivalents. Finally, an adjustment is made to cover non-collection of arrears.

A summary of the calculation, as agreed by council on 24th February 2010, is shown below.

Band	*Property Value*	*Number of Net Dwellings*	*Ratio to Band D*	*No of Band D Equivalents*
A	up to £40,000	1,480.55	*6/9*	987.0
B	between £40,001 & £52,000	4,668.50	*7/9*	3,631.1
C	between £52,001 & £68,000	10,932.90	*8/9*	9,718.1
D	between £68,001 & £88,000	14,279.45	*9/9*	14,279.4
E	between £88,001 & £120,000	9,504.75	*11/9*	11,616.9
F	between £120,001 & £160,000	7,155.25	*13/9*	10,335.4
G	between £161,001 & £320,000	3,811.65	*15/9*	6,352.8
H	over £320,000	295.10	*18/9*	590.2
				57,510.9
	Less adjustment for non-collection (0.6%)			(345.1)
	Council Tax Base			57,165.8

The average band D Council Tax can be calculated by estimating the amount of income required to be taken from the Collection Fund by West Sussex County Council, Sussex Police Authority and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the Council Tax Base as below.

Authority	*Demand or Precept £*		*Council Tax Base*		*Band D Council Tax £*	
West Sussex County Council	66,426,088	÷	57,165.8	=	**1,161.99**	
Sussex Police Authority	7,912,890	÷	57,165.8	=	**138.42**	
Mid Sussex District Council	11,688,643	÷	57,165.8	=	**204.47**	(average)
Average Band D Council Tax Charge For 2010/11					**1,504.88**	

To calculate the Council Tax for each band, the band D Council Tax is then multiplied by the ratio specified above for the particular band. There were 24 actual Council Taxes levied for band D properties for each parish area in the district and these ranged from £1,541.51 to £1,559.92.

2. National Non-Domestic Rates (NNDR)

National Non Domestic Rates (Business Rates) are collected by Mid Sussex District Council on behalf of the Government. It pays the proceeds, less an allowance for costs of collection, into the NNDR Pool administered by the Government. It is subsequently redistributed to local authorities on the basis of population.

The rates are calculated by multiplying assessed rateable value by a fixed multiplier set by Central Government. The Rateable Value of Non Domestic Properties as at 31 March 2011 was £106.215m (£94.369m in 2009/10). The standard mulitplier for the year was 41.4p, a decrease from 48.5p in 2009/10. The Small Business Rate Relief Multiplier for the year was 40.7p, a decrease from 48.1p in 2009/10.

In the year 2010-11, uncollectable rates of £195,973 have been written off. A total of £2,683,731 has been provided against debts of £3,453,000.

3. Bad and Doubtful Debts

Provision has been made for Council Taxpayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31st March 2011. A total of £2,654,578 has been provided against debts of £3,732,274 outstanding as at 31st March 2011.

4. Contribution to Previous Year's Surplus/Deficit

In accordance with legislation, the estimated balance as at 31st March 2010 on the Collection Fund was £373,000 deficit and this was notified to both the County Council and Police Authority. This deficit has been deducted from the contribution to each of these principal authorities in proportion to their Council Tax for the year 2010/11, as follows:

Authority	Estimated Deficit 31.3.10 *£*	*%*
West Sussex County Council	**288,090**	**77.24**
Sussex Police Authority	**34,240**	**9.18**
Mid Sussex District Council	**50,670**	**13.58**
Estimated Deficit at year end	**373,000**	**100.00**

5. Year End Surplus / Deficit

At 31st March 2011, the fund has a deficit of £161,972. The contributions required from West Sussex County Council and Sussex Police Authority are included as part of Local Authority Debtors on the Balance Sheet, page 17, detailed in Financial Statements Note 15. The Mid Sussex District Council contribution is shown as Collection Fund Adjustment Account on the Balance Sheet.

Authority	31.3.11 *£*	*%*	31.3.10 *£*
West Sussex County Council	**125,180**	77.21	179,049
Sussex Police Authority	**14,813**	9.20	21,155
Mid Sussex District Council	**21,979**	13.59	31,419
Actual Deficit at year end	**161,972**	100.00	231,623

MID SUSSEX DISTRICT COUNCIL

Annual Governance Statement

Annual Governance Statement

Scope of responsibility

Mid Sussex District Council ("the 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. The 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, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

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 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, the achievement of the 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 the Council for the year ending 31 March 2011 and up to the date of approval of the statement of accounts.

The governance framework

The key elements of the systems and processes that comprise the authority's governance arrangements are summarised below:

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

Council agreed a Corporate Plan and Budget for 2010/2011 on 24th February 2010. This is available on the Council's web site. This reviews the authority's vision and its implications for the authority's governance arrangements.

Progress on achievement of the Council's Corporate Plan and Budget has been monitored throughout the year through reports to Cabinet, Performance and Scrutiny and Audit Committees.

Measuring the quality of services for users, to ensure they are delivered in accordance with the authority's objectives and to ensure that they represent the best use of resources

2010/11 is the third year of the combined four-year service development and financial planning framework and this has been prepared in line with the Council's Constitution and ensures that resources are matched with corporate priorities. The Council, along with many others, has begun to feel the effects of the economic downturn. This made the planning process difficult, with competing priorities of continuing to deliver its services, maintaining a balanced budget and keeping Council Tax levels low compared to other Sussex Councils. The Corporate plan, as in the previous year, recognised two key principles for 2010/11: the importance of protecting key services; and, the need to address the capital reserves position.

The Council's activities have an important impact on the lives of local people, whether it is services that all residents use, such as waste collection, or those targeted at vulnerable groups such as Benefits services. Mid Sussex also works in partnership with others to deliver services to the community. Overall, the District was ranked 16th best place to live in the UK in the 2008 Halifax Quality of Life Survey. Taking into account residents' expectations of services, the service and budgets plans for 2010/11 did not require service cuts or compulsory redundancies to be achieved.

To address the capital reserves position, the plan identified actions to increase reserves by reducing future capital expenditure and to finance items from the revenue budget.

The Council, through its budget monitoring and control processes, ensures that financial resources are being used to their best advantage and in accordance with the Corporate Plan and Budget. Regular reports have been made on budget monitoring throughout the year to Cabinet.

A crucial role in performance management is played by the Performance and Scrutiny Committee to ensure that the Council's performance is continually being improved. Each quarter a report is produced for this Committee on the performance against key indicators. This report shows the current status and whether the performance is above, on or below target. An explanation is given where there is non-achievement and Members are asked to consider the corrective action proposed or agree additional action. This performance management system will also assist in identifying and managing risk on an ongoing basis.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Section 151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of financial regulations, management information and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability. Ongoing development and maintenance of the various processes may be the responsibility of other managers within the Council.

In particular, the process in 2010/2011 included:

- The setting of annual budgets;
- Management of actual income and expenditure against the annual budget by way of regular budget management reports to the Executive
- Setting of financial and performance targets
- Clearly defined capital expenditure guidelines
- The management of finances against a Medium Term Financial Plan
- Managing risk in key financial service areas
- Bringing the budget in on target against an uncertain economic background where costs were rising and income levels were difficult to predict.

Effectiveness of Internal Audit

The Internal Audit Section reports to the Head of Finance, who is also the Section 151 officer. The main responsibility of the Internal Audit Team is to provide assurance and advice on the internal control system of the Council to the Corporate Management Team and Members. Internal Audit reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement. It also supports management in developing systems, providing advice on matters pertaining to risk and control. The controls created by management are evaluated to ensure:

- Council objectives are being achieved;
- Economic and efficient use of resources;
- Compliance with policies, procedures, laws and regulations;
- The safeguarding of Council assets; and
- The integrity and reliability of information and data.

Each year an Internal Audit Plan is prepared, and considered by Audit Committee. The Plan responds to the continuing changes within the organisation, its structure and how its services are delivered. The work of Internal Audit is managed through a risk-based planning process. The plan allows for examination of the main financial systems to ensure that the Council's finances remain properly controlled whilst also undertaking strategic and some service based work. In addition, Internal Audit supports the Audit Commission in their work with regard to the testing of controls.

The Internal Audit Partner provides an opinion on the overall system of control within his annual report and in turn, External Audit have given their opinion on the service of Internal Audit and stated that it is adequate and effective.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Councillors have to agree to follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Standards Committee supports and advises them on this Code. When major decisions are to be discussed or made, these are published in the Cabinet's forward plan. If these major decisions are to be discussed with Council officers at a meeting of the Cabinet, this will generally be open to the public, unless of a confidential or personal nature. The Cabinet must make its decisions in line with the overall Council strategic framework and budget. If the decision is outside the budget or policy framework, this decision must be referred to the Council as a whole to decide.

There is one Performance and Scrutiny Committee and four Better Advisory Groups who support the work of the Cabinet and the Council as a whole through their Scrutiny role. Performance and Scrutiny Committee also monitor the decisions of the Cabinet and can 'call in' a decision which has not yet been implemented. The Committee may recommend that the Cabinet reconsider the decision or refer the matter to Council. The Committee also reviews a summary of complaints about the Council and its officers. Finally, Cabinet members have regular briefing sessions with Heads of Service and other officers to enable them to appreciate the issues that the service is facing.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The standards of conduct and personal behaviour expected of members and officers, its partners and the community are defined and communicated through codes of conduct and protocols. These include:

- Members' code of Conduct
- An effective performance management system
- Regular performance appraisals for staff
- An Anti-Fraud and Corruption Policy
- Protocol for Member and Officer Relationships
- A code of conduct for Local Government Employees
- A Standards Committee

South East Employers awarded the District Council with Charter status on 25th October 2010 following its successful assessment against the Charter Standard. This is a national standard similar to Investors in People but awarded for commitment to Elected Member learning and development.

The benefits of Member development are increased knowledge and skills that enable them to better represent local residents and more effective local governance.

The Council, in July 2009, adopted a Single Equalities and Diversity Scheme, which brought together and replaced the Council's three separate schemes: race, gender and disability and Equalities Service Delivery Policy. The new scheme reflects developments made at national level with the formation of the Equality and Human Rights Commission in 2007 and the wider range of protected groups now covered by the Equality Act 2010.

The Council has taken a wider view of its responsibilities to vulnerable people than required through the Equality Act, in that it also assesses the impact of its work on those who could be excluded or disadvantaged owing to poverty, low skills or rural isolation. In planning its services, the Council recognises that equality and diversity are key to the main purpose of working in partnership for the well-being of all in the community. A rolling programme is in place so that all services and policies, and any proposed changes to those services and policies, are assessed on their impact on different individuals. Issues arising from these assessments are then reflected in future policies and practices, and in service plans, contracts and performance targets. Our work is also affected by consultation with residents, service users and organisations representing sectors of our community. Each year the Better Services Advisory Group receives an annual report setting out our progress in promoting equality. This enables Members to scrutinise the adequacy of our plans and their delivery.

Reviewing risk management controls

The Constitutional Review Group's work in 2010/11 was:

a) Considering when matters can be referred to the District Planning Committee
b) Considering the need for Member questions at Cabinet
c) Considering a suggestion that Council have to sign off expenditure above £500K
d) The appointment of the Leader and Deputy Leader for 4 years from May 2011.

Council agreed changes to the Constitution to include the above in December 2010 and the Constitution has been amended accordingly. All Members of the District Council have been provided with a copy of the Constitution, as at May 2011, on disc. The copy of the Constitution on the Council's web site is kept up to date at all times.

In order to provide further reassurance in the management of risks and controls, the Council has an independent Audit Committee whose role is set out in Article 10 of the Council's Constitution. It is composed of 11 members and considers the annual Statement of Accounts, reports of the external auditors, Treasury Management policy and performance and all other work outlined in the CIPFA Code of Practice. The Committee reports directly to Council.

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

Mid Sussex District Council has a duty to ensure that it acts in accordance with the law and various regulations in the performance of its functions. It has developed policies and procedures for its officers to ensure that, as far as is possible, all officers understand their responsibilities both to the Council and to the public. Two key documents are the Financial Procedure Rules and the Contract Procedure Rules, which are available to all officers via the Council's Intranet, as well as available to the public as part of the Constitution, which is published on the Council's website.

Other documentation includes corporate policies on a range of topics such as Dignity at Work, Diversity, and Anti-Fraud and Corruption. All policies are subject to internal review and audit to ensure these are adequately maintained. Audit recommendations of a high priority are published as part of the Audit Committee papers The Council keeps all staff aware of changes in policy, or new documentation following new legislation by means of alerting them in regular team meetings, on the intranet and where appropriate, arranging training for all or key members of staff. Appraisal documentation includes a declaration that all gifts and hospitality have been recorded in the appropriate register.

The Council identifies its key strategic risks at the start of each year. There is an annual workshop for Cabinet and Management Team to review existing strategic risks and identify and prioritise new risks. The management of risks are reported on a quarterly basis and an annual report of progress is made to Cabinet. The Council's Performance & Scrutiny Committee contributes to the process of identifying and prioritising risks.

The Council has long been a contributor to the National Fraud Initiative and has made savings for the public purse through its data-matching activities.

Whistle-blowing and for receiving and investigating complaints from the public

There is a policy on whistle blowing which enables anyone who works or has worked for the Council to raise concerns about the Council and its activities. On our website there is information about reporting suspected benefit fraud and information about how to make a complaint about the Council's services, actions or inactions or about a potential breach of the Members' Code of Conduct.

During the year, one whistleblowing incident was recorded and investigated.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Members of the Council have had follow-up training throughout their term of office. As a result of the elections, 30 new Councillors have undergone training on subjects as diverse as licencing, scrutiny skills, anti-social behaviour, finance and the financial outlook, equalities and the community profile, and planning and planning policy, in order to equip them for their roles. The identification of training needs is made by a training Member Working Group and senior Members then agree a training work programme.

Specialist officers have continued with their personal development through a specially developed programme (Spark) in 2010, which will enable them to enhance service delivery and perform more effectively. A further benefit of this programme is the improvement in succession planning for senior positions.

More senior officers' training and development needs are identified through regular appraisals with the Chief Executive and corresponding training plans implemented.

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

The Council consults widely with residents, service users and others about existing and planned service initiatives. A market research consultancy exercise was carried out in September 2009 to gather views about residents' preferences on a range of service areas. The views expressed in this exercise were then used to inform the budget and service planning exercise for 2010/11 and proved to be useful when balancing competing service demands against reducing financial resources.

A significant by-product of this consultation was understanding residents' overall satisfaction rating of the Council. Asked at the outset of their interviews to assess how satisfied they were with the current level of service provision offered by us, a rating of 71% satisfaction was achieved. This is encouraging and demonstrates that we are proceeding in the right direction for most of our residents.

We also consult service users and representatives of sectors of our community on proposals that could affect them. This is particularly important for those sections of the community whose voice may not otherwise be heard. An example is the work we are doing with the Access Groups in Mid Sussex to ensure they are able to influence our planning policies and specific planning applications.

We have policies on both external and internal communications. A magazine ' Mid Sussex Matters' is published 3 times a year to inform residents about the Council's core aims and responsibilities and how it is working with other agencies and partners to deliver those aims and is delivered to all householders.

Work continues on integrating a new Customer Services Strategy which will underpin all service areas and help promote the delivery of a customer-focused Corporate Plan. By using the website the aim is to make available more e-forms to provide another form of interaction. Partnership working will be enhanced with greater sharing of information between Town and Parish councils and relevant public sector organisations

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

With the demise of Thornfield Properties and the dissolution of the Better Mid Sussex partnership, there are now two key strategic partnerships for the year; the CenSus partnership, and the Local Strategic Partnership. A detailed focus is given in the quarterly strategic risk management report.

The CenSus Partnership between Mid Sussex, Adur and Horsham Councils has operated as a Joint Committee structure in 2010/11, following resolutions by Council in all three authorities. This has brought about an improved governance system, more formal reporting and greater transparency to the partnership. It is subject to a separate 'small bodies' audit.

From 1st April 2011, Worthing BC joined the ICT service as a full partner with staff transferring over to Horsham DC under TUPE regulations.

Review of effectiveness

Mid Sussex 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 Internal Audit Service and the Internal Audit Annual Report
- The work of Heads of Service and managers at the Council who have responsibility for the development and maintenance of the governance environment
- The external auditors in their Annual Audit Letter and other reports.
- Specific Corporate Governance reviews.

None of these factors have given cause for concern in the year.

Improvements in the year

In the period covered by this Annual Governance Statement, improvements have been made to the Council's arrangements in respect of the following areas, previously identified as areas in which we could improve:

- The Better Mid Sussex Advisory Group has been formed with effect from September 2010. This improves the governance and transparency of the town centre regeneration projects.
- The Council has continued its impressive track record of cost control. It is in the bottom 10% of councils nationally in terms of spend on services per head of population.
- The robust medium term financial plan has been updated to cover the CSR period.
- The Standards Committee has delivered its responsibilities effectively

Significant governance issues

- A Member raised a concern about the Cyprus Road Agreement with Thornfield Properties. This has been dealt with by an Audit Commission review and report to the Audit Committee in June 2010. The Council submitted its own learning points to the District Auditor which were agreed with and formed the basis for a set of recommendations within the review. Since then, the Council has embedded these points within its everyday administration and has learned from the episode.

- With regard to the Census Shared Services joint committee, the TUPE transfer of Revenues and Benefits staff to Mid Sussex District Council took effect from 1st February 2010 and the TUPE transfer of ICT staff from Mid Sussex District Council to Horsham District Council took place on 1st April 2010. There is a proper legal agreement in place between all parties that sets out their responsibilities and financial commitments and the restoration of a Joint Committee rather than an informal steering group formalises the agreement and enhances accountability and transparency.

The Constitutional Review Group has been retained for 2010/11 to consider how the Constitution of the Council is working, to update the Constitution to reflect statutory changes and to make recommendations to Full Council accordingly. It is to review the Financial Regulations in the autumn of 2011.

We propose over the coming year to ensure that our governance arrangements remain fit for purpose. Mid Sussex DC has a good record of transparent and accountable leadership, and thorough decision-making and we are committed to seeing that continue.

Cllr Garry Wall
Leader of Council
September 2011

Kathryn Hall
Chief Executive
September 2011

Auditor's Opinion And Certificate

Auditor's Opinion and Certificate

Independent auditor's report to the members of Mid Sussex District Council

Opinion on the Authority accounting statements
I have audited the accounting statements of Mid Sussex District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Mid Sussex District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Head of Finance and auditor
As explained more fully in the Statement of the Head of Finance Responsibilities, the Head of Finance 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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements
In my opinion the accounting statements:

- give a true and fair view of the state of Mid Sussex District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters
In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception
I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

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

Auditor's responsibilities
I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resouces. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion
I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

- Securing financial resilience; and
- Challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its used of resources.

Conclusion
On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Mid Sussex District Council put in place proper arrangements to secure economy, efficiency and effectivenesss in its use of resouces for the year ending 31 March 2011.

Certificate
I certify that I have completed the audit of the accounts of Mid Sussex District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Helen Thompson
District Auditor

Audit Commission
Bicentennial Building
Southern Gate
Chichester West Sussex PO19 8EZ

28 September 2011

Glossary of Terms

Glossary of Terms

Accounting Polices - These are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements.

Accounting Standards - These are set by CIPFA /LASAAC and comprise International Financial Reporting Standards (IFRSs) developed by the Financial Reporting Advisory Board ((FRAB). The Code of Practice on Local Authority Accounting is based on approved Accounting Standards issued by the International Accounting Standards Board (IAS) as well as approved Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board. Therefore, the IFRS-based Code of Practice on Local Authority Accounting is based on the accounting standards issued by various standard setting bodies, Auditors could expect the guidance to be complied with, and any departure must be disclosed in the published accounts.

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 (Pensions IAS 19)- The changes in actuarial deficits or surpluses that arise because:

Events have not coincided with actuarial assumptions made for the last revaluation (experience gains or losses) or the actuarial assumptions have changed.

These are recognised by appropriation from the pensions reserve and have no impact on the Comprehensive Income and Expenditure Account.

Agency Services - Services which are performed by or for another authority or public body, where the principal reimburses the agent for the cost of the work carried out.

Balances - In general, the accumulated surplus of income over expenditure, on any account, at the end of the financial year. Balances form part of the Council's reserves, and the authority may use its revenue balances to reduce the requirement from the council tax.

Band D Equivalent - The weighted number of properties subject to council tax in a local authority's area, calculated on the basis of prescribed proportions in relation to band D.

Best Value Accounting Code of Practice (BVACOP) – This code is issued by CIPFA and provides guidance on financial reporting to stakeholders. The code ensures accounts are consistent and comparable across all local authorities. It is updated annually to reflect the latest correct accounting practice.

Billing Authority - The local authority responsible for the billing and collection of the council tax from all properties in their area. In shire areas the district councils are the billing authorities.

Capital Accounting - The recording in local authority balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

Capital Expenditure – On the acquisition or construction of assets which have a long-term value to the authority in the provision of its services (e.g. land; purchasing existing buildings or erecting new ones; purchasing furniture or equipment etc).

Capital Programme - an authority's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

Capital Receipts - Income received from the sale of land or other assets, which is available to finance other items of capital (but not revenue) spending, or to repay outstanding debt on assets originally financed from loan.

Chargeable Dwelling – A dwelling which is subject to council tax.

CIPFA (The Chartered Institute of Public Finance and Accountancy) - This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accountancy Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

Collection Fund - A fund administered by each billing authority (the District Council in shire areas). The council tax, business rate income and the community charge are paid into the fund whilst the net revenue spending of the county, district and police authority are met from the fund.

Community Assets - Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Communities and Local Government CLG

Contingent Liability and Asset - A contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

Costs Payable to the Pension Fund and any Payments to Pensioners (Pensions IAS 19) - These are appropriated to the Comprehensive Income and Expenditure Account from the Pensions Reserve, to replace all IAS 19 debits and credits, so that they remain, as previously, the actual amount to be met from government grants and local taxation.

Council Tax - The local tax payable on most residential properties in a local authority's area, in the year. Properties are valued within eight valuation bands (A-H), which determines the amount of council tax payable. See band D equivalents.

Current Assets - An asset which will be consumed or realised in the next accounting period e.g. short-term investments, inventories, short term debtors, cash and cash equivalents.

Current Liabilities - An amount which will be payable or could be called in within the next accounting period e.g. creditors, provision for accumulated absences, finance leases payable less than 1 year, cash overdrawn, and borrowing payable less than 1 year.

Current Service Cost (Pensions IAS 19) This represents the increase in present value of the scheme's liabilities expected to arise from employee service in the current period.

Discount Rate – A calculation using a specified discount rate to estimate the present value of a future liability.

Depreciation – is provided for on all Property, Plant and Equipment. Depreciation is the measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

DWP – Department for Work and Pensions

Exceptional Items – These are material items in terms of the authority's overall net expenditure which derive from events or transactions which are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They are disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets (Pensions IAS 19) - The average rate of return, based on actuarial advice, including both income and changes in the fair value, but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items - Material items which derive from events or transactions that fall outside the ordinary activities of the authority. It would be rare for an item to be classified as extraordinary and would only be likely where ultra vires transactions occur.

External Audit - The independent examination of the accounts of local authorities. The Mid Sussex audit is carried out by the Audit Commission.

Finance Lease - A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Other types of lease are termed "operating leases".

Gains and Losses on Settlements (Pensions IAS 19) - An irrecoverable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. This also is charged to Non Distributed Costs.

General Fund Balance- The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

Impairment – Impairment occurs when an asset has been revalued and the valuation is downward. It is caused by a consumption of economic benefits (e.g. physical damage, or deterioration in the quality of service provided by the asset) or a general fall in prices.

Infrastructure Assets – Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and culverts.

Intangible Assets – Intangible assets are defined as "non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events

Interest Cost (Pensions IAS 19) The expected increase during the year in the present value of the schemes liabilities because the benefits are one year closer to settlement.

National Non-Domestic Rates (NNDR) - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the CLG. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

NNDR – See National Non Domestic Rates.

Non-current Assets (formally Fixed Assets) – Tangible assets that yield benefits to the local authority and the services it provides for more than one accounting year, e.g. land buildings, vehicles, vehicles plant and equipment, infrastructure assets and Community Assets. Collectively these are now referred to as Property Plant and Equipment.

Operating Lease – is a lease other than a Finance Lease. A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Past Service Costs (Pensions IAS 19) - The increase or decrease in the present value of the scheme liabilities related to employee service in prior periods, as a result of the introduction of or improvement to retirement benefits or changes in indexation. This is charged or credited within the net cost of services under Non Distributed costs in the Comprehensive Income and Expenditure Account. Discretionary Pension benefits awarded on early retirement are treated as past service costs.

Pension Fund - An employees' pension fund maintained by an authority, or group of authorities, to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

Precept - The levy made by West Sussex County Council and Sussex Police Authority on the Collection Fund, and Parish and Town Councils on the General Fund, for their net expenditure requirements.

Provisions and Reserves - Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence. This Council has established the General Reserve, and the Specific Reserve. These are further described in the Statement of Accounts.

Provision for Bad and Doubtful Debts - The amount set aside in the Council's accounts to cover debts which may be un-collectable and written off.

Rateable Value (RV) - A value of all non-domestic properties subject to rating, to which rate poundages are applied to arrive at a rate payable. The value is based on a notional rent that the property could be expected to yield after deducting the cost of repairs.

Reserves - See Provisions and Reserves.

Transitional Relief - Scheme whereby the Council Tax is reduced for properties which would otherwise have seen a large increase in the Council Tax bill in comparison with the actual 1992/93 community charge bill for the particular property.