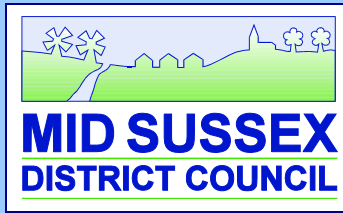


Statement of Accounts for the Year Ended 31st March 2008

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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 2007/08 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.

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 2007/08

Revenue

The revenue and capital outturn for 2007/08 was reported to Cabinet on 10th June 2008. The report explained that during 2007/08 Members had received four Budget Management reports to assist in the management of the budget and to minimise the risk of a significant variation.

Despite being a difficult year with budget pressures having been reported throughout 2007/08 and the financial effects of the Big Culture Show to manage, the revenue outturn for 2007/08 has resulted in a total overspend of £5,000, after the removal of windfall income, compared with the latest estimate. This is set out in the following table:

Section 1

Revenue Expenditure 2007/08	Estimate 2007/08 £'000	Actual 2007/08 £'000
Service Area		
Corporate Improvement	1,482	1,437
Leisure & Well-being- Development Control	672	486
Finance	400	349
Corporate Systems	(450)	(263)
Revenues & Benefits	1,208	1,434
Housing, Environmental Health & Building Control	2,057	1,931
Legal & Property Services	(1,380)	(1,374)
Leisure & Well-being	3,537	3,518
Organisational Development	(26)	29
Leisure & Well-being - Outdoor Business	4,403	4,176
Planning Policy	814	789
Strategic Core	1,424	1,454
Procurement savings	(73)	0
Balance Unallocated	32	0
LABGI	(90)	(553)
Service Efficiencies	(133)	0
Benefits	(264)	(264)
Interest paid	0	6
	13,613	13,155
Transfer to General Reserve (LABGI)	0	463
Total Revenue Expenditure 2007/08	13,613	13,618

The budget for the year included £940,000 of efficiency savings, which was a challenging target, in spite of the detailed and rigorous planning which accompanied the proposals. Of the target figure, £734,000 was achieved in year with the remainder to be made up early in the current financial year. Procurement was one area that underachieved and will merit further examination. Savings targets in future years may need revision to reflect the difficulty in identifying savings that are not accounted for elsewhere.

As was the case for 2006/07, budget management has continued to improve. The movement of money between budgets, otherwise known as virement, continued to be significantly lower for the year compared to 2005/06 and previous years.

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 2007/08. Thus, unbudgeted, 'windfall' income has been removed. 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 £4,854,000. This was £1,962,000 less than the updated 2007/08 programmed of £6,816,000 as reported in the budget report for 2008/09.

The main items of expenditure in the year were:

Capital Expenditure 2007/08	2007/08
Fixed Assets	£
<i>Asset under construction</i>	
Sidney West Community / Sports Building	308,771
<i>Land and Buildings</i>	
Pavilions	111,301
Oaklands	8,452
Civic Halls and Leisure Centres	247,916
<i>Plant / Vehicles</i>	
Refuse collection - refuse and recycling wheeley bins	1,664,312
IT Hardware & Software	341,915
Intangible Assets	
Software licence	42,688
Deferred Charges	
Housing - Housing Renewal Assistance	649,632
Housing - Affordable Housing	299,000
Better Mid Sussex	339,765
Rural Community Provision & Capital Grants	193,700
Other expenditure	646,995
Total Capital Expenditure 2007/08	4,854,447

In summary, the majority of the slippage of just over £2 million arises from the delay in making final payments on the Sidney West scheme (£391,000), Better Mid Sussex (repayment of Cyprus Road license agreement sum £900,000), grants (£204,000) and a range of smaller schemes that have yet to be completed. The Management team is actively monitoring these, and the expectation is that slippage will not be extended beyond the end of June 2008. At this stage funding will be withdrawn or cashflow forecasts re-profiled.

The capital expenditure in the year was financed by:

Usable Capital Receipts	£308,771
General Fund Balances	£1,682,707
Grants & capital contributions (includes Big Lottery funding of £72,000)	£694,488
Section 106 agreements	£599,415
Long Term Borrowing (PWL B Loan)	£1,609,066

The capital receipts for the year totalled £1,702,488. The main asset disposals included in the total are:

Sidney West Development Agreement for 125year lease, B. Hill	£595,000
Victoria Garage, Burgess Hill	£376,120
Fairbridge Way, Burgess Hill	£550,000
Hurst Farm (part), Haywards Heath	£ 40,408

Interest

This delay in capital expenditure has a knock-on effect with the interest that has been earned. For 2007/08 interest receipts for the year totalled £993,000 against an original budget of £762,000. Of the total received, £2,000 has been transferred to specific reserve for employee benefits in accordance with existing practice, and £476,000 has been applied to finance the capital programme 2007/08. In addition, £70,000 has been used to fund repairs and renewals expenditure totalling £245,000. Of the remaining balance of £445,000, £5,000 was used to finance the revenue budget overspending leaving a total of £440,000. This balance was transferred to General Reserve.

Section 1

Specific Items

The total expenditure on the Specific Items financed from the Specific Reserve and General Reserve for 2007/08 was £4,127,000. Details of all this expenditure is contained within the outturn report to Cabinet on 10th June 2008.

3. Borrowing

Until March 2008 the Council has not had to borrow money to finance any of its capital expenditure and had been 'debt free' since 1991. The borrowing limits as approved by the Council are an overall £5 million limitation.

During 2007/08, the Council purchased wheeled bins as part of the scheme for alternative weekly collections of refuse and recycling. This was a significant investment in an asset with an estimated life of up to 15 years. Whilst Officers had considered financing the purchase from a capital receipt, the Council has limited reserves and capital receipt balances. Reserves or capital receipts can only be used once and then future interest income is reduced permanently. There are therefore advantages in retaining flexibility in the Council's overall reserves.

In addition, many local authorities needing to purchase large numbers of wheeled bins recently used prudential borrowing to finance them. Therefore, since Public Works Loan Board (PWLB) rates were at their lowest level for 2 years, a report to Council on 27th February 2008 recommended borrowing £1.7m from the Public Works Loan Board (PWLB), over a period of 15 years to provide finance for the wheeled bins purchased in 2007.

At the time the Council report was written, the interest rate for a 15 year loan was at a fixed rate of 4.74% and this would have resulted in repayments of almost £160,000 per year. Following approval by Council, the Head of Finance undertook to arrange borrowing at an appropriate time. In the event, borrowing was arranged with PWLB on 4th March and the interest rate on that day was 4.55%. As a result, repayments will be reduced to £157,610 per year. The Council can currently earn around 5.50% or slightly higher on any short-term cash deposits. Although this earnings rate may reduce if the bank base rate falls, it is unlikely that PWLB rates (which are linked to Government gilts) will significantly reduce for the foreseeable future. When the bins were purchased in summer 2007, PWLB rates were at least 1% higher than the 4.55% actual borrowing rate. Since 1st April 1994, the interest rate has been at this rate or slightly lower only for short periods in 1999, 2003, 2005, and 2006.

4. Local Taxpayers

During the year, the Council collected £71.377m 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 £7.557m 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 2008/09.

5. Pensions

The pensions liability has reduced to £14,150,000 as at 31st March 2008, from £19,480,000 as at 31st March 2007. The real discount rate for valuing liabilities as at 31st March 2008 was 3.2% (31st March 2007 2.1%). Changes in assumptions underlying the present value of scheme liabilities have led to an actuarial gain in the year of £11,860,000. This has been partly offset by decreased returns on pension scheme assets of £4,960,000 and experience losses on scheme liabilities of £1,850,000 to show an overall net gain of £5,050,000. Full details of the movement in the liability is shown in the Consolidated Notes to the Accounts, Note 41.

6. Better Mid Sussex Provision

In 2006/07 a provision for £2million was included in the accounts in relation to the Better Mid Sussex project. However, for 2007/08 the provision has been reduced, to include only the elements of expenditure relating to the interest accruing on the outstanding repayment of Cyprus Road license agreement sum, as well as a percentage in relation to other expenditure incurred to date by Thornfield Properties Ltd.

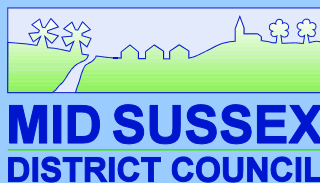
This has resulted from developing a greater understanding of the Framework Agreement and how costs are dealt with and from drawing up development agreements for individual schemes. The necessity and quantum of any provision has been the subject of external financial advice and has been discussed with the Audit Commission, the latter of which have raised no issues. This has a positive impact on the Income and Expenditure Account and on the General Fund Balance.

7. Changes In Accounting Policy

With SORP 2007 there has been the introduction of a Revaluation Reserve to replace the Fixed Asset Restatement Account (FARA), and the replacement of the Capital Financing Account with a Capital Adjustment Account. Details of this change are given on page 16 in the Accounting Policy Note 18.

8. Further Information

Interested members of the public have a statutory right to inspect the accounts from 24th June 2008 to 21th July 2008. 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 2007/08

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 fairly the financial position of the Council at 31st March 2008 and its income and expenditure for the year then ended.



P Stuart
Head of Finance
23rd September 2008

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the council's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 – 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 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 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 36 on page 37.

5. Government Grants and Contributions (Revenue)

Government grants and third party contributions and donations are recognised as income at the date that 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, etc, 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 - mid-market 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 effect on the Income and Expenditure Account as a result of adopting FRS17 is that the net cost of services and net operating expenditure have been increased. The amounts are shown as reconciling amounts in the Statement of Movement on the General Fund Balance and are funded by a contribution from pensions reserve. Full details are shown in the Consolidated Notes to the Accounts, Note 41. 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 2007/08 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;
- annual lump sum payments of £400,000 for the period of the Financial Strategy to reduce the impact on the council tax of employer pension contributions.

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 2007 (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.

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

Section 1

- 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 2007, 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 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. Depreciation on 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.

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. Deferred Charges

Deferred charges represent expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Deferred charges incurred during the year 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 deferred charges 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: Rentals payable are apportioned between the principal element – the liability is written down as the rent becomes payable, and a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable).

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:

- 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 2007 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.

The work in progress at 31st March 2008 is for Sidney West Sport and Community Centre, and is recorded in the Balance Sheet as an asset under construction.

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

(a) Introduction of a Revaluation Reserve to replace the Fixed Asset Restatement Account (FARA)

Up to the 2007 SORP the balance on the FARA represented the difference between the valuation of the assets under the previous system of capital and the revaluation as at 1 April 1994. The account was written down by the net book value of assets as they were disposed of and debited or credited with the deficits or surpluses arising on revaluation.

It is intended to complement the existing arrangements for capital accounting rather than change them in any substantial way.

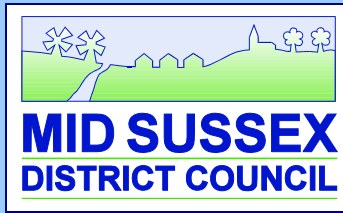
The 2007 SORP requires the implementation of a Revaluation Reserve with a zero balance, and that a prior period adjustment is not required. The overall balance on the Reserve represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried 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.

(b) Replacement of the Capital Financing Account with a Capital Adjustment Account

The Capital Financing Account contained the amount of capital expenditure financed from revenue and capital receipts, and the amounts written down for depreciation.

The balance on the new Capital Adjustment Account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements. The Account accumulates the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It is credited with the resources that have been set aside to finance capital expenditure and deferred charges.



Core Financial Statements

Section 2

Income and Expenditure Account

	2007/08 Gross Expenditure £	2007/08 Gross Income £	2007/08 Net Expenditure £	2006/07 Net Expenditure £
<i>Service Net Expenditure</i>	1			
Central Services to the Public	7,929,985	(6,986,790)	943,195	408,193
Culture, Environmental and Planning Services	22,689,382	(12,980,188)	9,709,194	13,354,102
Highways, Roads and Transport Services	2,202,107	(2,347,327)	(145,220)	(308,023)
Housing Services	23,472,788	(21,662,326)	1,810,462	2,009,722
Social Services	63,378	0	63,378	61,353
Exceptional Items	3	0	0	0
Corporate and Democratic Core	3,355,160	(339,782)	3,015,378	2,818,391
Non Distributed Costs	163,854	0	163,854	335,292
<i>Net Cost of Services</i>	59,876,654	(44,316,413)	15,560,241	18,679,030
(Gain)/ loss on disposal of fixed assets			(658,777)	(138,630)
Town & Parish Precepts, & Drainage Levies			2,724,944	2,607,887
Interest Payable			5,614	0
Amounts payable into Housing Capital Receipts Pool			143,157	92,383
Interest and Investment Income			(993,407)	(858,666)
Pensions interest cost and expected return on pension assets	41		170,000	300,000
<i>Net Operating Expenditure</i>			16,951,772	20,682,004
Income from Collection Fund			(10,269,504)	(9,885,371)
Collection Fund Adjustment			5,899	127,920
Non-domestic rates redistribution			(5,372,374)	(5,144,447)
Revenue Support Grant			(901,595)	(1,053,967)
Local Authority Business Growth Incentive Scheme Grant			(552,692)	(213,120)
<i>(Surplus) / Deficit for the Year</i>			(138,494)	4,513,019

The (surplus)/deficit for the year is shown as part of the Statement of Movement on the General Fund Balance on page 19, and also as a movement in the Statement of Total Recognised Gains and Losses on page 19.

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.

	2007/08	2006/07
	£	£
(Surplus) / deficit for the year on the Income and Expenditure Account	(138,494)	4,513,019
Net additional amount required by statute and non-statutory proper practices to be debited / (credited) to the General Fund Balance for the year	(298,599) *	(2,129,288)
(Increase) / Decrease in General Fund Balance for the year	(437,093)	2,383,731
General Fund Balance brought forward (excluding CollectionFund)	(3,218,006)	(5,601,737)
General Fund Balance carried forward	(3,655,099)	(3,218,006)

*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.

	2007/08	2006/07
	£	£
(Surplus) / Deficit for the year on the Income and Expenditure Account	(138,494)	4,513,019
Movement on Mid Sussex DC share of Collection Fund Deficit	53,689	(99,629)
Surplus arising on revaluation of fixed assets	(3,129,252)	(4,746,574)
Actuarial (gains) / losses on pension fund assets and liabilities	(5,050,000)	(4,770,000)
Total recognised (gains) and losses	(8,264,057) *	(5,103,184)

*The total recognised gains and losses is showing the total movement in the Balance Sheet in the year to 31st March 2008.

Balance Sheet

	Note(s)	As at 31st March 2008	As at 31st March 2007
		£	£
Intangible Assets	18	211,615	260,264
Fixed Assets	15		
Operational Assets			
Land and Buildings		54,233,065	52,900,677
Vehicles, Plant and Equipment		2,858,556	1,360,745
Infrastructure Assets		4,020,008	4,020,008
Community Assets		99,677	100,074
Non-Operational Assets			
Investment Properties		17,818,680	18,556,030
Assets Under Construction		308,771	0
		79,550,372	77,197,798
Long Term Investments	25	0	0
Long Term Debtors	26	422,705	552,875
		79,973,077	77,750,673
Current Assets			
Stocks	27	57,024	44,532
Debtors	28	11,006,013	9,126,964
less Provision for Doubtful Debts		(4,428,366)	(4,836,392)
Investments	30	9,800,001	10,130,000
Bank	31	896,563	609,895
		17,331,235	
Current Liabilities			
Creditors	29	(5,569,159)	(6,187,220)
Borrowing Payable Less Than One Year	42	(86,683)	0
		(5,655,842)	
		91,648,470	86,638,452
Long Term Liabilities			
Government Grants Deferred	19	(470,270)	(551,881)
Capital Grants & Contributions Unapplied	20	(5,751,199)	(3,529,454)
Provision	33	(317,000)	(2,000,000)
Borrowing Payable Longer Than One Year	42	(1,618,827)	0
Liability related to Defined Benefit Pension Scheme	41	(14,150,000)	(19,480,000)
Total Assets less Liabilities		69,341,174	61,077,117
Revaluation Reserve	37	2,956,944	0
Capital Adjustment Account	38	74,185,882	76,317,707
Deferred Credits	32	318,356	389,431
Usable Capital Receipts Reserve	39	1,708,477	386,842
Earmarked Specific Reserve	40	741,930	266,956
Pension Reserve	41	(14,150,000)	(19,480,000)
General Fund Balances	40	3,655,099	3,218,006
MSDC Collection Fund (Deficit) / Surplus		(75,514)	(21,825)
		3,579,585	
Total Reserves and Balances		69,341,174 *	61,077,117

*The movement in the year of £8,264,057 is shown on the previous page on the Statement of Total Recognised Gains and Losses.

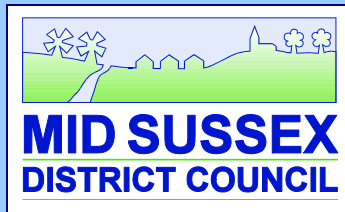
Cash Flow Statement

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.

		2007/08		2006/07	
	Note	£	£	£	£
Revenue Activities					
Cash Outflows					
Cash Paid to and on Behalf of Employees		15,991,904			15,575,186
Other Operating Cash Payments		18,043,359			17,335,066
Housing Benefit Paid Out		18,976,213			17,935,398
NNDR Payments to National Pool		36,598,771			33,801,922
Payments to Preceptors		68,419,189			63,968,609
Payments to Capital Receipts Pool		208,784			109,980
			158,238,220		148,726,161
Cash Inflows					
Rental Income		(1,460,360)			(1,556,686)
Council Tax Receipts		(70,982,308)			(66,871,420)
NNDR Payments from National Pool		(5,372,374)			(5,469,971)
Non-Domestic Rate Receipts		(34,144,599)			(33,839,450)
Revenue Support Grant	47	(901,595)			(1,053,967)
DWP Grants for Benefits	47	(23,859,519)			(24,682,216)
Other Government Grants	47	(1,545,434)			(1,183,745)
Cash Received for Goods and Services		(15,773,100)			(15,365,562)
Other Operating Receipts		(1,110,694)			(910,431)
			(155,149,983)		(150,933,448)
Net Cash (Inflow)/Outflow - Revenue Activities	45		3,088,237		(2,207,287)
Servicing of Finance					
Cash Outflows					
Interest Paid		104			0
Interest Element of Finance Lease Rental Payments		0			33,841
			104		33,841
Cash Inflows					
Interest Received		(1,011,634)			(830,255)
			(1,011,634)		(796,414)
Capital Activities					
Cash Outflows					
Purchase of Fixed Assets		2,604,232			1,244,564
Purchase of Long Term Investments		0			0
Other Capital Cash Payments		2,073,820			1,407,366
			4,678,052		2,651,930
Cash Inflows					
Sale of Fixed Assets		(1,702,488)			(150,676)
Capital Grants Received	47	(556,695)			(445,022)
Other Capital Cash Receipts		(2,752,245)			(837,559)
			(5,011,428)		(1,433,257)
			(333,376)		1,218,673
Net cash (Inflow)/Outflow before financing	48	C/Fwd	1,743,331		(1,785,028)

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			Section 2
		2007/08	2006/07
	Note	£	£
Net Cash (Inflow)/Outflow before Financing	48	1,743,331	(1,785,028)
Management of liquid resources			
Net increase / (decrease) in short-term deposits	48	(329,999)	2,130,000
Net increase / (decrease) in other liquid resources		0	0
		(329,999)	2,130,000
		1,413,332	344,972
Financing			
Cash Outflows			
Repayments of amounts borrowed		0	0
Capital element of finance lease rental payments		0	0
		0	0
Cash Inflows			
New Loans Raised	48	(1,700,000)	0
New Short-term Loans		0	0
		(1,700,000)	0
(Increase)/decrease in cash and cash equivalents	48	(286,668)	344,972



***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 2007/08.

2006/07 Net Expenditure £	Expenditure on Services	2007/08 Gross Expenditure £	2007/08 Gross Income £	2007/08 Net Expenditure £
	Central Services to the Public			
549,571	Local Tax Collection	7,229,068	(6,586,928)	642,140
122,078	Elections	316,151	(74,071)	242,080
31,079	Emergency Planning	31,441	0	31,441
(294,534)	Local Land Charges	244,054	(325,791)	(81,737)
142,865	General Grants and Donations	109,271	0	109,271
	Culture, Environmental & Planning Services			
703,926	Culture and Heritage	1,413,103	(659,934)	753,169
4,646,631	Recreation & Sport	11,488,374	(6,956,085)	4,532,289
594,049	Open Spaces	1,002,688	(257,020)	745,668
28,769	Tourism	38,694	(21)	38,673
10,593	Cemetery, Cremation & Mortuary	9,261	0	9,261
1,358,169	Environmental Health	1,822,300	(405,662)	1,416,638
137,719	Community Safety	320,069	(207,911)	112,158
67,470	Flood Defence & Land Drainage	26,986	0	26,986
829,105	Street Cleansing	983,461	0	983,461
2,242,721	Waste Collection	3,373,368	(1,062,482)	2,310,886
156,728	Building Control	712,893	(577,933)	134,960
612,845	Development Control	1,439,473	(1,143,584)	295,889
661,960	Planning Policy	840,413	(44,409)	796,004
68,953	Environmental Initiatives	66,762	0	66,762
912,544	Economic Development	(874,801) *	(1,665,146)	(2,539,947)
116,252	Community Development	26,338	0	26,338
	Highways, Roads & Transport Services			
40,988	Highways/Roads (Routine)	240,794	(199,225)	41,569
(893,086)	Parking Services	1,160,940	(1,960,476)	(799,536)
544,074	Public Transport	800,373	(187,626)	612,747
	Housing Services			
104,575	Registered Social Landlords	110,368	0	110,368
224,300	Housing Advice	234,646	(1,930)	232,716
7,508	Housing Advances	4,069	(75)	3,994
471,229	Private Sector Housing Renewal	824,890	(346,000)	478,890
647,235	Homelessness	926,301	(489,345)	436,956
(199,754)	Housing Benefits Payments	19,951,269	(20,031,131)	(79,862)
794,976	Housing Benefits Admin	1,367,820	(741,013)	626,807
(26,867)	Other Council Property	53,425	(52,833)	592
	Social Services			
61,353	Older People	63,378	0	63,378
	Corporate & Democratic Core			
616,112	Democratic Representation & Management	663,886	360	664,246
2,251,602	Corporate Management	2,691,274	(340,142)	2,351,132
335,292	Non Distributed Costs	163,854	0	163,854
18,679,030	Net Cost of Services	59,876,654	(44,316,413)	15,560,241

*reduction in provision of £1,683,000

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 2007/08, Gross Expenditure of £25,872,412 less Gross Income of (£26,096,569) equals (£224,157), (2006/07 £336,841). comprising Council Tax Benefits and Housing Benefits payable, net of government grant and excluding the cost of administration. An amount of £39,843 has been transferred from the Benefits Equalisation Reserve, as detailed in the Outturn Report.

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

	2007/08 £	2006/07 £
Amortisation of intangible fixed assets	(91,337)	(71,346)
Depreciation and impairment of fixed assets	(2,383,735)	(2,132,659)
Government Grants Deferred amortisation	1,395,250	1,094,639
Write downs of deferred charges to be financed from capital resources (Amounts treated as revenue expenditure in accordance with SORP but which are classified as capital expenditure by statute)	(2,129,092)	(1,413,356)
Net gain / (loss) on sale of fixed assets *	658,777	138,630
Net charges made for retirement benefits in accordance with FRS 17	(1,970,000)	(2,290,000)
	<u>(4,520,137)</u>	<u>(4,674,092)</u>

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

Capital expenditure charged in year to the General Fund Balance **	1,639,721	1,182,022
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(143,157)	(92,383)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	2,250,000	1,980,000
	<u>3,746,564</u>	<u>3,069,639</u>

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	474,974	(524,835)
	<u>474,974</u>	<u>(524,835)</u>

Net additional amount required to be credited to the General Fund balance for the year

	<u><u>(298,599)</u></u>	<u><u>(2,129,288)</u></u>
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*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 39.

** This total is made up of £1,682,707 for capital financing 2007/08 less a Government Grant of £42,986 received in 2007/08 for an asset that was financed from General Fund Balances in 2006/07.

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 2007/08 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.

	2007/08 £	2006/07 £
<u>Grants under Section 137 item 3</u>		
Culture, Environment and Planning - Grants		
Sussex Downs Conservation Board	12,400	12,400
Action in Rural Sussex	5,304	5,135
Council for Voluntary Services	27,673	21,949
Citizens Advice Bureaux in Burgess Hill, Haywards Heath, East Grinstead	109,271	105,781
Bluebird Community Partnership	8,000	10,000
Other Organisations	28,530	26,655
	191,178	181,920
Social Services - Grants		
Age Concern	63,378	61,353
<u>Grants outside Section 137 item 3</u>		
Culture, Environment and Planning - Grants		
Sports Grants	1,000	1,000
Total	255,556	244,273

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.

	2007/8 £	2006/07 £
Leisure Facilities	108,961	124,439
Council Newspaper	55,654	59,264
Staff Recruitment	104,911	94,614
Development Control	20,185	18,916
Cleansing	57,425	13,306
Other Items	54,080	23,297
	401,216	333,836

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.

Building Regulations Charging Account 2007/08

	Chargeable 2007/08 £	Non - Chargeable 2007/08 £	Total Building Control 2007/08 £
Expenditure			
Employee expenses	360,838	154,645	515,483
Transport	19,813	8,491	28,304
Supplies and Services	60,505	0	60,505
Central and Support Service Charges	85,379	36,591	121,970
Total Expenditure	526,535	199,727	726,262
Income			
Building Regulation Charges	(574,650)	(3,283)	(577,933)
Total Income	(574,650)	(3,283)	(577,933)
(Surplus)/Deficit for Year	(48,115)	196,444	148,329
Comparatives for 2006/07			
Expenditure	483,096	187,758	670,854
Income	(509,963)	(4,163)	(514,126)
(Surplus)/Deficit for Year	(26,867)	183,595	156,728

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: 2007/08 surplus £48,115, 2006/07 surplus £26,867, 2005/06 deficit £5,251.

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 £5,412, (£1,947 in 2006/07).

The Inland Revenue are charged for the heating of their offices and maintenance of shared drives and car parks, which amounted to £1,110 (£924 in 2006/07).

The Council maintains public conveniences at Ardingly £117, (£123 in 2006/07) and Keymer £5,263 (£1,573 in 2006/07) on the behalf of Parish Councils because they are open to the public.

9. Operating Leases

The Council has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amount paid under these arrangements in 2007/08 was £104,089 (2006/07 £107,048).

10. Local Area Agreements

The Council is a participant in two Local Area Agreements (LAA) – a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. In 2007/08, each LAA has completed the second year of a three-year agreement.

Crime and Disorder Reduction Partnership (CDRP)

The purpose of the LAA is :

To agree a plan to improve the quality of life for local residents. The Local Area Agreement is an agreement between local and central government and sets out improvement targets aimed at improving the social, economic and well being of residents in the local area. Resources are allocated to help achieve the agreed targets.

Funding from the local area agreement area based grant is approved for initiatives that aim to contribute to the achievement of the agreed LAA targets. Approval for the grant is made in consultation with partners of the Crime and Disorder Reduction Partnership (CDRP) for crime and disorder initiatives and Local Strategic Partnership for other projects.

The statutory partners of CDRP are: Sussex Police Authority, West Sussex County Council, District and Borough Councils, Health Authority, Probation Service, and Fire & Rescue Service.

In addition to the statutory partners are local partners, including Registered Social Landlord, and Drug and Alcohol Action Team. Other partners are Action In Rural Sussex, Town/Parish Councils, Environment Agency, Representatives of Voluntary Sector, Faith representative. The major stakeholder is the Community.

West Sussex County Council acts as the accountable body for the LAA. This means that they are responsible for the managing and distribution of grant paid by the Government Office to the partners involved, but does not determine which bodies are due payments, this is determined by the partnership. In this context, Mid Sussex District Council as a Local Authority Partner has recognised the full amount of LAA Grant in its financial statements.

The total amount of LAA grant allocated by the Public Service Board in 2007/08 is £174,457.

Waste Performance and Efficiency Grant (WPEG)

The purpose of the LAA is:

To improve the quality of life for local residents, with particular emphasis to sustainable environment. The Local Area Agreement is an agreement between local and central government that sets out improvement targets for reducing NO2 emissions, CO2 emissions, household waste and energy consumption.

Funding from the local area agreement area based grant is approved for initiatives that aim to contribute to the achievement of the agreed LAA targets. Approval for the grant is made in consultation with partners of the Strategic Waste Officers Group (SWOG).

The LAA Partners are: West Sussex County Council, Strategic Waste Officers Group, District & Borough Councils, Town & Parish Councils, and Contractors

West Sussex County Council acts as the accountable body for the LAA. This means that they are responsible for the managing and distribution of grant paid by the Government Office to the partners involved, but does not determine which bodies are due payments, this is determined by the partnership. In this context, Mid Sussex District Council as a Local Authority Partner has recognised the full amount of LAA Grant in its financial statements.

The total amount of LAA grant allocated by West Sussex County Council in 2007/08 is £110,490.

11. 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 2007 requires the disclosure of the amount of Members' allowances paid. In 2007/08 the Council paid Members' allowances totalling £395,249 (2006/07 £376,265).

12. 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.

<i>Remuneration Band</i>	<i>2007/08</i>	<i>2006/07</i> *
£50,000 - £59,999	6	4
£60,000 - £69,999	6	4
£70,000 - £79,999	1	0
£80,000 - £89,999	1	3
£90,000 - £99,999	1	0
£100,000 - £109,999	0	0
£110,000 - £119,999	0	1
£120,000 - £129,999	0	0
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0
£150,000 - £159,1000	1	0

* 2006/07 restated to include Employer's Pension Contribution

13. Related Party Transactions

SORP 2007 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:

	<i>Gross Expenditure</i>	<i>Gross Income</i>
	£	£
Chief Officers		
Personal loans made available under the Council scheme	60,912	13,374

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 2008, the following amounts were due in respect of expenditure in that year:

	£
Mid Sussex liability to Horsham	0
Mid Sussex liability to Adur	0
Horsham liability to Mid Sussex	49,027
Adur liability to Mid Sussex	55,834

14. Audit Costs

In 2007/08 the council incurred the following fees relating to external audit and inspection:

	<i>2007/08</i> £	<i>2006/07</i> £
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	124,630	112,948
Fees payable to the Audit Commission in respect of statutory inspection	6,500	0
Fees payable to the Audit Commission for the certification of grant claims and returns	21,527	29,805
Fees payable in respect of other services provided by the appointed auditor	11,697	28,438
	164,354	171,191

15. Movements in Fixed Assets

The SORP 2007 requires that 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.

	<i>Land and Buildings</i> £	<i>Vehicles, Plant and Equipment</i> £	<i>Infrastructure Assets</i> £	<i>Community Assets</i> £	<i>Non Operational Assets</i> £	<i>Total</i> £
Net Book Value at 31 March 2007	52,900,677	1,360,745	4,020,008	100,074	18,556,030	76,937,534
Transactions						
Additions	367,669	2,006,227	0	0	308,771	2,682,667
Disposals at NBV	(278,244)	(14,067)	0	(400)	(751,000)	(1,043,711)
Revaluations	2,989,799	0	0	3	139,450	3,129,252
Depreciation	(1,793,357)	(494,349)	0	0	0	(2,287,706)
Impairments	(22,229)	0	0	0	(73,800)	(96,029)
Transfers	68,750 *	0	0	0	(52,000)	16,750
	1,332,388	1,497,811	0	(397)	(428,579)	2,401,223
Net Book Value at 31 March 2008	54,233,065	2,858,556	4,020,008	99,677	18,127,451	79,338,757

* £16,750 for King Georges V Field transferred to MSDC as no longer recognised as a Registered Charity wef 31.5.07.

16. Deferred Charges

The movements in deferred charges were as follows:

	2007/08 £	2006/07 £
Balance brought forward at 1st April	0	0
Expenditure:		
Improvement Grants	649,632	498,834
Contribution for Affordable Housing	299,000	466,515
Better Mid Sussex	339,765	338,082
Rural Community Provision & Capital Grants	193,700	71,751
Other Expenditure	646,995	38,174
	2,129,092	1,413,356
Written off to revenue in year	(2,129,092)	(1,413,356)
Balance carried forward at 31st March	0	0

17. Capital Expenditure and Financing

The table below shows an analysis of the total capital expenditure during the year and how it was financed:

	£		£
Expenditure		Financing	
Fixed Assets	2,682,667	Usable Receipts	308,771
Intangible Assets	42,688	General Fund Balances	1,682,707 *
Deferred Charges	2,129,092	Government Grants	694,488 *
		Section 106 Agreements	559,415
		PWLB Loan	1,609,066
	4,854,447		4,854,447

*A Government Grant of £42,986 has now been received and applied for an asset that was financed from General Fund Balances in 2006/07.

18. Intangible Assets

	Gross Book Value £	Less Amortised £	Net Book Value £
Balances B/Fwd	439,760	(179,496)	260,264
Expenditure in Year	42,688		42,688
Written off to revenue in year		(91,337)	(91,337)
Balance at 31st March 2007	482,448	(270,833)	211,615

Software licences are held for various systems. New licences cost £42,688 in 2007/08. The cost is being written off over the 5-year life of the licences.

19. 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:

	2007/08 £	2006/07 £
Balance brought forward at 1st April	(551,881)	(529,629)
Capital Grants and Contributions applied *	(1,296,889)	(1,116,891)
Donated Assets ex Trust Fund Status	(16,750)	0
Capital Contributions credited to Income & Expenditure account	1,395,250	1,094,639
Balance carried forward at 31st March	<u>(470,270)</u>	<u>(551,881)</u>

* A Government Grant of £42,986 has now been received and applied for an asset that was financed from General Fund Balances in 2006/07.

20. 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.

	2007/08 £	2006/07 £
Balance brought forward at 1st April	(3,529,456)	(3,408,704)
Received in year	(3,518,632)	(1,237,643)
Applied to Government Grant Deferred Account	1,296,889	1,116,891
Balance carried forward at 31st March	<u>(5,751,199)</u>	<u>(3,529,456)</u>

The £5,751,199 year end balance comprises £5,401,094 Section 106, £303,841 Government Grants, £36,264 Other Contributions.

21. Commitments under Capital Contracts

After taking account of the capital expenditure in 2007/08, the Council has authorised expenditure of £5.7m in future years to 2011/12. Expenditure of £520,270 related to contracts entered into prior to 31st March 2008.

22. Assets held under Finance Leases

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.

23. Information on Assets Held

The following is an analysis of the fixed assets owned by the Council that are included in the Balance Sheet.

	<i>Number as at 31st March 08</i>	<i>Number as at 31st March 07</i>
Land and Buildings		
Car Parks	33	32
Parks and Recreation Grounds (<i>with sports pitches</i>)	39	38
Housing Properties	2	2
Halls and Community Centres	3	3
Leisure Centres	3	3
Pavilions	23	24
Public Conveniences	9	19
Office Buildings	3	3
Depots and Workshops	1	1
Other Operational Assets *	26	26
Vehicles, Plant and Equipment		
Computer	28	39
Equipment (<i>items over £10,000</i>)	10	7
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	253
Cemeteries	2	2
Allotment Sites	4	4
Historic Buildings	2	2
Works of Art	17	18
Other Community Assets (<i>includes Footpaths, Ponds & Woods</i>)	14	13
Non-Operational Assets		
Industrial and Other Estate Sites	5	7
Central Development Area Sites	12	13
Shops	5	4
Day Centres	4	4
Assets under Construction	1	-
Other Non-Operational Assets	43	45

* 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. These assets were previously classed as Non-Operational, the change of category is in accordance with SORP 2004.

24. Valuations of Fixed Assets carried at current value

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, District Valuer, who is external to the council. The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report. Further information is in the Statement of Accounting Policies Note 10.Fixed Assets, on page 13.

	Operational Other Land and Buildings	Vehicles, Plant, Equipment	Non- Operational Investment Properties	Total
	£	£	£	£
Valued at historical cost				0
Valued at current value in:				
2007/08	9,002,000	0	169,000	9,171,000
2006/07	7,485,000	0	4,476,000	11,961,000
2005/06	4,447,000	0	3,055,000	7,502,000
2004/05	13,674,000	0	85,000	13,759,000
2003/04	25,895,000	0	10,644,000	36,539,000
2002/03	6,452,000	0	499,000	6,951,000
2001/02	12,900,000	0	2,705,000	15,605,000
	79,855,000	0	21,633,000	101,488,000

25. Long Term Investments

There are no long term Treasury Management Investments at 31 March 2008.

26. Long Term Debtors

	Balance at 1st April 2007	Advances in year	Repayments in year	Balance at 31st March 2008
	£	£	£	£
Housing Advances	2,098		(1,349)	749
DIYSO	17,845		4	17,849
Council Houses	89,682		(42,468)	47,214
Miscellaneous Loans	206,745		(27,261)	179,484
ADC Loan Agreement	75,000		(75,000) *	0
Personal Loan Scheme	161,505	74,815	(58,911)	177,409
	552,875	74,815	(204,985)	422,705

* transferred to Debtors as this balance is due to be repaid in October 2008.

27. Stocks

	31st March 2008 £	31st March 2007 £
Catering - Bar Supplies etc	34,836	40,651
Sports Shop - Goods	3,672	3,881
ICT - Computer Consumables	15,037	0
ICT - Telephones	3,479	0
	57,024	44,532

28. Debtors

	31st March 2008 £	31st March 2007 £
Amounts falling due within one year		
Government Departments	2,507,086	609,389
Other Local Authorities	548,269	329,706
Collection Fund Deficit	483,313	137,019
Council Taxpayers (incl.costs)	3,344,828	3,168,774
Non-Domestic Ratepayers (incl.costs)	1,975,766	2,780,979
Payments In Advance	133,280	162,391
Sundry Debtors	2,013,471	1,938,706
	11,006,013	9,126,964
Provision for Doubtful Debts	(4,428,366)	(4,836,392)
	6,577,647	4,290,572

29. Creditors

	31st March 2008 £	31st March 2007 £
Government Departments	(605,866)	(996,221)
Other Local Authorities	(387,991)	(397,473)
Council Taxpayers	(1,083,149)	(1,281,079)
Non-Domestic Ratepayers	(611,668)	(544,175)
Other Receipts In Advance	(468,085)	(355,253)
Sundry Creditors	(2,412,400)	(2,613,019)
	(5,569,159)	(6,187,220)

30. Investments

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

	31st March 2008 at Cost £	31st March 2007 at Cost £
Treasury Management Investments	9,800,001	10,130,000

31. Bank

	31st March 2008 £	31st March 2007 £
Bank Balance 31st March as per Bank	352,603	282,084
less unpresented cheques/BACS unreconciled difference	0 (2,802)	(55,706) 0
Petty Cash and Change Floats	8,289	8,203
Cash in Transit	538,473	375,314
Bank Balance 31st March as per MSDC	896,563	609,895

32. 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. Also included is the loan agreement with the former Association of District Councils (ADC).

33. Provisions

Understanding and knowledge of the Better Mid Sussex partnership continues to increase, particularly with respect to the sums accruing between the partners for which the authority has previously provided. For 2007/08 this manifests itself by no longer recognising that a provision for the majority is not necessary. This has been discussed with the Audit Commission and is the subject of formal advice from Grant Thornton, who are retained to advise on such issues on an as-needed basis. The level of provision now included in the statement of accounts reflects the interest of £117,000 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.

34. Contingent Liabilities

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2008 the amount guaranteed was £8,773 (£17,906 at 31st March 2007). 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 2009.

There is, 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. An offer of £20,000 has been made.

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.

35. Contingent Assets

There are no contingent assets as at 31 March 2008.

36. 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	0	2,956,944	2,956,944	Represents gains on revaluation of fixed assets since 1.4.07	Note 37
Capital Adjustment Account	76,317,707	(2,131,825)	74,185,882	Represents timing differences between consumption of fixed assets and financing of capital expenditure	Note 38
Deferred Credits	389,431	(71,075)	318,356	Amounts of capital income still to be received	Note 32
Usable Capital Receipts	386,842	1,321,635	1,708,477	Proceeds of fixed asset sales available to meet future capital investment	Note 39
Earmarked Specific Reserve	266,956	474,974	741,930	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.	Note 40
Pensions Reserve	(19,480,000)	5,330,000	(14,150,000)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 41
General Fund	3,218,006	437,093	3,655,099	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	(21,825)	(53,689)	(75,514)	Balance due to or from Mid Sussex for (Deficit) / Surplus	Collection Fund Statement, Section 4
Total Reserves and Balances	61,077,117	8,264,057	69,341,174		

37. Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see Accounting Policy No 18 on page 16). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £59,676,968 on the FARA at 31 March 2007 has been written off to the Capital Financing Account (credit balance £16,640,739) to form the new Capital Adjustment Account with a balance of £76,317,707. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

	Year to 31st March 2008 £	Year to 31st March 2007 £
Balance brought forward at 1st April	0	0
Surplus on Revaluation of Fixed Assets	3,129,252	0
Adjustment Current Value Depreciation to Historical Cost	(47,657)	0
Written out revaluation gain on disposal	(124,651)	0
Balance carried forward at 31st March	<u>2,956,944</u>	<u>0</u>

38. 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 31st March 2008 £	Year to 31st March 2007 £
Balance brought forward at 1st April	76,317,707 *	72,711,870
Resources set aside to finance capital expenditure:		
Revenue Reserves	1,682,707	1,182,022
Repaid to Revenue Reserve from Gov Grant for prior year	(42,986)	0
Capital Receipts Reserve	308,771	212,009
Government Grant & Capital Contributions used in year	1,395,250	1,094,639
Historical cost of Deferred Charges	(2,129,092)	(1,413,356)
Historical Cost of Expenditure on Fixed Assets over the life of those assets:		
- Disposal of Fixed Assets at Net Book Value	(1,043,711)	(12,046)
- Depreciation Provision	(2,287,706)	(2,132,659)
- Amortisation Intangible Assets	(91,337)	(71,346)
- Impairment	(96,029)	0
- Revaluation gains for assets written out on disposal	124,651	
- Adjustment from Revaluation Reserve to convert current value depreciation to historical cost	47,657	
- surplus on revaluation of fixed assets	0	4,746,574
Balance carried forward at 31st March	<u>74,185,882</u>	<u>76,317,707 *</u>

* restated for 2007/08

39. Usable Capital Receipts Reserve

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

	Year to 31st March 2008 £	Year to 31st March 2007 £
Balance brought forward at 1st April	386,842	495,619
Capital Receipts during Year	1,702,488	150,676
Mortgage Principal Repaid	71,075	44,939
	2,160,405	691,234
less payment of Pooling of Housing Capital Receipts	(143,157)	(92,383)
less applied for capital financing	(308,771)	(212,009)
Balance carried forward at 31st March	1,708,477	386,842

40. Earmarked Specific Reserves and General Fund Balances

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2007-08, to Cabinet on 10th June 2008.

	Balance at 1st April £	Contributions £	Financing £	Balance at 31st March £
Specific Reserve				
Repairs & Renewals	174,938	70,151	(245,089)	0
Equipment Olympus H Heath	96,000	24,000	(95,483)	24,517
Non Domestic Rates pre 95 Credits	70,000	0	0	70,000
Corporate Improvement Specific	6,447	97,691	(104,138)	0
Finance Specific	16,032	603,865	(619,897)	0
Housing Specific	15,127	0	(15,127)	0
Legal & Property Specific	101,955	0	0	101,955
Leisure & Well Being Specific	(671,594)	834,905	(163,311)	0
Org Development Specific	15,005	1,754	(13,339)	3,420
Outdoor Specific	3,151	9,103	(442)	11,812
Planning Policy Specific	145,902	40,000	(4,320)	181,582
Revenues/Benefits Specific	207,809	0	(39,843)	167,966
Environment Specific	86,184	0	(86,184)	0
Leisure Development Control	0	275,290	(112,775)	162,515
Housing, Environmental Health, Building Control	0	101,311	(86,460)	14,851
Strategic Core	0	3,312	0	3,312
Specific Reserve Total	266,956	2,061,382	(1,586,408)	741,930
General Fund Balances	3,218,006	3,734,865	(3,297,772)	3,655,099
	3,484,962	5,796,247	(4,884,180)	4,397,029

- 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.

41. 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.

41. Pensions (cont'd)

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 2007/08, the Council paid an employer's contribution of £1,530,259 (£1,311,223 in 2006/07) 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 last relevant review being at 31st March 2007.

At the last review, 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. The Council's Financial Strategy provided for an additional sum to be paid to the Pension Fund, as a contribution towards paying off the deficit. In March 2008, the Council paid a lump sum of £400,000 (3.7% of pensionable pay) relating to 2007/08.

During 2007/08 payments totalling £93,955 (0.8% 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 2007/08 payments to both funds totalled £218,461 (1.88% of pensionable pay) and were met by amounts set aside for this purpose in the Specific Reserve.

In the 2007 valuation, the actuary proposes 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: 2007/08 17.2%, and 2008/09 22.6%.

The actuary has used the projected unit method as a basis for calculating the service cost. This is in accordance with FRS 17. 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 2008

Analysis of amount charged :

	2007/08 £'000	2006/07 £'000
Service Cost	1,630	1,830
Past Service Cost	70	160
Curtailment and Settlements	100	0
Total Operating Charge	<u>1,800</u>	<u>1,990</u>
Expected return on assets	(3,510)	(3,130)
Interest on Pension Scheme Liabilities	3,680	3,430
Net Return	<u>170</u>	<u>300</u>
Net Charge to Income and Expenditure Account Cost	<u>1,970</u>	<u>2,290</u>

Statement of Movement in the General Fund Balance

Reversal of net charges made for retirement benefits in accordance with FRS 17	<u>(1,970)</u>	<u>(2,290)</u>
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Actual amount charged to the General Fund Balance for pensions in the year:

Employers' contributions payable to the scheme	<u>1,530</u>	<u>1,311</u>
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41. Pensions (cont'd)

The latest valuation was carried out, as at 31 March 2007 by independent qualified actuaries. The financial assumptions made by the West Sussex County Council Pension Fund's Actuary in relation to the composition of the pension fund were:

<i>Assumptions as at:</i>	31.03.08	31.03.07	31.03.06	31.03.05
Rate of increase in salaries	5.1%	4.7%	4.6%	4.4%
Rate of increase in pensions in payment	3.6%	3.2%	3.1%	2.9%
Discount rate	6.9%	5.4%	4.9%	5.4%
Inflation assumption	3.6%	3.2%	3.1%	2.9%

History of Experience Gains and Losses

	2007/08 £'000	2006/07 £'000	2005/06 £'000	2004/05 £'000	2003/04 £'000
Difference between the expected and actual return on assets	(4,960)	(900)	6,380	1,538	4,470
Value of assets	48,200	48,680	45,810	36,621	32,160
Percentage of assets	10.3	(1.8)	13.9	4.2	13.9
Experience gains/(losses) on liabilities	(1,850)	(10)	10	(372)	(13)
Present value of liabilities	62,350	68,160	69,750	58,477	45,400
Percentage of the present value of liabilities	(3%)	0%	0%	0.6%	0.0%
Actuarial gains/(losses) recognised in the Statement of Total Recognised Gains and Losses	5,050	4,770	(1,530)	(8,499)	4,457
Present value of liabilities	62,350	68,160	69,750	58,477	45,400
Percentage of present value of liabilities	8.1%	7%	(2.2%)	14.5%	9.8%

Following the adoption of FRS17 Retirement Benefits, the Balance Sheet includes a pensions liability balanced by a pensions reserve of the same value. The movements on the reserve were as follows:

Pensions Reserve	31.3.08 £' 000	31.3.07 £' 000	31.3.06 £' 000	31.3.05 £' 000	31.3.04 £' 000
Current service cost	(1,630)	(1,830)	(1,430)	(1,340)	(920)
Employers contribution	2,140	1,880	1,470	1,662	1,240
Past service costs	(70)	(160)	(130)	(30)	0
Contributions in respect of unfunded benefits	110	100	100	107	110
Impact of settlements and curtailments	(100)	0	0	(310)	0
Net return on assets	(170)	(300)	(550)	(210)	(790)
Financing from Pension Reserve	280	(310)	(540)	(121)	(360)
Actuarial gains / (losses) as analysed below	5,050	4,770	(1,530)	(8,499)	4,457
Total movement on reserve in year	5,330	4,460	(2,070)	(8,620)	4,097
Balance b/forward at 1st April	(19,480)	(23,940)	(21,870)	(13,250)	(17,347)
Balance c/forward at 31st March	(14,150)	(19,480)	(23,940)	(21,870)	(13,250)

41. Pensions (cont'd)

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

The actuarial gains identified as movements on the Pensions Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets at 31st March 2008.

	2007/08		2006/07		2005/06		2004/05		2003/04	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Actual return less expected return on pension scheme assets	(4,960)	(10.2)	(900)	(1.8)	6,380	13.9	1,538	4.2	4,470	13.9
Experience gains and losses arising from scheme liabilities	(1,850)	3.8	(10)	0	10	0.6	(372)	1.0	(13)	0.0
Changes in assumptions underlying the present value of the scheme liabilities	11,860	24.6	5,680	11.6	(7,920)	17.3	(9,665)	26.4	0	0.0
Actuarial gain/(loss)	5,050		4,770		(1,530)		(8,499)		4,457	
Actuarial gain/(loss) recognised in the Statement of Recognised Gains and Losses	5050		4770		(1,530)		(8,499)		4,457	

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 2008.

	Value at 31.03.08 £'000	Value at 31.03.07 £'000
Equities	34,450	37,440
Bonds	8,160	6,510
Property	3,810	3,850
Cash	1,780	880
Total market value of asset	48,200	48,680
Present value of scheme liabilities	(60,690)	(66,500)
Surplus / (deficit) in the scheme	(12,490)	(17,820)
Present Value of Unfunded Liabilities	(1,660)	(1,660)
Net pension asset / (liability)	(14,150)	(19,480)

41. Pensions (cont'd)

The assets in the West Sussex County Council Pension Fund and the expected rate of return were:

	<i>Long-term rate of return expected at 31.03.08</i>	<i>Value at 31.03.08 £'000</i>	<i>Long-term rate of return expected at 31.03.07</i>	<i>Value at 31.03.07 £'000</i>
Equities	7.7%	1,076,299	7.8%	1,184,200
Bonds	5.7%	255,038	4.9%	205,800
Property	5.7%	118,957	5.8%	121,900
Cash	4.8%	55,723	4.9%	27,900
		1,506,017		1,539,800

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.

42. Financial Instruments Balances

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

	<i>Long Term</i>		<i>Short Term</i>	
	<i>31st March 2007 £ 000</i>	<i>31st March 2008 £ 000</i>	<i>31st March 2007 £ 000</i>	<i>31st March 2008 £ 000</i>
Financial Liabilities at amortised cost	0	1,619	1,619	87
Total Borrowings *	0	1,619	1,619	87
Loans and receivables	0	0	10,130	9,800
Total Investments **	0	0	10,130	9,800

*Further information on this figure is detailed in the note on borrowing included in the Foreword by the Head of Finance.

** Further information is detailed in note 30 on Investments.

43. Post Balance Sheet Events

There are no post balance sheet events.

44. 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 08		<i>2007/08 Gross Expenditure</i>	<i>2007/08 Gross Income Charitable Trading</i>	<i>2007/08 Net Expenditure</i>	<i>2006/07 Net Expenditure</i>
£		£	£	£	£
1,824,936	Beech Hurst	111,489	(88,038)	23,451	7,146
343,711	St.Johns Park	24,402	(7,754)	16,648	15,612
45,050	Fairfield Road Recreation Ground	13,168	(4,243)	8,925	9,415
94,050	Richard Worsley Recreation Ground	34,980	(9,323)	25,657	23,596
2	Lucastes Avenue Open Space	672	0	672	331
1	West Common Open Space	559	0	559	1,428
146,800	Ashurst Wood Recreation Ground	11,132	(8,000)	3,132	8,025
0	King George V Field (Crawley Down)*	500	(64)	436	3,292
2,454,550		196,902	(117,422)	79,480	68,845

* 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**45. Reconciliation to Income and Expenditure Account**

	<i>Net Expenditure</i> 2007/08 £	<i>Net Expenditure</i> 2006/07 £
(Surplus) / Deficit On Income and Expenditure Account	(138,494)	4,513,019
less non-cash transactions		
Depreciation, impairment and amortisation charges	(2,475,072)	(2,204,005)
FRS17 Entries	280,000	(310,000)
Movement on Collection Fund Balance	53,689	(725,101)
Servicing of Finance	985,709	824,825
Movement on provision	1,683,000	
Other non-cash transactions	(218,224)	(272,470)
Adjustments for accruals and prepayments		
Increase / (Decrease) in Stocks	12,492	3,025
Increase / (Decrease) in Debtors	2,287,075	978,574
(Increase) / Decrease in Creditors	618,061	(600,580)
Net Cash Flow on Revenue Activities	3,088,237	2,207,287

46. 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.

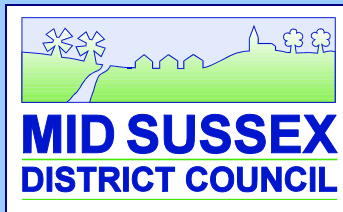
	2007/08 £	2006/07 £
Opening balance 1st April	10,130,000	8,000,000
New short-term investments	113,000,000	124,975,000
Repayment of short-term investments	(113,329,999)	(122,845,000)
Closing balance 31st March	9,800,001	10,130,000

47. Government and Other Grants

	2007/08 £	2006/07 £
Revenue		
Housing Benefits Administration	739,831	797,137
Other	805,603	386,608
	1,545,434	1,183,745
DWP Grants for Benefits	23,859,519	24,682,216
Revenue Support Grant	901,595	1,053,967
	26,306,548	26,919,928
Capital		
Housing Renewal Assistance	346,000	228,000
Other Capital Grants	210,695	217,022
	556,695	445,022
	26,863,243	27,364,950

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

	2007/08 £	2006/07 £
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	(329,999)	2,130,000
	(329,999)	2,130,000
New Loans Raised	(1,700,000)	0
	(2,029,999)	2,130,000
Net cash (inflow)/outflow before financing	1,743,331	(1,785,028)
	(286,668)	344,972
Movement in Cash		
Cash and bank balance 1st April	609,895	954,867
Cash and bank balance 31st March	896,563	609,895
Increase/(Decrease) in Cash	286,668	(344,972)



***Collection
Fund***

Collection Fund

Income and Expenditure Account

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering the collection of this income are accounted for in the General Fund.

	Note	2007/08 £	2006/07 £
Income			
Council Tax			
	1		
Income receivable from Taxpayers		(71,377,070)	(67,605,596)
Transfers to/(from) General Fund			
Council Tax Benefits		(4,628,088)	(4,334,664)
Transitional Relief from previous years		8,953	5,791
Total Council Tax		(75,996,205)	(71,934,469)
National Non-Domestic Rates			
Income collectable from Business Ratepayers	2	(35,221,412)	(34,417,947)
Contributions			
Contribution to/from Previous Year's (Deficit)/Surplus	4	(43,000)	(931,000)
		(111,260,617)	(107,283,416)
Expenditure			
Demand and Precepts			
West Sussex County Council		58,860,281	55,732,882
Sussex Police Authority		6,871,066	6,441,892
Mid Sussex District Council		10,269,504	9,885,371
National Non-Domestic Rates			
Payment to National Pool	2	35,047,070	34,243,542
Cost of Collection Allowance		174,342	174,405
Bad and Doubtful Debts (Council Tax only)			
Write Offs	3	84,167	5,584
Provisions		354,170	74,639
		111,660,600	106,558,315
Movement on Fund Balance			
		399,983	(725,101)
Collection Fund Balance			
Balance at the Beginning of the Year		158,844	883,945
Movement on Fund Balance		399,983	(725,101)
Balance at the End of the Year	5	558,827	158,844

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 2006 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>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>
Band A	1,618.01	245.35	1,372.66	<i>6/9ths</i>	915.1
Band B	5,376.90	871.70	4,505.20	<i>7/9ths</i>	3,504.0
Band C	11,656.16	1,207.15	10,449.01	<i>8/9ths</i>	9,288.0
Band D	15,149.86	1,119.55	14,030.31	<i>9/9ths</i>	14,030.3
Band E	9,895.51	545.85	9,349.66	<i>11/9ths</i>	11,427.4
Band F	7,444.41	295.15	7,149.26	<i>13/9ths</i>	10,326.8
Band G	3,911.70	137.50	3,774.20	<i>15/9ths</i>	6,290.3
Band H	295.16	10.75	284.41	<i>18/9ths</i>	568.8
Total	<u>55,347.71</u>	<u>4,433.00</u>	<u>50,914.71</u>		<u>56,350.7</u>
				Less Allowances for Loss on Collection (0.6%)	(338.1)
				Council Tax Base	<u><u>56,012.6</u></u>

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>Council Tax Base</i>		<i>Band D Council Tax £</i>
West Sussex County Council	58,860,281	÷	56,012.6	=	1,050.84
Sussex Police Authority	6,871,066	÷	56,012.6	=	122.67
Mid Sussex District Council	10,269,504	÷	56,012.6	=	183.34 (average)
					<u><u>1,356.85</u></u>

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 £1,312.01 to £1,405.37.

2. National Non-Domestic Rates (NNDR)

Non-domestic rates are organised on a national basis. The Government specifies an amount for the year (44.4p in 2007/08 and 43.3p in 2006/07) and, subject to transitional arrangements and small hereditament relief, local businesses pay rates calculated by multiplying their rateable value by that amount. The total non-domestic rateable value at the year-end was £95.655m (£95.004m in 2006/07). The Council is responsible for collecting rates due from the ratepayers in its area and pays the proceeds, less an allowance for costs of collection, into the NNDR Pool administered by the Government.

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 2008. A total of £2,109,038.94, has been provided against debts of £3,142,691.66 outstanding as at 31st March 2008.

4. Contribution to Previous Year's Surplus/Deficit

In accordance with legislation, the estimated balance as at 31st March 2007 on the Collection Fund was £43,000 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 2006/07, as follows:

<i>Authority</i>	Estimated Deficit 31.3.07	
	£	%
West Sussex County Council	33,257	77.34
Sussex Police Authority	3,844	8.94
Mid Sussex District Council	5,899	13.72
Estimated Deficit at year end	43,000	100

5. Year End Surplus / Deficit

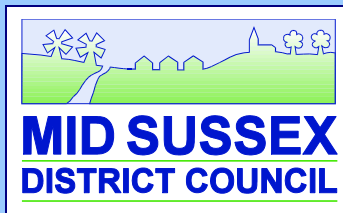
At 31st March 2008, the fund has a deficit of £558,827 that is split as follows:

<i>Authority</i>	Actual Deficit 31.3.08		Actual Deficit 31.3.07
	£	%	£
West Sussex County Council	432,791	77.34	122,834
Sussex Police Authority	50,522	8.94	14,185
Mid Sussex District Council	75,514	13.72	21,825
Actual Deficit at year end	558,827	100	158,844

The contributions required from West Sussex County Council and Sussex Police Authority are included as part of Debtors shown on the Balance Sheet, refer to Consolidated Notes to the Core Financial Statements Note 28.

The Mid Sussex District Council contribution is shown as part of General Fund Balances on the Balance Sheet, page 20.

The MSDC share of the movement for the year ended 31st March 2008 is £53,689. This is shown as part of the Statement of Recognised Gains and Losses, on page 19.



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 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. Also in July 2007, the Council established an Audit Committee 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 taking into account previous Audit Commission advice and an advice paper from the Department of Communities and Local Government from January 2007.

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 2008 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 2007/2008 on 28th February 2007. This is available on the Council's web site. Reviewing 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. The Council's priorities are reviewed to ensure that they are fit for purpose before the budget is set. Regular reports have been made on budget monitoring throughout the year to Cabinet and Management Team.

Leading up to the preparation of the Corporate Plan and budget for 2007/08, efforts were made to refine the business planning process. An outcome of this was the far closer alignment between corporate planning, service planning and budget planning. Key areas of work were identified for each service, which would then translate into actions for individuals and teams. The Council established a cross political party working group to oversee the refinement of Council priorities and alignment of resources.

A crucial role in performance management is played by the Performance and Scrutiny Committee to ensure that the Council continues to deliver fit for purpose services and 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, the Audit Commission has assessed the Council as providing good value for money. Spending is in line with corporate priorities, which are ambitious and reflect the views of the community.

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 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 2007/2008 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. 2007/08 is the third 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 decisions. 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 policies and budget. If the decision is outside the budget or policy framework, this then 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.

Finally, Cabinet members have regular briefing sessions with Heads of Service and other officers to enable them to appreciate the issues that the service is facing.

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

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

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

Council adopted following a recommendation from the Standards Board and the Constitutional Review Working Group, an Officer/Member Protocol on 7th May 2008.

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. There is to be an efficiency review of the outcomes in Autumn 2008.

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.

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.

'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.

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 quarterly 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. 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

In 2008/09 a new Customer Services Strategy will link our approaches to community engagement, ICT and customer services. By using the website the aim is to make available more e-forms to provide another form of interaction.

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.

The Council is now a filtering authority for complaints about Councillors from both District and Parish/Town levels. Because of this, the Standards Committee has increased in size to 12; this includes independent and Parish Council members.

A 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 a number of strengths and some areas of development to ensure that the partnership remains successful.

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 2006/07. 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.

Review of effectiveness

Report to the Corporate Governance and Audit Committee

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: 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:

- Setting up an Audit Committee to provide independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment and to oversee the financial reporting process.
- Financial and contractual procedure order rules have been reviewed.
- The Standards Committee to have the power to act as a filter for complaints received about Councillors from both District and Parish/Town levels
- A comprehensive programme for training Councillors has been in place since the elections of May 2007.
- The Member/Officer protocol has been revised to reflect recommendations of the Standards Board for England
- Key priorities under the three themes, Better Lives, Better Environment and Better Services have been refreshed in 2007/08 and are linked to resources in the annual Corporate Plan and Budget
- The Constitution has been fully updated to reflect the new officer and new member structure

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
- To improve overall user satisfaction with the Council by using the ideas and views of the community when formulating policy and as part of equality impact assessments.

The Constitutional Review Group has been retained for 2008/09 to consider how the changes made in 2007/08 have impacted and to look again at partnership arrangements.

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.

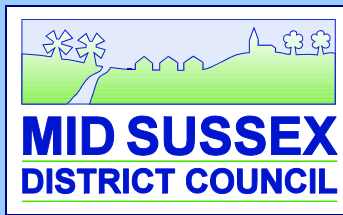
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as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



Cllr Gordon Marples
Leader of Council
13 June 2008



John Jory
Chief Executive
13 June 2008



***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 accounting statements

I have audited the financial statements of Mid Sussex District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Explanatory Foreword, the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cashflow 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 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 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditor

The Chief Finance Officer's responsibilities for preparing the financial statements, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements and related notes 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 Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority and its income and expenditure for the year.

I review whether the annual 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 Council's corporate governance procedures or its risk and control procedures.

I read other information published with the Authority accounting statements and related notes and consider whether it is consistent with the audited financial statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Council's accounting statements and related notes. My responsibilities do not extend to any other information.

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 Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the Authority 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 financial statements 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 the information in the Authority accounting statements and related notes.

Opinion

In my opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Council as at 31 March 2008 and its income and expenditure for the year then ended.

Helen Thompson
District Auditor, Audit Commission

44-45 West Street
Chichester
West Sussex
PO19 1RP

23 September 2008

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 to regularly 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 December 2006, 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 2008.

Best Value Performance Plan

I issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 in December 2007. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

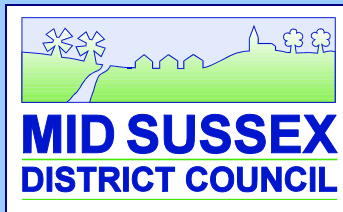
Certificate

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,

44-45 West Street
Chichester
West Sussex
PO19 1RP

23 September 2008



***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.

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.

LASAAC - Local Authority (Scotland) Accounts Advisory Committee.

National Non-Domestic Rates (NNDR) - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the 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.

NNDR – 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.