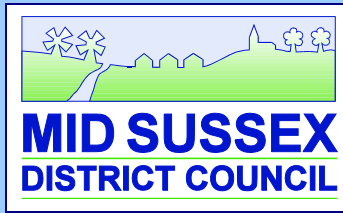


Statement of Accounts for the Year Ended 31st March 2009

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***Foreword and
Accounting Policies***

Foreword and Accounting Policies

Statement of Responsibilities for the Statement of Accounts

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 Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice)

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 Code of Practice.

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 pages that follow are the Council's Accounts for 2008/09 and comprise:

- **Statement of Accounting Policies** - This explains the basis of the figures in the accounts. It enables an appreciation of the policies that have been followed in dealing with material items.
- **Income and Expenditure Account** – This is a summary of the resources generated and consumed by the Council in the year.
- **Statement of Movement on the General Fund Balance** – This is a reconciliation showing how the balance of resources generated and consumed in the year links in with the statutory requirements for raising council tax.
- **Statement of Total Recognised Gains and Losses** – A demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
- **Balance Sheet** - This is fundamental to the understanding of the Council's financial position at year end. It shows the balances and reserves at the Council's disposal, the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.
- **Cash Flow Statement** - This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **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 audited 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 2008/09

Revenue

The revenue and capital outturn for 2008/09 was reported to Cabinet on 8th June 2009. The report explained that during 2008/09 Members had received seven Budget Management reports to assist in the management of the budget and to minimise the risk of a significant variation.

This was an exceptional year and its passing should not go unremarked in the accounts. The 'credit crunch' whereby the authority did well as a net lender on the money markets turned into a full-blown recession in the space of six months and it can be expected to last for some time to come. Whilst this started to affect income levels in 2008/09, the true impact of the recession will be felt in later years; whether through decreased levels of income, low or negative contract and supplier price inflation and increased demand for services that directly benefit those people most affected.

In the period covered by these accounts however, a significant change is in the value of our assets upon revaluation. These have seen an impairment (or reduction) in value of some £3.1m, of which £2.5m relates to our non-operational assets. This affects our net worth on paper, but otherwise has no effect for our community.

Section 1

To be specific about issues that directly affect the Council's revenue position, the downturn had a sudden and profound impact on our income levels – but the resulting budget pressures reported throughout the year were well managed with mitigating action plans. Savings totalling £2,265,000 had been identified which demonstrated that Officers had proactively managed costs in a rapidly changing economy.

In summary, the revenue outturn for 2008/09 reported a total net underspend of £54,000. This is after the removal of both windfall income and transfers to Specific Reserve under delegated authority. This is set out in the following table:

Revenue Expenditure 2008/09	Estimate 2008/09 £'000	Actual 2008/09 £'000
Service Area		
Corporate Improvement	1,253	1,231
Planning Services - Development Control	789	759
Finance	322	328
ICT	(427)	(283)
Revenues & Benefits	1,423	1,325
Housing, Environmental Health & Building Control	1,938	2,003
Legal, Property / Land Charges	(1,131)	(1,084)
Leisure	3,157	3,343
Outdoor Business	3,855	3,469
Leisure - Concessionary Fares	701	501
Organisational Development	201	195
Planning Services - Planning Policy	949	862
Strategic Core	1,491	1,512
Corporate Items	(50)	54
Benefits	(264)	(125)
	14,207	14,090
Transfer to General Reserve	0	63
Total Revenue Expenditure 2008/09	14,207	14,153

The budget for the year included £745,000 of efficiency savings, which was a challenging target, in spite of the detailed and rigorous planning which accompanied the proposals. On top of this, we budgeted to achieve separate procurement savings. Whilst these have not been labeled up as such, the major procurement project in the year was selecting a contractor to manage our Indoor Leisure business from 1st July 2009. This will generate significant savings for 2009/10 and subsequent years.

In summary, as was the case for previous years, budget management has continued to improve, and has met its objectives. The movement of money between budgets, otherwise known as virement, continued to be minimised.

The overall outturn figure takes account of a number of items that would not, if they were included, give a true picture of the overall financial situation for 2008/09. Thus, unbudgeted, 'windfall' income of £63,000 has been removed, and transferred to General Reserve. This is consistent with previous practice and standard accounting principles.

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 £2,675,000. This was £643,000 less than the updated 2008/09 programme of £3,318,000 as reported in the outturn report for 2008/09.

Of the £643,000 total variation, £281,000 relates to slippage, the majority being due to the timing of the installation of the car park machines (£53,000), Oaklands Office accommodation (£66,000), the computerisation of Land Charges (£42,000). A range of smaller schemes have yet to be completed.

The main items of expenditure in the year were:

Capital Expenditure 2008/09	2008/09
Fixed Assets	£
<i>Asset under construction</i>	
Sidney West Community / Sports Building	363,520
<i>Land and Buildings</i>	
Pavilions	2,471
Civic Halls and Leisure Centres	360,094
<i>Plant / Vehicles / Equipment</i>	
Refuse collection - refuse and recycling wheeley bins	45,308
Car Park Ticket Machines	98,972
IT Hardware & Software	100,795
Skatepark Equipment	96,000
Other	75,431
Intangible Assets	
Software licence	55,999
Revenue Expenditure funded from Capital Under Statute	
Housing - Housing Renewal Assistance	649,606
Housing - Affordable Housing	99,000
Better Mid Sussex	306,022
Rural Community Provision & Capital Grants	29,886
Other expenditure	392,209
Total Capital Expenditure 2008/09	2,675,313

The capital expenditure in the year was financed by:

Usable Capital Receipts	£948,291
General Fund Balances	£626,529
Grants & capital contributions (includes Big Lottery funding of £82,289)	£775,451
Section 106 agreements	£234,108
Long Term Borrowing (PWL B Loan)	£90,934

Usable capital receipts for 2008/09 totalled £17,000, and other receipts received in 2008/09 under the heading Unapplied capital grants and contributions for the year totalled £1,349,000. The split mainly relates to:

Section 106 agreements	£812,000
Housing renewal Assistance subsidy grant	£348,000
Other government grants and contributions	£189,000

Section 1

Interest

For 2008/09 interest receipts for the year totalled £1,009,000 against an original budget of £916,000. This is the direct effect from the higher interest rates available to lenders arising from the credit crunch of mid 2008. Of the total received, £2,000 has been transferred to the Corporate Organisational and Development Specific Reserve for employee benefits, in accordance with existing practice, and £624,000 has been applied to finance the capital programme 2008/09. In addition, £205,000 has been used to fund repairs and renewals expenditure. The revenue budget underspend position means that no interest was required to support the outturn. Therefore, the remaining balance of £178,000 was transferred to General Reserve.

Specific Items and Reserves

Specific items financed from the Specific Reserves and General Reserve for 2008/09 totalled £2,203,000. Details relating to expenditure of £1,996,000 is contained within the outturn report to Cabinet on 8th June 2009. The balance of £207,000 relates to two further adjustments - the transfer of £163,000 to Rural Community Provision (RCG) Capital Grants Specific Reserve and £44,698 to reflect the increase in the Provision to 31st March 2009.

3. Borrowing

There has been no new borrowing in the financial year.

4. Local Taxpayers

During the year, the Council collected £75.197m 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 £7.956m of this was passed on to the other authorities. The collection rate for the year was 98.0% of the total amount due and most of the remainder will be collected in the first few months of 2009/10.

5. Pensions

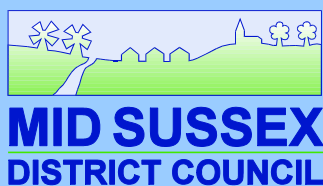
The pensions liability has increased to £22,470,000 as at 31st March 2009, from £14,370,000 as at 31st March 2008. The real discount rate for valuing liabilities as at 31st March 2009 was 3.7 % (31st March 2008 3.2%) and this will have had the effect of reducing the value of the liabilities as at 31st March 2009. Investment returns during the year have had an adverse effect on the scheme assets and show in the accounts as an actuarial loss of £13,470,000. This has been partially offset by an actuarial gain of £5,680,000 on the scheme liabilities. Full details of the movement in the liability is shown in the Consolidated Notes to the Accounts, Note 34.

6. Changes In Accounting Policy

SORP 2008 has replaced deferred charges with a new category of expenditure - Revenue Expenditure Funded from Capital under Statute. There is no impact on the authority's 'bottom line', Council Tax is unaffected by the change. This expenditure replaced Deferred Charges and is charged to the appropriate service revenue account, rather than taken to the Balance Sheet and then amortised, so there is no longer a note to the accounts for Deferred Charges. Where such expenditure is funded from capital grants or contributions, the part of that grant to cover the expenditure is recognised as a revenue grant. Revenue Expenditure Funded from Capital under Statute is included in the Income and Expenditure Account and forms part of the surplus or deficit position. It is now included in the revenue activities section of the Cash Flow statement, along with any grants credited to the revenue account. This is a change in accounting policy and there are restated figures in the Cash Flow statement for comparative figures in 2007-08 where needed. This expenditure is still treated as capital for control purposes, and is shown in the capital financing table as part of the Fixed Asset note 15.

7. Further Information

Interested members of the public have a statutory right to inspect the accounts from 19th June 2009 to 16th July 2009. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Mid Sussex Leader and East Grinstead Observer. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 (peters@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (cathyc@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.



Statement of Accounts 2008/09

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.

It presents a true and fair view of the financial position of the Council at 31st March 2009 and its income and expenditure for the year then ended.

P Stuart
Head of Finance
22 September 2009

Certification by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 22 September 2009.

Signed on behalf of the Audit Committee

Cllr A Lea
Chairman Audit Committee
22 September 2009

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. 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:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- 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 stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowing is at a fixed rate over the life of the 15 year loan from Public Works Loan Board (PWLB).
- Where income 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 it is doubtful that debts will 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.
- Concessionary fares, where income rail passes are accounted for in the year received although passes are valid for a year from issue.

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

3. Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain, in accordance with FRS 12, Provisions, Contingent Liabilities and Contingent Assets. A provision is raised when a reasonable estimate of the amount can be made, and is charged to the appropriate service revenue account in the year the authority becomes aware of the obligation.

4. 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 in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits that do not represent usable resources for the council – these reserves are explained in the relevant policies below.

The fundamental principle of capital accounting is that accounting for fixed assets is separated from accounting for their financing. There are three reserves that help to manage this separation:

- **Revaluation Reserve** – records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets
- **Capital Adjustment Account** – provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system. This includes the amount of capital expenditure financed from revenue and capital receipts, and the amount provided for depreciation.
- **Government Grants Deferred Account** – credited with grants and other contributions (S106) that have been used to support capital investment. The recognition of these grants/contributions as a gain to the authority is deferred until the amounts are released to the Income and Expenditure Account to match the depreciation charges on the relevant assets. The account holds the unamortised balance as deferred income.

It should be noted that the reserves detailed above are matched by fixed assets within the Balance Sheet and that they are not resources available to the authority.

- **Usable Capital Receipts** - This represents the capital receipts available to finance capital expenditure in future years.
- **Unapplied Capital Grants and Contributions** – Government Grants and contributions that are available to finance capital expenditure in future years.

The Council also maintains certain other reserves in accordance with Section 91 of the Local Government Finance Act 1988 to meet future expenditure. These reserves consist of:

- **Earmarked Specific Reserves** - These 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 ear-marked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance. The remainder held is a non-earmarked balance, and this amount is considered appropriate as a working balance and to provide for emergencies should they arise.

A summary of the transactions on each of these reserves is shown in the Consolidated Notes No 29 on page 36.

5. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. Retirement 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 – ie 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 6.9%(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 Income and Expenditure Account to the revenue accounts of services for which the employees worked
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
- 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 Net Operating Expenditure in the Income and Expenditure Account
- 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 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 the Statement of Total Recognised Gains and Losses
- 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 Statement of Movement on the General Fund Balance 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.

Financial Reporting Standard 17 (FRS 17)

The figures for pension costs have been prepared in accordance with Financial Reporting Standard 17, Retirement Benefits, (FRS 17). 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 2008 SORP incorporates the requirements of a revised Pensions SORP published in July 2007. The Pensions SORP was revised to take account of the requirements of the financial instruments reporting standards FRS25, Financial Instruments: Disclosure and Presentation and parts of FRS26, Financial Instruments: Recognition and Measurement.

The main changes are that derivatives are now required to be revalued on a 'fair value' basis, investments are required to be revalued as their 'fair value' and where there is an active market the bid price is usually the appropriate quoted market price. In addition, there are amended and increased disclosure requirements. To reflect the new requirements, the Balance Sheet as at March 2008 has been restated to show the 'fair value' of the employer assets at 'bid value' as required by FRS17. Likewise, the assets are shown at 'fair value' as at March 2009.

The effect on the Income and Expenditure Account as a result of adopting FRS17 is that the net cost of services and net operating expenditure has been decreased. The amounts are shown as reconciling amounts in the Statement of Movement on the General Fund Balance and are transferred into the pensions reserve. Full details are shown in the Consolidated Notes to the Accounts, Note 34. 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 2008/09 was:

- for service accounts to bear the cost of pension contributions which relate to current employment only;
- appropriate one-off payments from reserves to meet the actuarial costs of early retirement, e.g. early payment of pension and any added years granted, and for these payments to be repaid over four-five years by the service connected with the retirement;

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

8. 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 2008 (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 Account, as part of Net Cost of Services.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council, for example software licences, is capitalised when it brings benefits to the council for more than one financial year. The balance is amortised on a straight-line basis over the economic life, this has been set as 5 years for the software licences.

10. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (eg repairs and maintenance) is charged to revenue as it is incurred.

Section 1

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties and assets surplus to requirements –lower of net current replacement cost or net realisable value
- Dwellings, other land and buildings, vehicles, plant and equipment - lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets and community assets – 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.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value but as a minimum every five years. As from April 2001 the Council started a rolling revaluation process of its assets over a five-year period which equates to 20% of its assets being revalued each year. The asset valuations, as at 1st April 2008, were carried out by Mrs Anna Hutchings, MRICS, District Valuer, who is external to the council.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

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

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

Disposals: when an asset is disposed of or decommissioned, the net book value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for an all assets with a determinable finite life (except for investment properties), by allocating the value in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Newly acquired assets are depreciated from the day of acquisition until the end of their useful life or the day of disposal. Assets in the course of construction are not depreciated until they are brought into use.

- Depreciation on buildings is calculated using the straight line method over the useful life which is determined by the District Valuer. Computer 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.

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.

Grants and Contributions from Developers (S106): where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

11. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisation. These costs are reversed out of the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

12. Revenue Expenditure Funded from Capital under Statute

The 2008 SORP has introduced a new category of expenditure - Revenue expenditure funded from capital under statute which effectively replaces Deferred Charges. Legislation in England allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority incurred during the year and have been written off as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of the expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

13. Leases

Finance Leases: Payments are apportioned between the principal element – the liability is written down as payments are made - and a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account).

Operating Leases: Rentals payable are charged to the relevant service revenue account on an accruals basis.

14. Financial Liabilities

Annual charges to the Income and Expenditure Account for interest payable on borrowing are at a fixed rate over the life of the 15 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 Account is the amount payable for the year in the loan agreement.

15. Financial Assets

Financial assets are classified into two types:

Section 1

- 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.

16. Stocks and Work in Progress

Stocks are valued at actual cost. This is a departure from the requirements of SORP 2008 and SSAP 9, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

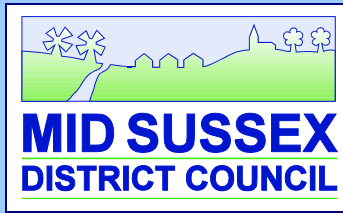
17. Officer Personal Loan Scheme

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.

18. Changes in Accounting Policy

The 2007 SORP required the implementation of a Revaluation Reserve with a zero balance. The overall balance on the Reserve represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost. Whilst these gains from revaluation increase the net worth of the authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

The accumulated gains on the fixed assets held arising from increases in revaluation are debited with amounts equal to the part of depreciation charges on assets that has been incurred on revaluation. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account.



Core Financial Statements

Section 2

Income and Expenditure Account

	2008/09 Gross Expenditure £	2008/09 Gross Income £	2008/09 Net Expenditure £	* restated 2007/08 Net Expenditure £
Service Net Expenditure	1			
Central Services to the Public	8,203,349	(7,258,676)	944,673	835,195 *
Culture, Environmental, Regulatory and Planning Services	23,978,219	(12,190,585)	11,787,634	9,709,194
Highways and Transport Services	2,117,283	(2,448,785)	(331,502)	(145,220)
Housing Services	25,818,148	(24,172,580)	1,645,568	1,810,462
Social Services	65,279	0	65,279	63,378
Corporate and Democratic Core	3,126,684	(195,501)	2,931,183	3,015,378
Non Distributed Costs	3,150,591	0	3,150,591	271,854 *
Net Cost of Services	66,459,553	(46,266,127)	20,193,426	15,560,241
(Gain)/ loss on disposal of fixed assets			56,548	(658,777)
Town & Parish Precepts, & Drainage Levies			2,890,084	2,724,944
Interest Payable			75,438	5,614
Contribution of housing capital receipts to government pool			46,697	143,157
Interest and Investment Income			(1,009,283)	(993,407)
Pensions interest cost and expected return on pension assets	34		860,000	170,000
Net Operating Expenditure			23,112,910	16,951,772
Income from Collection Fund			(10,833,140)	(10,269,504)
Collection Fund Adjustment			39,593	5,899
Non-domestic rates redistribution			(5,620,971)	(5,372,374)
Revenue Support Grant			(782,485)	(901,595)
General Government Grants	10		(182,066)	(552,692)
(Surplus) / Deficit for the Year			5,733,841	(138,494)

This account summarises the resources that have been generated and consumed in providing services and managing the council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The (surplus)/deficit for the year is shown as part of the Statement of Movement on the General Fund Balance and also as a movement in the Statement of Total Recognised Gains and Losses detailed on the next page.

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2008/09 £	2007/08 £
(Surplus) / deficit for the year on the Income and Expenditure Account	5,733,841	(138,494)
Net additional amount required by statute and non-statutory proper practices to be debited / (credited) to the General Fund Balance for the year	(5,944,229) *	(298,599)
(Increase) / Decrease in General Fund Balance for the year	(210,388)	(437,093)
General Fund Balance brought forward (excluding CollectionFund)	(3,655,099)	(3,218,006)
General Fund Balance carried forward	(3,865,487)	(3,655,099)

*this figure is the total of the reconciling items that are shown in note 2 on page 25.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the (surplus) / deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	Note	2008/09 £	2007/08 £
(Surplus) / Deficit for the year on the Income and Expenditure Account	page 18	5,733,841	(138,494)
Movement on Mid Sussex DC share of Collection Fund Deficit	page 36	(15,625)	53,689
Surplus arising on revaluation of fixed assets	page 37	(11,299,201)	(3,129,252)
Actuarial (gains) / losses on pension fund assets and liabilities	page 40	8,010,000	(5,050,000)
Total recognised (gains) and losses		2,429,015 *	(8,264,057)

*The total recognised gains and losses is showing the total movement in the Balance Sheet in the year to 31st March 2009.

Balance Sheet

	Note(s)	As at 31st March 2009	As at 31st March 2008
		£	£
Intangible Assets	16	178,787	211,615
Fixed Assets	15		
Operational Assets			
Land and Buildings		63,339,717	54,233,065
Vehicles, Plant and Equipment		2,774,517	2,858,556
Infrastructure Assets		3,912,103	4,020,008
Community Assets		99,677	99,677
Non-Operational Assets			
Investment Properties		15,674,230	17,818,680
Assets Under Construction		0	308,771
		85,979,031	79,550,372
Long Term Investments	19	0	0
Long Term Debtors	20	383,661	422,705
		86,362,692	79,973,077
Current Assets			
Stocks	21	77,773	57,024
Debtors	22	13,133,804	11,006,013
less Provision for Doubtful Debts		(4,789,571)	(4,428,366)
Investments	24	8,000,000	9,800,001
Bank		1,353,124	896,563
		17,775,130	
Current Liabilities			
Creditors	23	(6,015,509)	(5,569,159)
Borrowing Payable Less Than One Year	35	(90,156)	(86,683)
		(6,105,665)	
		98,032,157	91,648,470
Long Term Liabilities			
Government Grants Deferred	17	(664,191)	(470,270)
Capital Grants & Contributions Unapplied	18	(6,090,191)	(5,751,199)
Provision	26	(361,698)	(317,000)
Borrowing Payable Longer Than One Year	35	(1,533,918)	(1,618,827)
Liability related to Defined Benefit Pension Scheme	34	(22,470,000)	(14,150,000)
		66,912,159	69,341,174
Total Assets less Liabilities		66,912,159	69,341,174
Revaluation Reserve	30	13,769,498	2,956,944
Capital Adjustment Account	31	69,598,303	74,185,882
Deferred Credits	25	290,979	318,356
Usable Capital Receipts Reserve	32	776,993	1,708,477
Earmarked Specific Reserves	33	1,140,788	741,930
Pension Reserve	34	(22,470,000)	(14,150,000)
General Fund Balances	33	3,865,487	3,655,099
MSDC Collection Fund (Deficit) / Surplus		(59,889)	(75,514)
		3,805,598	
Total Reserves and Balances		66,912,159 *	69,341,174

* The movement in the year of (£2,429,015) is shown on the previous page on the Statement of Total Recognised Gains and Losses.

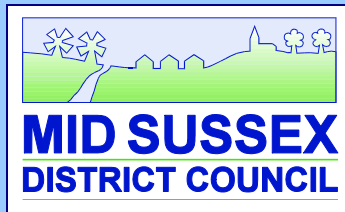
Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions between the Council and external bodies and individuals for both revenue and capital purposes.

		2008/09		2007/08
	Note	£	£	£
Revenue Activities				
Cash Outflows				
Cash Paid to and on Behalf of Employees		15,596,984		15,991,904
Other Operating Cash Payments		18,638,481		20,066,201 *
Housing Benefit Paid Out		21,516,861		18,976,213
NNDR Payments to National Pool		38,194,903		36,598,771
Payments to Preceptors		71,880,211		68,419,189
Payments to Capital Receipts Pool		48,470		208,784
			165,875,910	160,261,062
Cash Inflows				
Rental Income		(1,564,469)		(1,460,360)
Council Tax Receipts		(74,975,514)		(70,982,308)
NNDR Payments from National Pool		(5,620,971)		(5,372,374)
Non-Domestic Rate Receipts		(37,852,235)		(34,144,599)
Revenue Support Grant	40	(782,485)		(901,595)
DWP Grants for Benefits	40	(24,979,887)		(23,859,519)
Other Government Grants	40	(2,254,524)		(1,891,434) *
Cash Received for Goods and Services		(15,052,611)		(15,773,100)
Other Operating Receipts		(973,495)		(1,110,694)
			(164,056,191)	(155,495,983)
Net Cash (Inflow)/Outflow - Revenue Activities	38		1,819,719	4,765,079
Servicing of Finance				
Cash Outflows				
Interest Paid		75,701		104
Interest Element of Finance Lease Rental Payments		0		0
			75,701	104
Cash Inflows				
Interest Received		(901,094)		(1,011,634)
			(901,094)	(1,011,530)
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets		1,261,252		2,604,232
Purchase of Long Term Investments		0		0
Other Capital Cash Payments		45,382		50,978 *
			1,306,634	2,655,210
Cash Inflows				
Sale of Fixed Assets		(63,505)		(1,702,488)
Capital Grants Received	40	(99,483)		(210,695) *
Other Capital Cash Receipts		(875,705)		(2,752,245)
			(1,038,693)	(4,665,428)
			267,941	(2,010,218)
Net cash (Inflow)/Outflow before financing	41	C/Fwd	1,262,267	1,743,331

continued overleaf

			2008/09	Section 2 2007/08
	Note		£	£
Net Cash (Inflow)/Outflow before Financing	41	<i>B/Fwd</i>	1,262,267	1,743,331
Management of liquid resources				
Net increase / (decrease) in short-term deposits	41	(1,800,001)		(329,999)
Net increase / (decrease) in other liquid resources		0		0
			(1,800,001)	(329,999)
			(537,734)	1,413,332
Financing				
Cash Outflows				
Repayments of amounts borrowed		81,173		0
Capital element of finance lease rental payments		0		0
			81,173	0
Cash Inflows				
New Loans Raised	41	0		(1,700,000)
New Short-term Loans		0		0
			0	0
(Increase)/decrease in cash and cash equivalents	41		(456,561)	(286,668)



***Consolidated Notes
to the
Core Financial Statements***

Consolidated Notes to the Core Financial Statements

1. Service Net Expenditure

This note provides a more detailed BVACOP service expenditure analysis of the headings shown on the Income and Expenditure Account. Further analysis is detailed on page 5 of 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 2008/09.

2007/08 Restated Net Expenditure £	Expenditure on Services	2008/09 Gross Expenditure £	2008/09 Gross Income £	2008/09 Net Expenditure £
	Central Services to the Public			
534,140	Local Tax Collection	7,620,979	(7,053,347)	567,632
251,057	Elections	173,364	(2,617)	170,747
31,441	Emergency Planning	46,945	0	46,945
(80,424)	Local Land Charges	249,512	(202,712)	46,800
109,271	General Grants and Donations	112,549	0	112,549
	Culture, Environmental, Regulatory & Planning Services			
800,954	Culture and Heritage	1,513,063	(643,086)	869,977
3,291,945	Recreation & Sport	10,084,604	(6,489,727)	3,594,877
1,979,132	Open Spaces	2,331,982	(369,568)	1,962,414
38,673	Tourism	30,061	(131)	29,930
9,261	Cemetery, Cremation & Mortuary	9,714	0	9,714
1,432,286	Environmental Health	1,515,474	(366,215)	1,149,259
112,158	Community Safety	261,535	(157,905)	103,630
26,986	Flood Defence & Land Drainage	232,639	0	232,639
983,461	Street Cleansing	1,020,698	(12,655)	1,008,043
2,451,623	Waste Collection	2,601,459	(543,665)	2,057,794
(140,736)	Recycling	235,797	(730,010)	(494,213)
134,960	Building Control	732,866	(533,339)	199,527
328,570	Development Control	1,470,422	(878,865)	591,557
751,786	Planning Policy	763,886	(25,103)	738,783
66,762	Environmental Initiatives	64,399	0	64,399
(2,545,673)	Economic Development	1,045,826	(1,440,317)	(394,491)
26,338	Community Development	63,795	0	63,795
	Highways & Transport Services			
41,569	Environmental, Safety & Routine Maintenance	37,284	(4,780)	32,504
(799,536)	Parking Services	1,162,300	(2,025,437)	(863,137)
612,747	Public Transport	917,699	(418,568)	499,131
	Housing Services			
509,234	Housing Advice	562,031	(7,195)	554,836
3,994	Housing Advances	5,559	(5,876)	(317)
478,890	Private Sector Housing Renewal	880,280	(368,959)	511,321
270,807	Homelessness	356,884	(252,797)	104,087
(79,862)	Housing Benefits Payments	22,536,280	(22,629,680)	(93,400)
626,807	Housing Benefits Admin	1,449,022	(858,342)	590,680
592	Other Council Property	28,091	(49,730)	(21,639)
	Social Services			
63,378	Older People	65,279		65,279
	Corporate & Democratic Core			
664,246	Democratic Representation & Management	521,422	(5,779)	515,643
2,301,550	Corporate Management	2,605,262	(189,722)	2,415,540
271,854	Non Distributed Costs	3,150,591	0	3,150,591
15,560,241	Net Cost of Services	66,459,553	(46,266,127)	20,193,426

1a. Benefits

Benefits represent a local contribution to a national scheme. It is demand led and has particular significance within the total Net Cost of Services. For 2008/09, Gross Expenditure of £26,729,207 less Gross Income of (£26,854,561) equals (£125,354), (2007/08 £224,157), comprising Council Tax Benefits and Housing Benefits payable, net of government grant and excluding the cost of administration.

2. Note of reconciling items for the Statement of Movement on the General Fund Balance

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year

	2008/09	2007/08
	£	£
Amortisation of intangible fixed assets	(86,183)	(91,337)
Depreciation and impairment of fixed assets	(5,907,220)	(2,383,735)
Government Grants Deferred amortisation	815,638	1,395,250
Revenue expenditure funded from capital under statute	(1,476,723)	(2,129,092)
Net gain / (loss) on sale of fixed assets *	(56,548)	658,777
Net charges made for retirement benefits in accordance with FRS 17	(2,610,000)	(1,970,000)
	(9,321,036)	(4,520,137)

Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year

Statutory provision for the repayment of debt	81,173	0
Capital expenditure charged in year to the General Fund Balance	643,474	1,639,721
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(46,697)	(143,157)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	2,300,000	2,250,000
	2,977,950	3,746,564

Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year

Net transfer to/ (from) earmarked reserves	398,857	474,974
	398,857	474,974
Net additional amount required to be credited to the General Fund balance for the year	(5,944,229)	(298,599)

*This is made up from the disposal of fixed assets, refer to note 15, and the receipts from mortgages where mortgage debt has been repaid for shared ownership sales of formerly owned Council dwellings, refer to note 32.

3. 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.

In 2008/09 there were no exceptional items.

4. Expenditure under Section 137 of the Local Government Act 1972

Part 1, Section 2 of the Local Government Act 2000 came into force on 18th October 2000. The Act creates a new discretionary power for local authorities in England and Wales allowing them to incur expenditure which in their opinion, is in the interests of, and will bring direct benefit to, their area or any part of it or to all or some of its inhabitants without limit.

The previous power of a local authority to incur expenditure given by Section 137 of the Local Government Act 1972 has been repealed with the exception of item 3. Item 3 enables local authorities to contribute to the funds of charities and any body that provide a service to the public or a section of the public. An analysis of the expenditure is shown below.

	2008/09 £	2007/08 £
<u>Grants under Section 137 item 3</u>		
Culture, Environment and Planning - Grants		
Sussex Downs Conservation Board	12,800	12,400
Action in Rural Sussex	7,000	5,304
Council for Voluntary Services	28,653	27,673
Mid Sussex Citizens Advice Bureaux	112,549	109,271
Bluebird Community Partnership	5,000	8,000
Other Organisations	28,504	28,530
	194,506	191,178
Social Services - Grants		
Age Concern	65,279	63,378
<u>Grants outside Section 137 item 3</u>		
Culture, Environment and Planning - Grants		
Sports Grants	1,600	1,000
Total	261,385	255,556

5. Publicity Expenditure

Section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of expenditure on publicity. An analysis of this expenditure is shown below.

	2008/09 £	2007/08 £
Leisure Facilities	71,541	108,961
Council Newspaper	34,973	55,654
Staff Recruitment	77,159	104,911
Development Control	19,609	20,185
Cleansing	9,729	57,425
Other Items	40,444	54,080
	253,455	401,216

6. Building Regulations Charging Account

The Building (Local Authority Charges) Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control Unit divided between the chargeable and non-chargeable activities.

	<i>Chargeable 2008/09</i>	<i>Non - Chargeable 2008/09</i>	<i>Total Building Control 2008/09</i>
	£	£	£
Expenditure			
Employee expenses	385,157	165,067	550,224
Transport	19,549	8,378	27,927
Supplies and Services	50,158		50,158
Central and Support Service Charges	73,190	31,367	104,557
Total Expenditure	528,054	204,812	732,866
Income			
Building Regulation Charges	(530,668)	(2,671)	(533,339)
Total Income	(530,668)	(2,671)	(533,339)
(Surplus)/Deficit for Year	(2,614)	202,141	199,527
Comparatives for 2007/08			
Expenditure	526,535	199,727	726,262
Income	(574,650)	(3,283)	(577,933)
(Surplus)/Deficit for Year	(48,115)	196,444	148,329

Under regulation 5(6) of the Charges Regulations, the authority is required to ensure that income received from building control fees fully recovers the costs over a three year rolling period. Results over the past three years are - 2008/09 surplus £2,614, 2007/08 surplus £48,115, 2006/07 surplus £26,867.

7. Agency Arrangements

The Council has no current arrangements on an agency basis for which it would be fully reimbursed.

8. Local Authority (Goods and Services) Act 1970

Income and Expenditure under this act relates to arrangements entered into by local authorities with other public bodies such as the carrying out by one authority of maintenance in connection with land or buildings for which another body is responsible.

West Sussex County Council are charged for electricity, gas, heating and grounds maintenance for their area offices, and for grounds maintenance at Haywards Heath Library, which in total amounted to £8,642 (£5,412 in 2007/08).

The Inland Revenue are charged for the heating of their offices and maintenance of shared drives and car parks, which amounted to £4,054 (£1,110 in 2007/08).

The Council maintains the public conveniences at Keymer £1,858 (£5,263 in 2007/08) on the behalf of the Parish Council because they are open to the public.

9. Operating and Finance 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 2008/09 were £104,699 (£104,089 in 2007/08) and the total commitments at 31st March 2009 amounted to £184,475 (£289,174 in 2007/08). During 2008/09 the council has been leasing vehicles on a short term monthly basis. Therefore the future year commitments do not include vehicle leases. The council is in negotiations to enter in to a longer term lease which is expected to be between three and five years. Negotiations and the new contract is expected to be finalised in July 2009.

Commitments under Operating Leases – the authority was committed at 31 March 2009 to making payments of £184,000 in future years as detailed below:

	Leases to be paid in 2009/10 £	Total value of operational leases £
Lease finishing in 2009/10	11,000	11,000
Value of Operational Leases due to be paid in 2009/10 that will expire in 2 - 5 years	43,000	173,000
Value of Operational Leases due to be paid in 2009/10 that will expire after 31st March 2014	0	0
	54,000	184,000

No new finance lease agreements have been entered into for a number of years. All existing finance leases are now in the secondary rental period, none of which are above the de minimis level of £10,000.

10. General Government Grants

The breakdown by type of grants received that are not attributable to specific services are shown below.

	2008/09 £	2007/08 £
Revenue Support Grant	782,485	901,595
Local Authority Business Growth Incentive Grant	159,566	552,692
Area Based Grant	22,500	0
	964,551	1,454,287

11. Officers' Emoluments

The Accounts and Audit Regulations 2003 require disclosure of officers' emoluments. These include all amounts paid to or receivable by an employee and includes sums due by way of expenses allowance and the estimated money value of any other benefits received by an employee otherwise than in cash, including Employee's Pension Contributions.

Remuneration Band	2008/09	2007/08 restated
£50,000 - £59,999	7	7
£60,000 - £69,999	5	4
£70,000 - £79,999	1	2
£80,000 - £89,999	0	1
£90,000 - £99,999	1	0
£100,000 - £109,999	0	0
£110,000 - £119,999	0	0
£120,000 - £129,999	0	0
£130,000 - £139,999	0	0
£140,000 - £149,999	0	1
£150,000 - £159,999	1	0

12. Members Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 2003 require authorities to make public the total sum paid, but did not specify arrangements for publication. SORP 2008 requires the disclosure of the amount of Members' allowances paid. In 2008/09 the Council paid Members' allowances totalling £405,350 (£395,249 in 2007/08).

13. Related Party Transactions

SORP 2008 requires disclosure of transactions with 'related parties'. Related Parties are defined as: central government, local authorities and other bodies precepting or levying demands on the council tax, subsidiary and associated companies, joint venture and joint venture partners, council members and chief officers and the pension fund.

Disclosure within this note will only occur where the transaction is material and is not disclosed elsewhere within the accounts. During the year transactions with related parties arose as follows:

	Gross Expenditure £	Gross Income £
Chief Officers		
Personal loans made available under the Council scheme	24,470	18,111

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 2009, the following amounts were due in respect of expenditure in that year:

	£		£
Mid Sussex liability to Horsham	92,974	Horsham liability to Mid Sussex	47,879
Mid Sussex liability to Adur	0	Adur liability to Mid Sussex	298,257

14. Audit Costs

In 2008/09 the council incurred the following fees relating to external audit and inspection:

	2008/09 £	2007/08 £
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	125,487	124,630
Fees payable to the Audit Commission in respect of statutory inspection	6,600	6,500
Fees payable to the Audit Commission for the certification of grant claims and returns	29,438	21,527
Fees payable in respect of other services provided by the appointed auditor	13,350	11,697
	174,875	164,354

15. Movements in Fixed Assets

Fixed 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.

Operational Assets	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2008	60,821,459	4,138,828	4,020,008	99,677	69,079,972
Additions	362,565	433,454	0	0	796,019
Donations	0	0	0	0	0
Disposals	(116,250)	(10,997)	0	0	(127,247)
Reclassifications	1,115,500	0	0	0	1,115,500
Revaluations	4,731,016	(34,699)	0	0	4,696,317
At 31 March 2009	66,914,290	4,526,586	4,020,008	99,677	75,560,561
Depreciation and impairments					
At 1 April 2008	(6,588,394)	(1,280,272)	0	0	(7,868,666)
Charge for current year	(2,802,610)	(511,955)	(107,905)	0	(3,422,470)
Disposals	28,543	8,671	0	0	37,214
Reclassifications	0	0	0	0	0
Revaluations	5,787,888	31,487	0	0	5,819,375
At 31 March 2009	(3,574,573)	(1,752,069)	(107,905)	0	(5,434,547)
Balance Sheet amount at 31 March 2009	63,339,717	2,774,517	3,912,103	99,677	70,126,014
Balance Sheet amount at 31 March 2008	54,233,065	2,858,556	4,020,008	99,677	61,211,306

Non Operational Assets	Investment Properties	Assets Under Construction	Surplus Assets Awaiting Disposal	Total
	£	£	£	£
Cost or valuation				
At 1 April 2008	17,818,680	308,771	0	18,127,451
Additions	0	363,520	0	363,520
Donations	0	0	0	0
Disposals	0	0	0	0
Reclassifications	(278,500)	(837,000)	0	(1,115,500)
Revaluations	618,800	164,709	0	783,509
At 31 March 2009	18,158,980	0	0	18,158,980
Depreciation and impairments				
At 1 April 2008	0	0	0	0
Impairment charge for current year	(2,484,750)	0	0	(2,484,750)
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Revaluations	0	0	0	0
At 31 March 2009	(2,484,750)	0	0	(2,484,750)
Balance Sheet amount at 31 March 2009	15,674,230	0	0	15,674,230
Balance Sheet amount at 31 March 2008	17,818,680	308,771	0	18,127,451

15. Movements in Fixed Assets (cont'd)

The following statement shows the progress of the council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Mrs Anna Hutchings, FRICS, District Valuer, who is external to the council. The sources of information and assumptions made in producing the various valuations for 1 April 2008 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 10.Fixed Assets.

Operational Assets	Land and Buildings	Vehicles, Plant, Equipment	Infrastructure	Community Assets	Total
	£	£	£	£	£
Valued at historical cost		2,774,517	3,912,103	99,677	6,786,297
Valued at current value in:					
2008/09	37,721,293	0	0	0	37,721,293
2007/08	8,178,434	0	0	0	8,178,434
2006/07	6,735,370	0	0	0	6,735,370
2005/06	1,121,943	0	0	0	1,121,943
2004/05	9,582,677	0	0	0	9,582,677
	<u>63,339,717</u>	<u>2,774,517</u>	<u>3,912,103</u>	<u>99,677</u>	<u>70,126,014</u>

The table below shows the non-operational asset valuations in the year in which the valuations were made, as part of the rolling revaluation programme. Non-operational assets, which are assets held but not directly occupied or used in the delivery of services, are valued to Market Value (MV). An impairment assessment was made for 31st March 2009 due to the economic downturn in property values, mainly for Town Centres and Industrial Estates. Community Centres and Day Centres have been re-categorised as Operational Assets. This was completed by the Council's Property Manager, a qualified valuer.

Non Operational Assets	Investment Properties	Assets Under Construction	Surplus Assets Awaiting Disposal	Total
	£	£	£	£
Valued at historical cost				0
Valued at current value in:				
2008/09	15,301,509	0	0	15,301,509
2007/08	106,551	0	0	106,551
2006/07	151,704	0	0	151,704
2005/06	107,752	0	0	107,752
2004/05	6,714	0	0	6,714
	<u>15,674,230</u>	<u>0</u>	<u>0</u>	<u>15,674,230</u>

The main items of capital expenditure during the year were reported to Cabinet on 8th June 2009 and are detailed in the Foreword by the Head of Finance on page 7.

Commitments under Capital Contracts

After taking account of the capital expenditure in 2008/09, the Council has authorised expenditure of £9.539million in future years to 2012/13. Expenditure of £132,562 related to contracts entered into prior to 31st March 2009.

Capital Expenditure was financed as follows:

	2008/09 £	2007/08 £
Opening Capital Financing Requirement	1,609,066	0
Capital Investment		
Operational Assets	796,019	2,373,896
Non-Operational Assets	363,520	308,771
Intangible Assets	55,999	42,688
Revenue expenditure funded from capital under statute / De minimis Assets	1,476,723	2,129,092
Source of Finance		
Capital Receipts	(948,291)	(308,771)
Government Grants and Other Contributions	(1,009,559)	(1,253,903)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(724,650)	(1,682,707)
Closing Capital Financing Requirement	1,618,827	1,609,066
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)	9761	1,609,066
Increase/ (Decrease) in Capital Financing Requirement	9761	1,609,066

The fixed assets owned by the Council included in the Balance Sheet are shown in the following table.

	Number as at 31st March 09	Number as at 31st March 08
Land and Buildings		
Car Parks	33	33
Parks and Recreation Grounds (<i>with sports pitches</i>)	39	39
Housing Properties	2	2
Halls, Community Centres and Day Centres**	8	7
Leisure Centres	3	3
Pavilions	23	23
Public Conveniences	9	9
Office Buildings	3	3
Depots and Workshops	1	1
Other Operational Assets *	26	26
Vehicles, Plant and Equipment		
Computer	33	28
Equipment (<i>items over £10,000</i>)	14	10
Infrastructure Assets		
Drainage Assets	53	53
Highway Land	73	73
Permanent Ways	11	11
Community Assets		
Parks and Open Spaces (<i>without sports pitches</i>)	255	255
Cemeteries	2	2
Allotment Sites	4	4
Historic Buildings	2	2
Works of Art	17	17
Other Community Assets (<i>includes Footpaths, Ponds & Woods</i>)	14	14
Non-Operational Assets		
Industrial and Other Estate Sites	5	5
Central Development Area Sites	12	12
Shops	5	5
Assets under Construction	-	1
Other Non-Operational Assets	43	43

* 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.

** Day Centres have been transferred from Non-Operational to Operational Assets

16. Intangible Assets

Software licences are held for various IT systems. The cost of each licences is written off over five years.

	<i>Purchased Software Licences</i> £	<i>Less Amortised</i> £	<i>Net Book Value</i> £
Balances B/Fwd	482,448	(270,833)	211,615
Expenditure in Year	55,999		55,999
Disposals	(12,500)	9,856	(2,644)
Written off to revenue in year		(86,183)	(86,183)
Balance at 31st March 2007	525,947	(347,160)	178,787

17. Government Grant Deferred and Capital Contributions Account

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited to the Government Grants Deferred Account. The grant is then released to the Income and Expenditure Account over the useful life of the asset, matching the depreciation charge made for that asset. The movements for Government Grant Deferred and capital contributions were as follows:

	2008/09 £	2007/08 £
Balance brought forward at 1st April	(470,270)	(551,881)
Capital Grants and Contributions applied *	(1,009,559)	(1,296,889)
Donated Assets ex Trust Fund Status	0	(16,750)
Capital Contributions credited to Income & Expenditure account	815,638	1,395,250
Balance carried forward at 31st March	(664,191)	(470,270)

18. Capital Grants and Contributions Unapplied

All unapplied capital grants and contributions including Section 106s and the unapplied Better Mid Sussex Contribution are held in this account. 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.

	2008/09 £	2007/08 £
Balance brought forward at 1st April	(5,751,199)	(3,529,456)
Received in year	(1,348,551)	(3,518,632)
Applied to Government Grant Deferred Account	1,009,559	1,296,889
Balance carried forward at 31st March	(6,090,191)	(5,751,199)

The £6,090,191 year end balance comprises £5,978,878 Section 106, £89,974 Government Grants, £21,339 Other Contributions.

19. Long Term Investments

There are no long term Treasury Management Investments at 31 March 2009.

20. Long Term Debtors

	Balance at 1st April 2008	Advances in year	Repayments in year	Balance at 31st March 2009
	£	£	£	£
Housing Advances	749		(329)	420
DIYSO	17,849		6	17,855
Council Houses	47,214		(10,010)	37,204
Miscellaneous Loans	179,484		(17,045)	162,439
Personal Loan Scheme	177,409	42,949	(54,615)	165,743
	422,705	42,949	(81,993)	383,661

21. Stocks

	31st March 2009	31st March 2008
	£	£
Catering - Bar Supplies etc	41,290	34,836
Sports Shop - Goods	6,479	3,672
Leisure Centre Maintenance Stock	16,934	0
ICT - Computer Consumables	9,669	15,037
ICT - Telephones	3,401	3,479
	77,773	57,024

22. Debtors

	31st March 2009	31st March 2008
	£	£
Amounts falling due within one year		
Government Departments	3,810,957	2,507,086
Other Local Authorities	525,127	548,269
Collection Fund Deficit	382,806	483,313
Council Taxpayers (incl.costs)	3,617,740	3,344,828
Non-Domestic Ratepayers (incl.costs)	2,233,402	1,975,766
Payments In Advance	214,367	133,280
Sundry Debtors	2,349,405	2,013,471
	13,133,804	11,006,013
Provision for Doubtful Debts	(4,789,571)	(4,428,366)
	8,344,233	6,577,647

23. Creditors

	31st March 2009	31st March 2008
	£	£
Government Departments	(298,223)	(605,866)
Other Local Authorities	(660,661)	(387,991)
Council Taxpayers	(1,442,149)	(1,083,149)
Non-Domestic Ratepayers	(403,998)	(611,668)
Other Receipts In Advance	(640,864)	(468,085)
Sundry Creditors	(2,569,614)	(2,412,400)
	(6,015,509)	(5,569,159)

24. 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.

	<i>31st March 2009 at Cost £</i>	<i>31st March 2008 at Cost £</i>
Treasury Management Investments	8,000,000	9,800,001

25. Deferred Credits

Deferred Credits represent capital income still to be received. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans.

26. Provisions

The level of provision now included up to 31st March 2009, in the statement of accounts reflects the interest of £162,000 to be paid on the Cyprus Road, Burgess Hill licence agreement and a sum of £200,000 earmarked to finance repayable fees, were the partnership to dissolve.

27. Contingent Liabilities

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2009 the amount guaranteed was £32,169 (£8,773 at 31st March 2008). It is not usual for deposits to be for longer than one year and the whole of the liability will have expired by 31st March 2010.

There was, at 31st March 2008, a subsidence claim against the Council relating to a property in Burgess Hill resulting from a Tree Preservation Order. The Council has admitted responsibility but disputes the value of the claim. This matter was settled in the year to 31st March 2009.

In accordance with FRS 12 (Provisions, contingent liabilities and contingent assets), contingent liabilities are not recognised in the Statement of Accounts but are disclosed within the notes if there is a possible obligation that may require a payment or transfer of economic benefits. The Council's partnership framework agreement with Thornfield Properties gives a plan for the recovery of master planning and other associated costs which have been incurred by Thornfield Properties. As such, there is a potential liability, but at Thornfield's risk, to recover these costs from a development scheme. The liability for the Council is that its potential 'gain' from a scheme would be reduced by the allocation of these costs. It should be noted that no monies change hands as a result of this transfer of economic benefits.

28. Contingent Assets

There are no contingent assets as at 31 March 2009.

29. Summary of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	<i>Balance at 1st April</i>	<i>Net Movement in Year</i>	<i>Balance at 31st March</i>	<i>Purpose of Reserve</i>	<i>Further Detail of Movements</i>
Revaluation Reserve	2,956,944	10,812,554	13,769,498	Represents gains on revaluation of fixed assets since 1.4.07	Note 30
Capital Adjustment Account	74,185,882	(4,587,579)	69,598,303	Represents timing differences between consumption of fixed assets and financing of capital expenditure	Note 31
Deferred Credits	318,356	(27,377)	290,979	Amounts of capital income still to be received	Note 25
Usable Capital Receipts	1,708,477	(931,484)	776,993	Proceeds of fixed asset sales available to meet future capital investment	Note 32
Earmarked Specific Reserve	741,930	398,858	1,140,788	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.	Note 33
Pensions Reserve	(14,150,000)	(8,320,000)	(22,470,000)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 34
General Fund	3,655,099	210,388	3,865,487	Resources available to meet future running costs for services	Statement of Movement on the General Fund Balance, page 19
MSDC Part of Collection Fund Deficit	(75,514)	15,625	(59,889)	Balance due to or from Mid Sussex for (Deficit) / Surplus	Collection Fund Statement, Section 4
Total Reserves and Balances	69,341,174	(2,429,015)	66,912,159		

30. Revaluation Reserve

The Revaluation Reserve replaced the Fixed Asset Restatement Account (FARA) with a zero opening balance on 1 April 2007. The closing position on the Reserve at 31 March 2009 therefore only shows revaluation gains accumulated since 1 April 2007.

	Year to 31.3.09 £	Year to 31.3.08 £
Balance brought forward at 1st April	2,956,944	0
Surplus on Revaluation of Fixed Assets	11,299,201	3,129,252
Adjustment Current Value Depreciation to Historical Cost	(486,647)	(47,657)
Written out revaluation gain on disposal	0	(124,651)
Balance carried forward at 31st March	<u>13,769,498</u>	<u>2,956,944</u>

31. Capital Adjustment Account

The Capital Adjustment Account has been created due to the implementation of the Revaluation Reserve on 1 April 2007. It is an amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account, the opening balance effectively consolidated revaluation gains accumulated up to 31 March 2007. This account records the write down of the historical cost of fixed assets due to depreciation, impairment or disposal. It also accumulates the resources that have been set aside to finance capital expenditure. The balance therefore represents timing differences between the consumption of fixed assets and the financing of capital expenditure.

	Year to 31.3.09 £	Year to 31.3.08 £
Balance brought forward at 1st April	74,185,882	76,317,707
Resources set aside to finance capital expenditure:		
Revenue Reserves	643,474	1,639,721
Capital Receipts Reserve	948,291	308,771
Government Grant & Capital Contributions used in year	815,638	1,395,250
Minimum revenue provision	81,173	0
Revenue expenditure funded from capital under statute	(1,476,723)	(2,129,092)
Historical Cost of Expenditure on Fixed Assets over the life of those assets:		
- Disposal of Fixed Assets at Net Book Value	(92,676)	(1,043,711)
- Depreciation Provision	(2,763,592)	(2,287,706)
- Amortisation Intangible Assets	(86,183)	(91,337)
- Impairment	(3,143,628)	(96,029)
- Revaluation gains for assets written out on disposal	0	124,651
- Adjustment from Revaluation Reserve to convert current value depreciation to historical cost	486,647	47,657
Balance carried forward at 31st March	<u>69,598,303</u>	<u>74,185,882</u>

32. Usable Capital Receipts Reserve

The usable capital receipts reserve represents the capital receipts available to finance capital expenditure.

	Year to 2009 £	Year to 2008 £
Balance brought forward at 1st April	1,708,477	386,842
Capital Receipts during Year	36,128	1,702,488
Mortgage Principal Repaid	27,376	71,075
	<u>1,771,981</u>	<u>2,160,405</u>
less payment of Pooling of Housing Capital Receipts	(46,697)	(143,157)
less applied for capital financing	(948,291)	(308,771)
Balance carried forward at 31st March	<u>776,993</u>	<u>1,708,477</u>

33. Earmarked Specific Reserves and General Fund Balances

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2008-09, to Cabinet on 8th June 2009.

	<i>Balance at 1st April</i> £	<i>Contributions</i> £	<i>Financing</i> £	<i>Balance at 31st March</i> £
Specific Reserve				
Member Support & Partnerships	3,312	0	0	3,312
Development Control	162,515	0	(37,963)	124,552
Planning Policy	181,582	67,021	0	248,603
Finance Corporate	101,955	220,392	(235,212)	87,135
Revenues and Benefits	237,966	0	0	237,966
Housing	12,096	0	(11,415)	681
Environmental Health	2,756	0	(1,920)	836
Community Services & Culture	0	193,320	0	193,320
Leisure Operations	24,517	357,841	(228,547)	153,811
Building & Asset Maintenance	0	205,018	(205,018)	0
Parking Services	11,812	0	(11,812)	0
Personnel & Payroll	0	6,150	0	6,150
Corporate Organisational Development	3,419	2,521	(3,018)	2,922
Better Mid Sussex	0	81,500	0	81,500
Specific Reserve Total	741,930	1,133,763	(734,905)	1,140,788
General Fund Balances	3,655,099	1,679,259	(1,468,871)	3,865,487
	4,397,029	2,813,022	(2,203,776)	5,006,275

- 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 and amounts provided by developers as commuted sums in lieu of future maintenance.

34. Pensions Reserve

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 Statement of Movement in the General Fund Balance. Under Pension Regulations, contributions are required to meet 100% of the overall liabilities of the Fund.

In 2008/09, the Council paid an employer's contribution of £2,013,356 (£1,530,259 in 2007/08) into the West Sussex Pension Fund, representing 13% (15% in 2006/07) 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 2010 will be approximately £2,070,000.

At the last review in 2007, the Actuary valued the Mid Sussex share of the Pension Fund as 79% funded, giving rise to a deficit of £13 million with liabilities of £62 million. No additional lump sums were made to the Pension Fund in 2008/09. In the previous year, 2007/08, the Council paid a lump sum of £400,000 (3.7% of pensionable pay). During 2008/09, payments totalling £146,045 (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 2008/09 payments to both funds totalled £211,018 (2.15% of pensionable pay) and were met by amounts set aside for this purpose in the Specific Reserve.

34. Pensions (cont'd)

In the 2007 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 an increased employers' contribution rate that is to be phased in 'stepped' increases. The agreed rates are: 2008/09 22.6% and 2007/08 17.2%. The actuary has used the projected unit method as a basis for calculating the service cost. This is in accordance with FRS 17.

Financial Assumptions

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

Year ended:	31.3.09	31.3.08
	% pa	% pa
Inflation /Pension Increase Rate	3.10%	3.60%
Salary Increase Rate	4.60%	5.10%
Expected Return on Assets	6.40%	7.10%
Discount Rate	6.90%	6.90%

Breakdown of expected return on assets by category

Year ended:	31.3.09	31.3.08
	% pa	% pa
Equities	7.00%	7.70%
Bonds	5.40%	5.70%
Property	4.90%	5.70%
Cash	4.00%	4.80%

Mortality

Life expectancy is based on actuarial tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.5 years	24.4 years
Future Pensioners	22.6 years	25.5 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 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
31st March 2006	calendar year 2017	calendar year 2009
31st March 2005	calendar year 2017	calendar year 2009

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

Commutation

An allowance is included for 50% of future retirements to elect to take additional tax-free cash up to HMRC limits.

34. Pensions (cont'd)

The effects on the Income and Expenditure Account of incorporating FRS17 are as follows:

Income and Expenditure Account Costs for the year to 31st March 2009

Analysis of amount charged :	2008/09		2007/08	
	£'000	% of pay	£'000	% of pay
Current Service Cost	1,110	12.2%	1,630	18.3%
Past Service Cost/ Gain	480	5.3%	70	0.8%
Losses/(Gains on Curtailment and Settlements)	160	1.8%	100	1.1%
Expected return on Employer assets	(3,440)	(37.9%)	(3,510)	(39.3%)
Interest cost	4,300	47.4%	3,680	41.3%
Net Charge to Income and Expenditure Account Cost	2,610	28.8%	1,970	22.2%

Statement of Movement in the General Fund Balance

Reversal of net charges made for retirement benefits in accordance with FRS 17	(2,610)	(1,970)
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	2,013	1,530
Actual Return on Plan Assets	(10,080)	(1,450)

Analysis of Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2008/09	2007/08	2006/07	2005/06	2004/05
	£'000	£'000	£'000	£'000	£'000
Actuarial Gains/(Losses)	(8,010)	5,050	4,770	(1,530)	(8,500)
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0
Actuarial Gains/(Losses) recognised in STRGL	(8,010)	5,050	4,770	(1,530)	(8,500)
Cumulative Actuarial Gains and Losses	(3,760)	4,250	(800)	(5,570)	(4,040)

The following amounts were measured in accordance with the requirements of FRS 17 "Retirement Benefits" by the actuary, and show the proportion in respect of the Mid Sussex District Council element of the Pension Fund as at 31 March 2009.

Scheme History

Amounts for the current and previous accounting periods

Year ended:	31.3.09	31.3.08	31.3.07	31.3.06	31.3.05
	£ 000	£ 000	£ 000	£ 000	£ 000
Fair Value of Employer Assets	38,480	48,200	48,470	45,610	36,460
Present Value of Defined Benefit Obligation	(60,950)	(62,350)	(68,160)	(69,750)	(58,480)
Surplus/(Deficit)	(22,470)	(14,150)	(19,690)	(24,140)	(22,020)
Experience Gains/(Losses) on Assets	(13,690)	(4,210)	(900)	6,350	1,530
Experience Gains/(Losses) on Liabilities	(60)	(2,400)	(10)	10	(370)

34. Pensions (cont'd)

Assets and liabilities in relation to retirement benefits

Reconciliation of defined benefit obligation

Year ended:	31.3.09 £ 000	31.3.08 £ 000
Opening Defined Benefit Obligation	62,350	68,160
Current service Cost	1,110	1,630
Interest Cost	4,300	3,680
Contributions by Members	610	550
Actuarial Losses / (gains)	(5,680)	(9,470)
Past Service Costs / (Gains)	480	70
Losses/ (Gains) on Curtailments	160	100
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed in a Business Combination	0	0
Exchange Differences	0	0
Estimated Unfunded Benefits Paid	(120)	(110)
Estimated Benefits Paid	(2,260)	(2,260)
Closing Defined Benefit Obligation	60,950	62,350

Reconciliation of fair value of employer assets

Year ended:	31.3.09 £ 000	31.3.08 £ 000
Opening Fair Value of Employer Assets	48,200	48,470
Expected Return on Assets	3,440	3,510
Contributions by Members	610	550
Contributions by the Employer	2,180	2,140
Contributions in respect of Unfunded Benefits	120	110
Actuarial Losses / (gains)	(13,690)	(4,210)
Assets Distributed on Settlements	0	0
Assets Acquired in a Business Combination	0	0
Exchange Differences	0	0
Unfunded Benefits Paid	(120)	(110)
Benefits Paid	(2,260)	(2,260)
Closing Fair Value of Employer Assets	38,480	48,200

The asset values below as at 31st March 2009 and 31st March 2008 are at bid value as required under FRS17.

Fair value of employer assets

Year ended:	31.3.09 £ 000	31.3.08 £ 000
Equities	26,940	34,450
Bonds	7,310	8,160
Property	3,080	3,810
Cash	1,150	1,780
Total	38,480	48,200

34. Pensions (cont'd)**Balance Sheet**

Year ended:	31.3.09 £ 000	31.3.08 £ 000
Fair Value of Employer Assets	38,480	48,200
Present Value of Funded Liabilities *	(59,370)	(60,690)
Net (Under) / Overfunding in Funded Plans	(20,890)	(12,710)
Present Value of Unfunded Liabilities **	(1,580)	(1,660)
Unrecognised Past Service Cost	0	0
Net Asset /(Liability)	(22,470)	(14,150)
Amount in the Balance Sheet		
Liabilities	(22,470)	(14,150)
Net Asset /(Liability)	(22,470)	(14,150)

*An estimate of this liability is comprised of approximately: £25,460,000, £9,040,000 and £24,870,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31st March 2009. 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 employers.

** For unfunded liabilities as at 31st March 2009, 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 between 37.5% and 50% of the member's pensions as at the date of the member's death (spouses pensions as a proportion of members pension is now dependent on the member's pre and post April 2008 service).

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.

35. Financial Instruments Balances

The investment and borrowing disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Short Term	
	31.3.09 £ 000	31.3.08 £ 000	31.3.09 £ 000	31.3.08 £ 000
Financial Liabilities at amortised cost	1,534	1,619	90	87
Total Borrowings *	1,534	1,619	90	87
Loans and receivables	0	0	8,000	9,800
Total Investments **	0	0	8,000	9,800

* 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.

** Further information is detailed in note 24 on Investments.

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

35. Financial Instruments Balances (cont'd)

The fair values are calculated as follows:

Financial Liabilities

	Amortised		Amortised	
	Cost	Fair Value	Cost	Fair Value
	31.3.09	31.3.09	31.3.08	31.3.08
	£000	£000	£000	£000
PWLB debt	1,534	1,823	1,619	1,747
Other liabilities	6,106	6,106	5,656	5,656
Money market investments less than 1 year	8,000	8,000	9,800	9,800
Other assets	9,775	9,775	7,531	7,531

Disclosure of nature and extent of Risk 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.

35. Financial Instruments Balances (cont'd)

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:

	31.3.09
	£ 000
Less than three months	420
Three to six months	117
Six months to one year	45
Greater than one year	99
Total	681

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 its 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 £8,000,000 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 Income and Expenditure Account or the STRGL. 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 2009 the Council held no variable rate investments or borrowings and there was no impact on the STRGL 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.

36. Post Balance Sheet Events

There are no post balance sheet events.

37. 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:

<i>Net Current Assets</i> 31 March 09		<i>2008/09 Gross Expenditure</i>	<i>2008/09 Gross Income Charitable Trading</i>	<i>2008/09 Net Expenditure</i>	<i>2007/08 Net Expenditure (* restated)</i>
£		£	£	£	£
2,013,296	Beech Hurst	97,846	(86,350)	11,496	21,738 *
482,818	St.Johns Park	21,768	(7,982)	13,786	20,204 *
60,540	Fairfield Road Recreation Ground	7,870	(5,565)	2,305	8,925
96,027	Richard Worsley Recreation Ground	41,972	(9,317)	32,655	29,671 *
2	Lucastes Avenue Open Space	531	0	531	672
1	West Common Open Space	2,101	0	2,101	559
143,067	Ashurst Wood Recreation Ground	21,630	(4,266)	17,364	3,132
0	King George V Field (Crawley Down)**	0	0	0	436
2,795,751		193,718	(113,480)	80,238	85,337

** With effect from 31 May 2007, the Charity Commission has removed King George V Field from the Register of Charities.

The Trust Fund Assets are not consolidated within the Council Assets.

Notes relating to the Cash Flow Statement

38. Reconciliation to Income and Expenditure Account

	<i>Net Expenditure 2008/09</i>	<i>Net Expenditure 2007/08</i>
	£	£
(Surplus) / Deficit On Income and Expenditure Account	5,733,841	(138,494)
less non-cash transactions		
Depreciation, impairment and amortisation charges	(5,993,403)	(2,475,072)
FRS17 Entries	(310,000)	280,000
Movement on Collection Fund Balance	(15,625)	53,689
Servicing of Finance	933,845	985,709
Movement on provision	(44,698)	1,683,000
Other non-cash transactions	174,774	1,458,618
Adjustments for accruals and prepayments		
Increase / (Decrease) in Stocks	20,749	12,492
Increase / (Decrease) in Debtors	1,766,586	2,287,075
(Increase) / Decrease in Creditors	(446,350)	618,061
Net Cash Flow on Revenue Activities	1,819,719	4,765,079

39. Reconciliation of Management of Liquid Resources

The liquid resources shown in this statement are current asset investments that are readily disposable by the Council without disrupting its business and are either: readily convertible to known amounts of cash, or are traded in an active market.

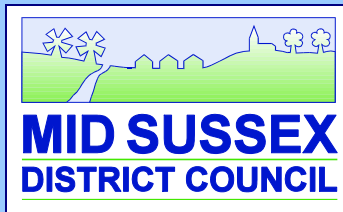
	2008/09 £	2007/08 £
Opening balance 1st April	9,800,001	10,130,000
New short-term investments	118,910,000	113,000,000
Repayment of short-term investments	(120,710,001)	(113,329,999)
Closing balance 31st March	8,000,000	9,800,001

40. Government and Other Grants

	2008/09 £	2007/08 £
Revenue		
Housing Benefits Administration	660,612	739,831
Housing Renewal Assistance	348,000	346,000
Other	1,245,912	805,603
	2,254,524	1,891,434
DWP Grants for Benefits	24,979,887	23,859,519
Revenue Support Grant	782,485	901,595
	28,016,896	26,652,548
Capital		
Capital Grants	99,483	210,695
	28,116,379	26,863,243

41. Reconciliation of the Movement in Cash to the Movement in Net Debt

	2008/09 £	2007/08 £
Long Term Investments balance 1st April	0	0
Long Term Investments balance 31st March	0	0
Net movement on Long Term Investments	0	0
Net movement on Short Term Investments	(1,800,001)	(329,999)
	(1,800,001)	(329,999)
Repayments of amounts borrowed	81,173	0
New Loans Raised	0	(1,700,000)
	(1,718,828)	(2,029,999)
Net cash (inflow)/outflow before financing	1,262,267	1,743,331
	(456,561)	(286,668)
Movement in Cash		
Cash and bank balance 1st April	896,563	609,895
Cash and bank balance 31st March	1,353,124	896,563
Increase/(Decrease) in Cash	456,561	286,668



***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	2008/09 £	2007/08 £
Income			
Council Tax			
	1		
Income receivable from Taxpayers		(75,197,290)	(71,377,070)
Transfers to/(from) General Fund			
Council Tax Benefits		(5,084,396)	(4,628,088)
Transitional Relief from previous years		5,763	8,953
		(80,275,923)	(75,996,205)
National Non-Domestic Rates			
Income collectable from Business Ratepayers	2	(38,308,424)	(35,254,591) *
Contributions			
Contribution to/from Previous Year's (Deficit)/Surplus	4	(293,000)	(43,000)
		(118,877,347)	(111,293,796)
Expenditure			
Demand and Precepts			
West Sussex County Council		61,978,806	58,860,281
Sussex Police Authority		7,264,729	6,871,066
Mid Sussex District Council		10,833,140	10,269,504
National Non-Domestic Rates			
	2		
Payment to National Pool		38,133,642	35,080,249 *
Cost of Collection Allowance		174,782	174,342
Bad and Doubtful Debts (Council Tax only)			
	3		
Write Offs		333,073	84,167
Provisions		43,043	354,170
		118,761,215	111,693,779
Movement on Fund Balance Deficit/(Surplus)		(116,132)	399,983
Collection Fund Balance			
Balance at the Beginning of the Year		558,827	158,844
Movement on Fund Balance		(116,132)	399,983
Balance at Year End Deficit/(Surplus)	5	442,695	558,827

* restated for 2007/08

Notes to the Income and Expenditure Account

1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose.

The number of chargeable dwellings represents the total number of properties in each band shown on the valuation list as at 30th November 2007 adjusted for exemptions and other estimated changes within the year.

The Council Tax base is the number of chargeable dwellings in each band adjusted for discounts and then by a proportion to convert to a band D equivalent.

An allowance is made for losses on collection.

<i>Tax Band</i>	<i>No of Chargeable Dwellings</i>	<i>Less Discounts</i>	<i>Net Dwellings</i>	<i>Ratio to Band D</i>	<i>No of Band D Equivalents</i>
A	1,724.14	259.50	1,464.64	6/9	976.4
B	5,392.36	855.15	4,537.21	7/9	3,528.9
C	11,776.04	1,179.25	10,596.79	8/9	9,419.4
D	15,233.96	1,109.85	14,124.11	1	14,124.1
E	9,939.33	542.80	9,396.53	11/9	11,484.6
F	7,485.64	289.25	7,196.39	13/9	10,394.9
G	3,902.42	131.95	3,770.47	15/9	6,284.1
H	298.00	10.35	287.65	18/9	575.3
Total	55,751.89	4,378.10	51,373.79		56,787.7
				Less Allowances for Loss on Collection (0.6%)	(340.7)
				Council Tax Base	56,447.0

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.

<i>Authority</i>	<i>Demand or Precept £</i>	<i>÷</i>	<i>Council Tax Base</i>	<i>=</i>	<i>Band D Council Tax £</i>
West Sussex County Council	61,978,806	÷	56,447.0	=	1,098.00
Sussex Police Authority	7,264,729	÷	56,447.0	=	128.70
Mid Sussex District Council	10,833,140	÷	56,447.0	=	191.92 (average)
Average Band D Council Tax Charge For 2008/09					1,418.62

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 £1,371.24 to £1,470.99.

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 2009 was £95.098m (£95.655m in 2007/08). The standard multiplier for the year was 46.2p, an increase from 44.4p in 2007/08. The Small Business Rate Relief Multiplier for the year was 45.8p, an increase from 44.1p in 2007/08.

In the year 2008-09, uncollectable rates of £153,713 have been written off. A total of £1,469,980 has been provided against debts of £2,184,427.

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 2009. A total of £2,152,082, has been provided against debts of £3,390,396 outstanding as at 31st March 2009.

4. Contribution to Previous Year's Surplus/Deficit

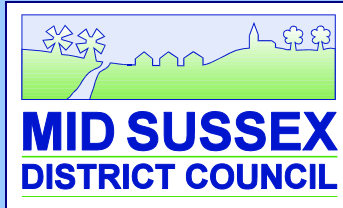
In accordance with legislation, the estimated balance as at 31st March 2008 on the Collection Fund was £293,000 deficit and this was notified to both the County Council and Police Authority. This deficit has been deducted from the contribution to each of these principal authorities in proportion to their Council Tax for the year 2007/08, as follows:

<i>Authority</i>	Estimated Deficit 31.3.08	
	£	%
West Sussex County Council	226,918	77.45
Sussex Police Authority	26,489	9.04
Mid Sussex District Council	39,593	13.51
Estimated Deficit at year end	293,000	100.00

5. Year End Surplus / Deficit

At 31st March 2009, the fund has a deficit of £442,695. The contributions required from West Sussex County Council and Sussex Police Authority are included as Debtors on the Balance Sheet, page 20, detailed in Core Financial Statements Note 22. The Mid Sussex District Council contribution is shown as part of General Fund Balances on the Balance Sheet.

<i>Authority</i>	31.3.09		31.3.08
	£	%	£
West Sussex County Council	342,643	77.40	432,791
Sussex Police Authority	40,163	9.07	50,522
Mid Sussex District Council	59,889	13.53	75,514
Actual Deficit at year end	442,695	100	558,827



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 which includes arrangements for the management of risk.

In July 2007 the Council set up a Constitutional Review Group, which considered the Council’s entire Constitution. The recommendations of this Group were approved by Council on 7th May 2008 and implemented from the Annual meeting on 14th May 2008. The Group continued its work in 2009 and Council agreed further changes to the Constitution on 15th April 2009 including provision for the independent Chairman of the Standards Committee to present reports to full Council up to 4 times per year. Also in July 2007, the Council established an Audit Committee of 11 members with full responsibility for financial governance in accordance with Audit Commission guidance and best practice reporting directly to the Council.

In April 2008 the Council set up a District Planning Committee of 18 members taking into account previous Audit Commission advice and an advice paper from the Department of Communities and Local Government from January 2007.

The Standards Committee has increased in size to 12 members in 2007 in preparation for the local filtering of Code of Conduct complaints against District council members and Town/Parish members serving in Mid Sussex. Since 8th May 2008 the Standards Committee have dealt with 4 complaints, 3 of which were considered further following a review request. No cases have been referred for full investigation.

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 Mid Sussex District Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ending 31 March 2009 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 2008/2009 on 27th February 2008. This is available on the Council's web site. In preparing this plan, it 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, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources

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 and Management Team.

Corporate planning has been strengthened in the year and the continued focus on corporate priorities is resulting in improved services. In developing the Corporate Plan and Budget for 2008/09, members have been involved in establishing a 4-year service development plan through a cross-party working group. This translates into a 4-year profile for each of the Council's business units, including service performance, efficiencies/investments and options for joint ventures. The outcomes of this planning process will ensure that appropriate resources are matched with the Council's corporate priorities and the services remain fit for purpose.

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 Performance and Scrutiny Committee on the performance against key indicators. This report shows the current status as to 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.

In the Annual Audit and Inspection Letter 2008, the Audit Commission reports that the Council's performance and progress is encouraging. The Use of Resources score has remained at 3 out of 4 demonstrating that it is performing well and delivering value for money. The Council is a low spend authority and recent Government figures show that it was the third best nationally for securing efficiency savings as a proportion of its baseline budget over the last three years.

In 2007 a new customer contact centre was established, which uses new telephone technology and customer relationship management software has enabled the Council to provide improved customer services. The centre now handles telephone calls for services such as electoral registration, pest control advice and appointments, waste management and concessionary fares and the staff assist in processing Council Tax and Business Rates payments. The website has been developed to enable electronic voter registration and paying for certain Council services.

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 management information, financial regulations 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 2008/2009 included:

- The setting of annual budgets;
- Management of actual income and expenditure against the annual budget;
- Regular budget management
- A mid-year review of the annual budget
- 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

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 drawn up for a three-year period. 2008/09 is the last year of the current strategic plan. 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 year-end work.

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. The Cabinet, which is the part of the Council responsible for most day-to-day decisions makes recommendations to Council to approve decisions, for example, relating to budget approval and the preparation of the Corporate Plan. 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 three Better Advisory Groups who support the work of the Cabinet and the Council as a whole. 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 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 Anti-Fraud and Corruption Policy
- Protocol for member and Officer Relationships
- A code of conduct for Local Government Employees
- A Standards Committee

Council adopted, following a recommendation from the Standards Board and the Constitutional Review Working Group, a revised Officer/Member Protocol on 7th May 2008 and this is reviewed by the Standards Committee.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

At Council on 25th July 2007 changes were agreed to the Constitution including an increase in size of the Standards Committee, that the Audit Sub-committee become a full Audit Committee with increased size of membership from 7 to 11 and the Monitoring Officer be given delegated authority to update the Constitution. The Council agreed to the appointment of a Constitutional Review Working Group. At its first meeting four main areas of work were identified:

- a) Scrutiny following the passage of the Local Government and Public Involvement in Health Bill (now Act)
- b) Member Officer Protocol
- c) Financial and Contractual Procedure Orders
- d) Council and Cabinet and their relationship and responsibilities

The recommendations from this group's review were adopted at a Special Council meeting on 7th May 2008. These changes were reviewed against their operation in practice and legislative changes, further changes were agreed by Council on 15th April 2009.

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

At the Council meeting on 25th July 2007, it was agreed to set up an independent Audit Committee to replace the Audit Sub-Committee. This is as recommended by the Audit Commission to support corporate governance and to give assurance that the Council's arrangements for managing risk, its control environment and reporting on financial and non-financial performance are effective.

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 to ensure these are adequately maintained. 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.

The Council identifies its key strategic risks at the start of each year in conjunction with Zurich Municipal. 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 quarterly 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.

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 serious concerns within the Council. On the Council's 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.

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

Following the election of members in May 2007, an induction fair was held to assist with the familiarisation of the Council. Following on from this, further workshops and training sessions were held for members to develop their skills and knowledge about the Council's services. In particular, training has been provided on: Standards and the code of Conduct, Local Government Finance, chairing skills, core strategy and various service related training. This training has continued with training on how to be an effective Councillor and specific training for Planning and Licensing members.

'Talent' management including succession planning and key staff participation in a 'fast track' management training programme has improved management capacity. Additional training has been provided for officers regarding financial procedure rules and budget management during the year.

For 2009, talent management has been extended to senior specialist officers with the aim of enhancing their personal performance and to maximise individual potential. The benefits to the Council are that these officers can then contribute more effectively to the delivery of the Council's aspirations and realise greater job satisfaction and success.

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. It has 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. To ensure that we communicate with all sectors of the community the following policies are in place:

- Equalities in Service Delivery
- Race Equality
- Equal Opportunities in Employment Policy
- Towards a Social Inclusion Strategy
- The Disability Equality Scheme and Gender Equality Scheme

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. In 2009 the council aims to establish a Gypsy and Traveller Strategy and a comprehensive Equalities and Diversity policy in accordance with the Equality Act 2006.

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.

A further review of the Better Mid Sussex partnership was undertaken by the Audit Commission during the year which focused on the risk headings: delivery, financial, value for money and reputation and governance. The report identified progress on the previously identified areas of weakness..

To ensure that the Council provides quality value for money services that are in line with local government best practice, regular review of services and partnership arrangements was undertaken in 2008/09. Good progress has been made in implementing or partially implementing the recommendations made and the Corporate Plan for 2009/10 sets out the partnership objectives to be met in that year.

Each year a workshop is held, facilitated by Zurich Municipal to assess partnership arrangements. Three high level strategic partnerships have been identified: The CenSus partnership, Better Mid Sussex 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 operated its governance arrangements by way of a joint committee. At the Council meeting on 7th May 2008, it was agreed that it would in future operate through a CenSus Members' Steering Group to which the Council would appoint members at the Annual Meeting on 14th May 2008. However, in 2009 the partnership will return to a Joint Committee structure.

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 and Inspection Letter and other reports: Comprehensive Performance Assessment (CPA), Use of Resources and Direction of Travel Statements.

Improvements in the year

In the period covered by this Annual Governance Assurance 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:

- Overall the Council's rate of improvement has significantly improved since last year. The Council ranks as the 23rd most improved out of 388 nationally
- A succession plan is now in place for all managerial and specialist roles across the Council (46 posts)
- A residents survey conducted in summer 2008 found that 64% of respondents were satisfied with the 'way the Council runs things'. This was as significant improvement since the last survey in 2007.
- A robust medium term financial plan has been prepared
- The Standards Committee has delivered its new responsibilities effectively
- Council has provided for the Chairman of the Standards Committee to report to full Council up to 4 times a year

Significant governance issues

- Maintain improvement in performance indicators, for example Council tax collection and the paying of invoices
- Ensure that the additional responsibilities for the Standards Committee are fully implemented and the filtering of complaints is effectively monitored
- Further work is needed to strengthen risk management arrangements for partnerships
- To maintain the focus on improving services in priority areas including housing benefit and council tax
- Continue to focus on the strengthened approach to community engagement and equality and diversity to further improve customer service

The Constitutional Review Group has been retained for 2008/09 to consider how the changes made in 2007/08 have impacted and this has led to the further changes agreed by council on 15th April 2009.

The Council's Corporate Management Team has advised us on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weakness and ensure continuous improvement of the system is in place.

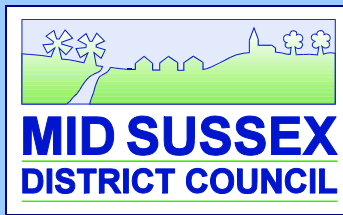
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Cllr Gordon Marples
Leader of Council
18 June 2009



John Jory
Chief Executive
18 June 2009



***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 financial statements

I have audited the Authority accounting statements and related notes of Mid Sussex District Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Head of Finance and auditor

The Head of Finance's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

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

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

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Foreword by the Head of Finance. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information and exclude projections made in relation to future events and future accounting periods.

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other

irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

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

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

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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority 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 in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. 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.

Conclusion

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

Certificate

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

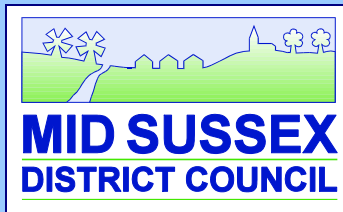
Helen Thompson

District Auditor

Audit Commission

Suite 2, Ground Floor
Bicentennial Building
Southern Gate
Chichester
West Sussex
PO19 8EZ

30 September 2009



***Glossary
of Terms***

Glossary of Terms

Accounting Standards - These are issued by the Consultative Committee of Accountancy Bodies (CCAB) and comprise Financial Reporting Standards (FRSs) developed by the Accounting Standards Board (ASB) and Statements of Standard Accounting Practice (SSAPs) developed by the Accounting Standards Committee (ASC) but now adopted by the ASB. 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 FRS17)- 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 Consolidated Revenue 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.

Amortisation – An annual charge made in the Council's revenue account to reduce the value of an asset held on the balance sheet over a period of years.

BACS (Bank Automated Credit System) - The system of processing transactions to an individual bank account.

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 Charge - A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

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 Expenditure Charged to Revenue Account - The financing of capital expenditure from revenue.

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 FRS17) - These are appropriated to the Consolidated Revenue Account from the Pensions Reserve, to replace all FRS 17 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. debtors, stocks, cash at bank, short-term investments.

Current Liabilities - An amount which will be payable or could be called in within the next accounting period e.g. creditors, cash overdrawn, temporary loans.

Current Service Cost (Pensions FRS17) 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.

Depreciated Replacement Cost (DRC)

This is based on the economic theory of substitution and is used where there is no active market for the asset. It is the current cost of replacing an asset with its modern equivalent, less deductions for physical deterioration, all relevant forms of obsolescence and optimisation.

Depreciation - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

DWP – Department for Work and Pensions (formerly DSS - Department for Social Security)

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 FRS17)- 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 by the Audit Commission.

Finance Lease - A lease usually of land, or land and buildings, which is treated in the government's capital control system as a credit arrangement as if it was similar to borrowing. Other types of lease are termed "operating leases".

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, plant and equipment.

FRS – Financial Reporting Standards. These are accounting standards which are gradually replacing Statements of Standard Accounting Practice (SSAPs) (See Accounting Standards).

Gains and Losses on Settlements (Pensions FRS17) - 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 - 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 - Fixed 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 fixed assets are defined in FRS10 as “non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights”.

Interest Cost (Pensions FRS17) 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 (NDR) - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the ODPM. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

Net Current Assets - Current assets less current liabilities.

Net Current Replacement Cost - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value - The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NDR – See National Non Domestic Rates.

Non-Operational Assets - Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, buildings under construction and assets that are surplus to requirements, pending sale or redevelopment.

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

Operating Lease - A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting and which does not come within the government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Past Service Costs (Pensions FRS17) - The increase 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. This is charged within the net cost of services under Non Distributed costs in the Consolidated Revenue 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.

SORP- Statement of Recommended Practice.

SSAP - Statements of Standard Accounting Practice (See Accounting Standards).

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.