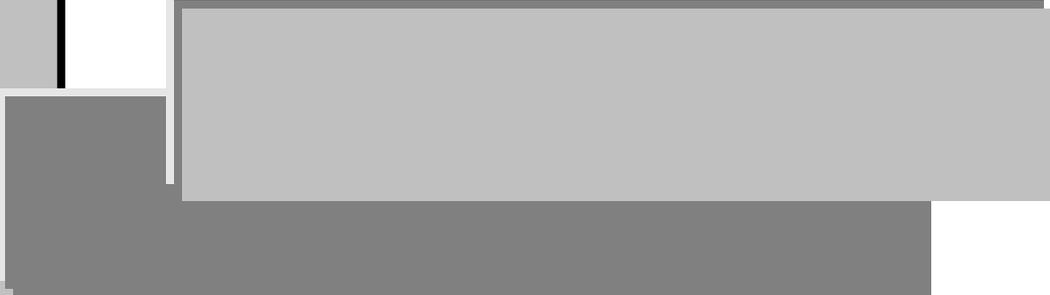


Adur &
Worthing
councils

***Joint Strategic
Committee
Statement of
Accounts
2010/2011***



JOINT STRATEGIC COMMITTEE

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2011

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EXPLANATORY FOREWORD

INTRODUCTION

The enclosed 2010/11 Statement of Accounts have been compiled to comply with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice, which is the first to be based on International Reporting Standards (IFRS) rather than Generally Accepted Accounting Practice in the UK, (UK GAAP). As a result there are a number of changes to the content and format of the current statement of accounts compared to the previous published document.

The summary of significant Accounting Policies is an example where the content has changed, due to the implementation of IFRS. In addition, whereas in the past the Accounting Policies preceded the core statements, they now form part of the Notes to the Accounts. The harmonised Accounting Policies for Adur and Worthing Councils and the Joint Committee were approved by the Joint Strategic Committee in March 2011. The significant Accounting Policies are included as Note 1 to these accounts.

Note 9, a new note to the Statement of Accounts, the "Amounts Reported for Resource Allocation Decisions" is another example of the change in content and format brought about by the transition from UK GAAP to compliance with IFRS.

As a result of the 2011 Accounts and Audit Regulations, there is no longer the requirement to include the Governance Statement as part of the Statement of Accounts. Once approved, the Governance Statement will be published at the end of this document.

The Statements, now required, are listed and explained in the next section.

EXPLANATION OF ACCOUNTING STATEMENTS

In addition to this foreword, the Statement of Accounts consists of:

	Page No:
Statement of Responsibilities	8
This statement sets out the respective responsibilities of both the Joint Strategic Committee and the Executive Head of Financial Services in respect of the Joint Strategic Committee accounts.	
Movement in Reserves Statement	9
This statement shows the movement in the year on the different reserves held by the Joint Strategic Committee, analysed into 'usable reserves' and other reserves. The Joint Committee has no reserves, therefore we have included a nil statement.	
Comprehensive Income & Expenditure Statement	10
This account brings together the expenditure and income relating to all of the joint services for which the Joint Strategic Committee is responsible and demonstrates how the net cost for the year has been financed from Adur District Council and Worthing Borough Council	
The Balance Sheet	11
This sets out the financial position of the Joint Strategic Committee on the 31st March 2011. The Balance Sheet reflects the balances and net current assets employed in all of its operations.	

EXPLANATORY FOREWORD

EXPLANATION OF ACCOUNTING STATEMENTS

	Page No:
The Cashflow Statement	12
<p>This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes.</p>	
Notes to Core Financial Statements	13 - 34
<p>These are the notes that explain the Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.</p>	
The Annual Governance Statement	35-37
<p>Also included in the final published accounts is the Annual Governance Statement, which has been completed under the Corporate Governance Requirements. This gives reasonable assurance that an effective system of internal control is maintained and operated in connection with the resources concerned.</p>	

WORKING IN PARTNERSHIP

Government initiatives have placed great emphasis on partnership working for future service delivery to help meet the changing needs of customers and the effectiveness authorities need to find. To achieve this goal Adur District and Worthing Borough Council embarked on an innovative partnership arrangement.

The shared single officer structure, which was introduced in April 2008, now includes a number of front line and support services with a net cost of services of £17.5 million. The shared services sit within the non-legal entity of a joint committee. This joint committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The joint committee has a separate general ledger.
- As each service moves across to the joint committee their respective budgets and spend are pooled.
- The pooled joint budgets/expenditure are recharged back to Adur and Worthing Councils.

This document is the separate statement of accounts, which the Adur and Worthing Joint Committee is required to produce.

COUNCIL PRIORITIES

The high level corporate priorities for Adur and Worthing Councils, which apply to the Joint Committee are being refreshed.

The 4 current corporate priorities, jointly agreed by Adur and Worthing Councils, in July 2007 are:-

- to protect and enhance priority services;

EXPLANATORY FOREWORD

COUNCIL PRIORITIES

- to promote a clean and green environment;
- to revitalise, regenerate and create lively economies;
- to support and contribute to the health, safety and wellbeing of the area.

Budget and resource allocation is targeted towards improving services in each of these areas.

MEDIUM TERM FINANCIAL PLAN (MTFP) INCLUDING CURRENT ISSUES AND FUTURE PLANS

It is the constituent authorities Adur and Worthing (not the Joint Strategic Committee) who have reserves, who receive and account for government grant, council tax income and related expenditure.

Nevertheless, any withdrawal of funding from the two Councils will have inevitable consequences for the services provided by the Joint Committee. The cost pressures experienced by Adur and Worthing councils feed through to savings requirements for the Joint Committee.

The Joint Strategic Committee considered its first 5 year forecast in July 2010 and has savings targets for each year which reflect the likely budget shortfall within the Constituent Councils. The outline 5-year forecast, compiled for the Joint Committee identifies risks such as:

- income generated by the Joint Committee may be affected by the recession;
- adverse movements in the volatile fuel market could result in greater than anticipated fuel costs for Joint services;
- the inflation allowance in non-pay budgets could result in higher than expected costs.

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities is contained in the 27th June 2011 Joint Strategic Committee report "Final Revenue and Capital Outturn for Joint, Adur and Worthing 2010/11". This is available on the Adur District Council website www.adur.gov.uk and the Worthing Borough Council website www.worthing.gov.uk.

SUMMARY OF REVENUE SPEND

The Joint Strategic Committee's assets reported in the balance sheet comprise inventories, debtors and cash equivalents only as it incurs no capital expenditure. The Committee reported a revenue underspend of £1,644,730 in 2010/11. The explanations for the variations are detailed in the 27th June 2011 Joint Strategic Committee report. The underspend which includes savings in employee costs, reduced running expenses and spend removed due to changes in accounting for leasing, was allocated £772,720 to Adur DC and £872,010 to Worthing BC. The variations by service are summarised in the table below.

The difference between the outturn reported and the Comprehensive Income and Expenditure Statement – net cost of service is shown in note 9.

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

	ORIGINAL ESTIMATE 2010/11	CURRENT ESTIMATE 2010/11	OUTTURN 2010/11	(UNDER)/ OVERSPEND
	£	£	£	£
Chief Executive & Strategic Directors *	521,350	521,350	569,119	47,769
Adur Homes	199,570	199,570	108,240	(91,330)
Corporate Strategy & ICT	3,404,880	3,403,680	3,268,764	(134,916)
Customer Services & Waste Management	8,097,860	8,097,860	7,543,210	(554,650)
Financial Services	2,511,740	2,532,060	2,444,332	(87,728)
Housing Health & Community Safety *	514,860	525,810	730,817	205,007
Legal and Democratic Services	1,970,620	1,965,240	1,796,646	(168,594)
Leisure & Cultural Services	288,070	288,070	195,721	(92,349)
Planning Regeneration & Wellbeing	2,090,550	2,146,160	2,058,875	(87,285)
Technical Services	4,594,620	4,665,210	4,508,712	(156,498)
Transfers between Joint Strategic Committee and constituent Councils		(150,890)		150,890
TOTAL SERVICES	24,194,120	24,194,120	23,224,436	(969,684)
ALLOCATION OF COSTS				
Recharged to other joint services	(5,304,400)	(5,304,400)	(5,979,442)	(675,042)
	18,889,720	18,889,720	17,244,994	(1,644,726)
Adur District Council	(7,844,610)	(7,844,901)	(7,072,181)	(772,720)
Worthing Borough Council	(11,045,110)	(11,044,819)	(10,172,813)	(872,006)
TOTAL SERVICE BLOCK ALLOCATIONS	(18,889,720)	(18,889,720)	(17,244,994)	(1,644,726)

STATEMENT FROM SECTION 151 OFFICER

This is a challenging time for Local Government. Both Councils have faced a considerable reduction in central Government funding and have a strong desire to limit the increases to Council Tax.

The overall under spend is most welcome at this time to help the Councils manage the financial climate which they are currently grappling with building capacity to manage service reductions over the next year and fund future service developments.

EXPLANATORY FOREWORD

STATEMENT FROM SECTION 151 OFFICER

The outturn position will inform the development of the 2012/13 budget. The intention is to build in recurring under spends into the 2012/13 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on the Joint services accounts is available from the Executive Head of Financial Services based at the Town Hall, Chapel Road, Worthing. Information on joint policies and plans for the Adur Worthing partnership, and especially their joint Key Priorities can be found in the Best Value Performance Plan, obtainable on application to the Executive Head of Corporate Strategy in Town Hall, Chapel Road, Worthing or by accessing the Worthing Borough Councils website, www.worthing.gov.uk or the Adur District Council website, www.adur.gov.uk.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

The Joint Strategic Committee's Responsibilities:

- (a) 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. For the Joint Strategic Committee in the financial year 2010/11 that officer was the Executive Head (Financial Services).
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts by 30th September, 2011.

The Executive Head (Financial Services) and Section 151 Officer's Responsibilities:

The Executive Head of Financial Services is responsible for the preparation of the Joint Strategic Committee's Statement of Accounts which is required to give a true and fair view of the financial position of the Council.

In preparing the statement of accounts the Executive Head of Financial Services to select accounting policies and apply them consistently, make judgements and estimates that are reasonable, and ensure that the Statement of Accounts complies with the Code of Practice on Local Authority Accounting.

The Executive Head (Financial Services) also has to keep proper accounting records which are up to date and to take reasonable steps to prevent and detect fraud and other irregularities.

This Statement of Accounts is prepared and published in accordance with the Accounts and Audit Regulations 2011 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

This Statement of Accounts presents a true and fair view of the financial position of the Joint Strategic Committee at 31st March, 2011 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Executive Head (Financial Services)

Dated: 30th June, 2011

Certificate of Approval by Joint Governance and Audit Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 29th September, 2011.

ROD HOTTON
Chairman, Joint Governance and Audit Committee

Dated: 29th September, 2011

MOVEMENT IN RESERVES STATEMENT

There are no movements in reserves.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2010/11	2010/11	2010/11	2009/10
	Gross Expenditure	Gross Income	Net Expenditure	Net Expenditure
	£'000	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES				
Central Services to the Public	301	-	301	407
Cultural, Environmental, Regulatory & Planning Services	7,360	(1,960)	5,400	4,949
Highways and Transport Services	263	-	263	-
Other Housing Services	64	-	64	-
Corporate & Democratic Core	151	-	151	17
Net Cost of General Fund Services	8,139	(1,960)	6,179	5,373
Holding Accounts	11,584	(271)	11,313	7,477
Net Cost of Services	19,723	(2,231)	17,492	12,850
Funded by				
Adur District Council			(7,196)	(5,176)
Worthing Borough Council			(10,296)	(7,674)
(Surplus) or Deficit on Provision of Services			-	-
Other Comprehensive Income and Expenditure			-	-
Total Comprehensive Income and Expenditure			-	-

BALANCE SHEET

See Note No:	As at 31st March 2011	As at 31st March 2010	As at 1st April 2009
	£'000	£'000	£'000
Long Term Assets:			
Property, Plant & Equipment			
Investment Property			
Intangible Assets			
Assets Held for Sale			
Long Term Investments			
Long Term Debtors			
Total Long Term Assets	-	-	-
Current Assets:			
Inventories	4	89	36
Short Term Debtors	5	776	385
Cash & Cash Equivalents	6	1,510	1,497
Total Current Assets		2,375	1,918
Current Liabilities:			
Cash & Cash Equivalents			
Short Term Creditors	7	(2,375)	(1,918)
Total Current Liabilities		(2,375)	(1,918)
Net Assets		-	-
Financed By Reserves:			
Total Reserves		-	-

The unaudited accounts were issued on 30th June, 2011 and the audited accounts were authorised for issue on 29th September, 2011.

SARAH GOBEY, Executive Head of Financial Services

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Strategic Committee are from recharges to the constituent authorities and the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

See Note No:	2010/11	Restated 2009/10
	£'000	£'000
Net (surplus) or deficit on provision of services	-	-
Adjustments to net surplus or deficit on the provision of services for non cash movements	13	695
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-	-
Net cash flows from Operating Activities	13	695
	13	695
Net increase or decrease in cash and cash equivalents	13	695
Cash and cash equivalents at the beginning of the reporting period	1,497	802
Cash and cash equivalents at the end of the reporting period	1,510	1,497

PRIOR YEAR ADJUSTMENT

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

LAAP Bulletin 88 requires that comparative information be provided in disclosure notes for the transitional Balance Sheet at 1st April, 2009 where the transition to IFRS results in material changes to the previously reported figures.

There have been no material changes to the Balance Sheet arising from the introduction of IFRS and, therefore, comparative disclosures are not required.

The main changes arising in respect of the introduction of IFRS has been in relation to the accounting treatment of leased assets and the charges to the Comprehensive Income and Expenditure Statement. Details are included in Note 19 – Leases.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2010/11

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in United Kingdom - 2010/11 Accounts, which is the first to be based on International Reporting Standards (IFRS) rather than Generally Accepted Accounting Practice in the UK, (UK GAAP).

The key accounting changes brought about by the introduction of IFRS, and which have been applied to these accounts include:

- The main financial statements have changed, and there are additional requirements regarding segmental reporting.
- All employee benefits are accounted for as they are earned by the employee. This may require accruals for items such as holiday pay.
- The definition of associates is based on the ability to control rather than actual control, and may lead to a change in the group boundary.
- The accounting convention adopted is historical cost, modified by the revaluation of certain categories of long term assets.

UNDERLYING ASSUMPTIONS TO THE STATEMENT OF ACCOUNTS

Accruals

The non-cash effects of transactions have been reflected in the statements for the financial year in which they occur, not when any cash is received or paid.

Going Concern

The accounts have been prepared on the assumption that the Joint Strategic Committee will continue to provide operational services for the foreseeable future.

PRINCIPAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Understandability

The Joint Strategic Committee has endeavoured to ensure that, within the restrictive definitions of the regulations, an interested reader can understand the accounts.

Relevance

The information in the accounts is useful in assessing the Committee's stewardship of public funds and for making economic decisions.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

PRINCIPAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS (continued)

Materiality

An item is considered to be material where its omission or mis-statement could influence the decisions or assessments of users of the financial statements presented in the accounts. Materiality, therefore, is subjective and depends on the nature or size of the omission or mis-statement judged in the surrounding circumstances.

The Committee has therefore exercised its professional judgement in considering the size and nature of any transaction, or set of transactions, brought into the financial statements. In so doing, the Committee does not set fixed monetary limits or rules for materiality, but has taken a view upon what would provide a proper understanding of the Committee's overall financial position. Where appropriate, such a view has been reached in consultation with the Committee's auditors.

Where the transition to IFRS based financial statements require adjustments to the Committee balances previously reported under UK GAAP, the authority has not made such changes where they are judged to be immaterial.

Reliability

The information presented in the accounts represents fairly the substance of the transactions and events of the Committee, and is complete, prudently prepared, and free of deliberate or systematic bias or material error.

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. As 2010/11 is the first year in which IFRS compliant statements of accounts are required to be prepared, comparative figures for 2009/10 have been derived by re-stating the formerly published accounts as if the accounting policies applied to 2010/11 had been in place in 2009/10.

Primacy of Legislative Requirements

The Committee operates through the power of statute. Where legislation prescribes the express treatment of transactions then the accounting concepts outlined above will be over-ruled.

INCOME AND EXPENDITURE

Revenue Recognition

Revenue recognition has been accounted for in accordance with IAS 18. Revenue is measured at fair value of the consideration received or receivable. Fair value is generally regarded as the amount for which an asset could be acquired, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES

The Best Value Accounting Code of Practice (BVACOP) requires the costs of support services to be charged on a fair and transparent basis. The allocation bases used for the main costs are outlined below. The majority of services are allocated out on a time allocation basis with the exception of the following:

Admin Buildings	Headcount
Human Resources inc training	Headcount
Payroll	Headcount
ICT	Number of PC's per section
Customer Services	Number of calls multiplied by length of time per call
Cashiers	Number of transactions
Exchequer Services	Number of transactions
Insurance - Employees	Headcount
Insurance - Premises	Premises Valuation
Insurance - Vehicles	No of Vehicles

LEASES

The accounts have been prepared under IAS 17 which states that leases must be classified between finance leases and operating leases. IAS 17 defines a lease as "a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership".

However, no leases appear in the accounts of the Joint Strategic Committee but reside with the constituent Councils. The cost to the Joint Committee of using the assets of the constituent authorities is recognised as a recharge through the Comprehensive Income & Expenditure Statement.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and other contributions in relation to revenue expenditure are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

NON CURRENT ASSETS

As the Joint Committee does not incur capital expenditure, there is not any non-current assets (e.g. items of property, plant or equipment with asset lives beyond one year) reported in these accounts.

CURRENT ASSETS

The 2010/11 Code lists Current Assets as the following:

Inventories

These include cleaning materials, vehicle spares, printing and stationery, and catering supplies.

This council has accounted for inventories in accordance with IAS2 and IPSAS 12, which includes public sector interpretations of measurement which the Code has adopted.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

CURRENT LIABILITIES

The 2010/11 Code lists current liabilities as the following:

Provisions

Provisions are made where an event has taken place that gives the Joint Strategic Committee an obligation that probably requires settlement by a transfer of economic benefit but where the timing is uncertain. Provisions are charges to the Income and Expenditure account when the Council becomes aware of the obligation based on best estimate of the likely settlement. When payments are eventually made they are charged to revenue and funded from the provision set up in the Balance Sheet.

DEBTORS AND CREDITORS

The revenue accounts of the Committee are maintained on an accruals basis in accordance with the Code. Sums due to or payable by the Committee at the end of each financial year are brought into account (irrespective of whether cash has been received or payment has been made).

Where actual costs are not available, accruals for debtors & creditors are made on a best-estimate basis. Accruals are raised for items that singularly or in total (e.g. bulk orders) are estimated to be £250 or more in value.

At the end of each financial year an estimate is made of doubtful debts – amounts due to the Committee, but unlikely to be received. The total value of these amounts is provided as a provision for bad debt and deducted from the debtors balance in the Balance Sheet.

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Financial Instruments are broadly defined in the Code as contracts that give rise to a financial asset in one entity and a financial liability in another entity. Typical financial instruments which would relate to the operations of the Joint Strategic Committee are:

LIABILITIES	ASSETS
Trade payables and other payables Financial guarantees	Bank deposits Trade receivables Other receivables and advances

The Joint Strategic Committee recognises financial instruments in the accounts at the point when contractual obligations are made in regard to exchange of goods and services, rather than when receipts or payments pass from one party to another.

The accounting treatment of any particular financial instrument (i.e. how its carrying value is measured, and gains and losses recognised) depends on its classification on initial recognition. For this purpose, FRS 26 recognises two classes of financial liabilities and four classes of financial assets, being:

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS (continued)

FINANCIAL LIABILITIES	FINANCIAL ASSETS
Amortised cost Fair value through profit or loss	Loans and receivables Available for sale Fair value through profit or loss Held to maturity

The Joint Committee does not conduct investments or borrowing transactions. Therefore the financial assets of the Joint Committee comprise trade receivables and bank deposits, while the financial liabilities include all operational creditors, classed as trade payables. Both trade receivables and trade payables have been accounted for at amortised cost taken as the carrying amount on initial recognition (i.e. the transaction price).

The Code also requires that each class of financial assets and financial liabilities be disclosed at "fair value" in a way that permits it to be compared with the carrying amount in the statement of accounts. Fair value is taken as meaning the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms-length transaction.

Comparisons of fair value with the carrying amounts are shown where required within the Notes to Core Financial Statements. But as the financial assets and liabilities comprise trade receivables and trade payables, there is deemed to be no difference between the fair value and carrying amount.

Soft Loans

The Code requires specific accounting requirements in respect of "soft loans", being loans made to or from third parties at preferential rates of interest below market rates.

Where present, the Code requires the fair value of soft loans to be estimated as the present value of future cash receipts attributable to the loans discounted using the prevailing market rate for a similar financial instrument. This results in a different measure of fair value than what is derived from the actual cash lent and the cash flows that will take place under contract.

However, there are no soft loans applicable for the Joint Committee, and therefore, no adjustment has been made to the accounts to reflect the requirements of the Code.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are defined as "short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value". Accordingly, the investments that may fall within the definition are principally held for short-term cash management purposes, not for obtaining a significant return on investment.

International Accounting Standard (IAS) 7 suggests that short term investments are for periods no longer than 3 months duration, as any longer period would increase the risk of a change in value of the investments. However, the Council recognises that fixed term deposits up to 3 months do not satisfy the requirement for the investments to be readily convertible for cash management purposes. Therefore, in practice the Council's policy restricts the composition of cash and cash equivalents to current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions that would be returnable without penalty within 24 hours notice.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

RESERVES

For 2010/11 the Accounting Code of Practice introduces a new Movement In Reserves Statement which shows the change in the year on the different Reserves held by the Joint Strategic Committee analysed between "Usable" and "Unusable" Reserves. Usable Reserves are those that may be used to fund expenditure or reduce local taxation, while unusable reserves are kept to manage accounting processes (such as the accounting for capital expenditure should it be incurred) and do not represent usable resources of the Authority.

However, the Joint Strategic Committee does not hold any reserves. All income and expenditure is distributed to the constituent Councils at the year end.

VALUE ADDED TAX

VAT is included in the Comprehensive Income and Expenditure Account only to the extent that it is irrecoverable.

NOTE 2: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Arrears	At March 2011 the Joint Strategic Committee had a balance of sundry debtors due of £776,000. A review of significant balances suggested that an impairment of doubtful debt was unnecessary this year.	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2011 and the date when the Statement of Accounts is authorised for issue, 29th September 2011, by the Chairman of the Joint Governance and Audit Committee.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

Two types of events can be identified:

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

There were no post balance sheet events that affected the 2010/11 statement of accounts, nor are any events taking place after 29th September 2011 (the date of authorisation for issue of the accounts) reflected in the Statement of Accounts.

NOTE 4: INVENTORIES

The Joint Strategic Committee holds £88,824 Inventories (stock) mainly for the use of providing internal services. This is not considered a significant part of the overall assets held by the Committee and is deemed not material. The Joint Committee has allocated Adur its share of Inventories from the Joint Service of £35,297 and Worthing its share of Inventories from the Joint Service of £53,527. The split between the two authorities is Worthing (60%) and Adur (40%).

NOTE 5: DEBTORS

	31-Mar-11	31-Mar-10	01-Apr-09
	£'000s	£'000s	£'000s
Amounts falling due in one year:			
Government Departments	-	-	-
Housing Rents	-	-	-
Council Tax including preceptors	-	-	-
Sundry Debtors	776	385	271
	776	385	271
Less:			
Provision for doubtful debts	-	-	
TOTAL PER BALANCE SHEET	776	385	271
Adjustment for inter Authority Recharges	(594)	(385)	(271)
	-	-	-
Trade Receivables per Note 17	182	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 6: CASH AND CASH EQUIVALENTS

The Council holds Cash and Cash Equivalents for the purpose of meeting short term commitments.

	31-Mar-11	31-Mar-10	01-Apr-09
	£'000	£'000	£'000
The balance is made up of the following elements:			
Cash held by the Joint Committee	1,510	1,497	802
Bank Current Accounts			
Short Term deposits, of up to 3 months duration, placed with other financial institutions			
Total Cash & Cash Equivalents	1,510	1,497	802

NOTE 7: CREDITORS

	31-Mar-11	31-Mar-10	01-Apr-09
	£'000s	£'000s	£'000s
Central Government Bodies	45	-	11
Other Local Authorities	1,573	-	-
Public Corporations and Trading Funds	-	-	-
Other Entities and Individuals	757	1,918	1,090
TOTAL	2,375	1,918	1,101

NOTE 8: CASH FLOW OPERATING ACTIVITIES

	Net Expenditure 2010/11	Net Restated Expenditure 2009/10
	£'000s	£'000s
Income & Expenditure Account Surplus/(Deficit)	-	-
Collection Fund & Other Adjustments	-	-
Depreciation and Impairment	-	-
Amortisation Grants and Contributions	-	-
Expenditure funded from Capital Under Statute	-	-
Pension FRS 17 Adjustments	-	-
Other non cash financial instruments adjustments	-	-
Revenue Movements on:		
Inventories	(53)	(8)
Debtors	(391)	(114)
Creditors	457	817
Provision	-	-
Exclude:		
Net servicing of finance	-	-
(Profit) and loss on Fixed Assets	-	-
Net Cash Flows From Operating Activities	13	695

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 9: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Joint Strategic Committee's service block directorates as recorded in the budget reports for the year 2010/11 is as follows:

	Employee Expenses	Other Expenses	Support Services	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Service Block						
Chief Executive & Strategic Directors	479	8	82	569	-	569
Adur Homes	90	1	17	108	-	108
Corporate Strategy & ICT	1,921	836	512	3,269	-	3,269
Customer Services & Waste Management	4,584	2,784	1,788	9,156	(1,613)	7,543
Financial Services	1,663	135	655	2,453	(9)	2,444
Housing Health & Community Safety	509	176	420	1,105	(374)	731
Legal and Democratic Services	1,317	99	429	1,845	(48)	1,797
Leisure & Cultural Services	129	-	67	196	-	196
Planning Regeneration & Wellbeing	1,483	129	551	2,163	(104)	2,059
Technical Services	2,198	1,442	996	4,636	(127)	4,509
Net Service Block Expenditure	14,373	5,610	5,517	25,500	(2,275)	23,225
Support services and vehicle workshop costs recharged to other services						(5,979)
Adur District Council						(7,072)
Worthing Borough Council						(10,174)
Total spend 2010/11						-

RECONCILIATION OF CABINET PORTFOLIO INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £'000
Cost of Services in Service Analysis	23,225
Add services not included in main analysis	-
Add amounts not reported to management	154
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(5,887)
Net Cost of Services in Comprehensive Income & Expenditure Statement	17,492

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 9: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(1,785)	-	44	-	-	(1,741)	-	(1,741)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Income from council tax	-	-	-	-	-	-	-	-
Government grants and contributions	(490)	-	-	-	-	(490)	-	(490)
Total Income	(2,275)	-	44	-	-	(2,231)	-	(2,231)
Employee expenses	14,373	-	-	-	-	14,373	-	14,373
Other service expenses	5,610	-	-	(411)	-	5,199	-	5,199
Support Service recharges	5,517	-	110	(5,476)	-	151	-	151
Depreciation, amortisation and impairment	-	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-	-	-
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total operating expenses	25,500	-	110	(5,887)	-	19,723	-	19,723
Surplus or deficit on the provision of services	23,225	-	154	(5,887)	-	17,492	-	17,492

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 9: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Authority's service block directorates as recorded in the budget reports for the year 2009/10 is as follows:

Service Block	Employee Expenses	Other Expenses	Support Services	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive & Strategic Directors	514	10	111	635	-	635
Adur Homes	90	2	17	109	-	109
Corporate Strategy & ICT	784	49	289	1,122	-	1,122
Customer Services & Waste Management	4,618	2,620	1,730	8,968	(1,526)	7,442
Financial Services	1,664	99	611	2,374	(5)	2,369
Housing Health & Community Safety	91	3	32	126	-	126
Legal and Democratic Services	1,376	100	532	2,008	(65)	1,943
Leisure & Cultural Services	93	-	53	146	-	146
Planning Regeneration & Wellbeing	91	3	15	109	-	109
Technical Services	218	13	32	263	(1)	262
Net Service Block Expenditure	9,539	2,899	3,422	15,860	(1,597)	14,263
Support services recharged to other services						(1,413)
Adur District Council						(5,176)
Worthing Borough Council						(7,674)
Total spend 2009/10						-

RECONCILIATION OF CABINET PORTFOLIO INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This reconciliation shows how the figures in the analysis of service block directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	Restated 2009/10 £'000
Cost of Services in Service Analysis	14,263
Add services not included in main analysis	-
Add amounts not reported to management	-
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(1,413)
Net Cost of Services in Comprehensive Income & Expenditure Statement	12,850

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 10: TRADING OPERATIONS

The day to day management of the Trade Waste service is within the Joint Strategic Committee. This includes receipt of Adur & Worthing income as well as payment of disposal charges, which are transferred back to each authority at the end of the year. The remaining running costs are recharged to each authority based on the number of bin lifts.

	2010/11 Gross Expenditure	2010/11 Gross Income	2010/11 Net Expenditure	2009/10 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	494	-	494	520
	494	-	494	520

Through Adur and Worthing Joint Committee, a trade waste service is provided for the collection of commercial refuse. The service charges a commercial rate and is in direct competition with other service providers.

NOTE 11: AGENCY SERVICES

The Joint Committee also has an Agency Agreement with Mid-Sussex District Council for treasury management and insurance administration. These Agency Agreements are deemed by the Joint Strategic Committee to be immaterial.

NOTE 12: OFFICERS' REMUNERATION

The numbers of employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 were:-

See table on next page.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 12: OFFICERS' REMUNERATION

Remuneration Bands	Number of Employees	
	2010/11	2009/10
£50,000 to £54,999	5	-
£55,000 to £59,999	3	-
£60,000 to £64,999*	2	-
£65,000 to £69,999*	3	-
£70,000 to £74,999	9	9
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	2	2
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999 **	-	1
	25	13

* These remuneration figures include redundancy payments of £155,159 for 4 employees in 2010/11 and ** £74,981 in 2009/10 for 1 employee.

For the purpose of this note remuneration means all amounts paid to or receivable by an employee during the year.

Remuneration Disclosures for Senior Officers whose salary is £150,000 or more per year

Note 1:

There were no other members of staff whose salary was more than £150,000 in either 2010/11 or 2009/10.

Remuneration Disclosures for Senior Officers who salary is less than £150,000 but equal to more than £50,000 more per year

Note 2:

The Chief Executive, Strategic Directors and Executive Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing Borough Council as part of a formally agreed partnership arrangement where costs are shared. Adur District Council received £609,642 from Worthing Borough Council in 2010/11 (£617,217 in 2009/10) for their share of employing these officers.

There were no bonuses paid to these staff in either 2010/11 or 2009/10.

Strategic Director 3 resigned on 9th June 2009, his annualised salary was £90,813, this post has not been reinstated.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but equal to more than £50,000 more per year - See Note 2 above								
Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2010/11	115,510		1,433	116,943	18,713	135,656	67,828	67,828
2009/10	115,510	98	1,269	116,877	18,713	135,589	67,795	67,795
Strategic Director 1								
2010/11	90,813	159	1,687	92,659	14,712	107,371	53,686	53,686
2009/10	90,813	159	-	90,972	14,712	105,684	52,842	52,842
Strategic Director 2								
2010/11	90,863		977	91,840	14,720	106,559	53,280	53,280
2009/10	90,863	120	916	91,899	14,720	106,618	53,309	53,309
Strategic Director 3**								
2010/11	-	-	-	-	-	-	-	-
2009/10	16,901	30	204	17,136	2,738	19,874	9,937	9,937
** This post became vacant in 2009/10 and was subsequently deleted from the establishment								

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 12 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Corporate Strategy								
2010/11	70,866	61		70,927	11,480	82,407	49,444	32,963
2009/10	70,866	95	-	70,961	11,480	82,441	49,464	32,976
Executive Head of Financial Services								
2010/11	70,866			70,866	11,480	82,346	49,408	32,939
2009/10	70,866	-	-	70,866	11,480	82,346	49,408	32,939
Executive Head of Planning, Regeneration & Wellbeing								
2010/11	70,866	257	226	71,349	11,480	82,829	49,698	33,132
2009/10	70,866	250	517	71,633	11,480	83,113	49,868	33,245
Executive Head of Legal & Democratic Services								
2010/11	73,609		168	73,777	11,484	85,261	51,157	34,104
2009/10	70,891	-	60	70,951	11,484	82,435	49,461	32,974
Executive Head of Leisure & Cultural Services								
2010/11	70,891		1,668	72,559	11,606	84,164	75,748	8,417
2009/10	70,891	-	1,401	72,292	11,606	83,899	75,509	8,390

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 12 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Customer Services, Waste and Recycling								
2010/11	70,916		1,430	72,346	11,610	83,956	50,373	33,583
2009/10	70,916	-	1,260	72,176	11,641	83,817	50,290	33,527
Executive Head of Housing, Health and Community Safety								
2010/11	70,941	168	793	71,902	11,492	83,395	50,036	33,357
2009/10	70,955	168	818	71,941	11,495	83,436	50,061	33,374
Executive Head of Adur Homes								
2010/11	70,916	168	395	71,478	11,488	82,967	8,297	74,670
2009/10	70,916	168	96	71,179	11,488	82,668	8,267	74,401
Executive Head of Technical Services								
2010/11	72,275	182	459	72,916	11,563	84,479	50,688	33,792
2009/10	72,269	162	987	73,418	11,591	85,009	51,006	34,004
Executive Head of Waste & Recycling								
2010/11	-	-	-	-	-	-	-	-
2009/10*	145,872	168	613	146,653	11,484	158,137	94,882	63,255
* 2009/10 includes redundancy payment of £74,981								

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 13: EXTERNAL AUDIT COSTS

The Joint Strategic Committee incurred the following fees (all payable to the Audit Commission) relating to external audit and inspection.

Adur and Worthing Joint Committee	2010/11	2009/10
	£'000s	£'000s
Fees payable to Audit Commission with regard to external audit services carried out by the appointed auditor for the year	41	17
TOTAL	41	17

NOTE 14: RELATED PARTIES

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

Central government has effective control over the general operations of the 2 partnership Councils, including those delivered via the Joint Committee. The government is responsible for providing the statutory framework, within which the Councils operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the Councils have with other parties (e.g. housing benefits). Details of the transactions with government departments are set out in a note 18: Government Income.

Members of the councils have direct control over the Committees financial and operating policies. No members, or officers, declared any related party transactions in 2010/11 related to the work of the Joint Committee.

NOTE 15: TERMINATION BENEFITS

Worthing Borough Council and Adur District Council took the decision to terminate the contracts of a number of employees in 2010/11. The majority of these staff were employed in delivering the services of the Joint Strategic Committee or are savings associated with joint working. The costs of redundancy are charged to the employing authority and then shared between the Authorities on a 50:50 split and enhanced pension costs are shared in proportion to the service allocation, which in most cases is 60:40. The overall cost in 2010/11 for staff working on joint services was £496,743 which was shared for as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 15: TERMINATION BENEFITS

	Adur	Worthing	Total
	£	£	£
Redundancy costs	152,648	152,649	305,297
Enhanced Pension Benefits	83,396	108,050	191,446
Total termination benefit 2010/11	236,044	260,699	496,743
Termination benefits 2009/10	132,138	302,789	434,927

Of this total, £305,297 is payable in the form of compensation for loss of office and £191,446 is the 2010/11 cost of enhanced pension benefits, which are normally spread over 5 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 16: HOLDING ACCOUNTS

The Joint Strategic Committee is responsible for most support services and other overhead costs on behalf of both Councils. These services support both the services of the Joint Committee and the services provided by each individual Council. Below is an analysis of the spend associated with these services:

Support Service	2010/11 Outturn
	£'000
Chief Executive & Strategic Directors	569
Adur Homes	108
Corporate Strategy & ICT	3,269
Customer Services & Waste Management	2,702
Financial Services	2,386
Housing Health & Community Safety	478
Legal and Democratic Services	1,496
Leisure & Cultural Services	162
Planning Regeneration & Wellbeing	1,676
Technical Services	4,354
Less : Recharges within the Joint Committee	(5,887)
Support costs charged to the constituent councils	11,313

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

Fair Values of Assets & Liabilities carried at Amortised Cost

Financial Liabilities

	31st March 2011		31st March 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Borrowing	-	-	-	-
Trade and Other Payables	951	951	1,918	1,918
Total Liabilities	951	951	1,918	1,918

The Joint Committee does not transact any borrowings. Trade and Other Payables relate to amounts outstanding in respect of Other Entities and Individuals (£757k), and Other Local Authorities (£194k), outstanding at the balance sheet date (See Note 7). There is no difference between the carrying amount and fair values as the values are disclosed at the billed or actual amount on initial recognition.

The value of Trade and Other payables differs from the value of Creditors reported in Note 7 by some £1.424m. The difference comprises inter authority recharges from Adur District Council and Worthing Borough Council that are excluded from Trade Payables and Other Payables on the basis that they do not constitute trade creditors

Financial Assets

	31st March 2011		31st March 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	-	-	-	-
Trade Receivables	182	182	-	-
Loans and Receivables	182	182	-	-

The Joint Committee does not have any investments. Loans and Receivables comprise trade debtors outstanding at the balance sheet date, measured at amortised cost. The carrying amount and fair value are both taken to be the invoiced or actual amount on initial recognition. There is no impairment of financial assets during the year.

There are no gains or losses arising in respect of financial instruments during the year, resulting in no adjustment being necessary to the income and expenditure shown in the Comprehensive Income and Expenditure Statement.

The value of Trade Receivables differs from the value of Total Debtors reported in Note 5 by some £594k. The difference comprises inter authority recharges to Adur District Council and Worthing Borough Council that are excluded from Trade Receivables on the basis that they do not constitute trade debts.

NOTES TO THE ACCOUNTS

NOTE 17: FINANCIAL INSTRUMENTS

Nature and Extent of Risk Arising from Financial Instruments

As there are no investments or borrowings conducted through the Joint Account, the only risk attributable to it relates to credit risk, being the possibility that third parties may fail to pay amounts due to the Joint Committee. Hence, the amounts due are subject to regular review as part of debt management arrangements, resulting in appropriate recovery procedures being invoked where customers fall into arrears. Customers are not generally assessed for credit worthiness, financial position or past experience unless in connection with tendering for service contracts.

The Accounting Code of Practice requires an analysis of the Joint Committee's potential maximum exposure to credit risk. However, as this is only the second year of the Joint Committee, it has no historical experience of default on amounts owed to it. Hence the carrying amount of trade receivables is unadjusted, and the estimated maximum exposure to Default and Uncollectibility is zero.

Credit Risk Exposure

Credit Risk Exposure	Carrying Amount at 31-Mar-11 £'000	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31-Mar-11 %	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-11 £'000	Estimated Maximum Exposure at 31-Mar-10 £'000
Customers	182	0.00%	0.00%	-	-
	182			-	-

As this is the second year of the Joint accounts, there are no prior year comparatives for 2009/10 as the debtors reported at that time related to inter-authority support services recharges. Therefore, there were no trade receivables outstanding at 31 March 2010.

The authority does not generally allow credit for customers, such that £60k of the total value (£182K) of trade receivables is attributable to customers at 31 March 2011 that was past due for payment.

In contrast, the total value of debtors reported in the balance sheet is summarised by age in the Table below.

Overall Aged Debt Analysis	31-Mar-11 £'000	31-Mar-10 £'000
Less than three months	776	385
Three to six months	-	-
Six months to one year	-	-
More than one year	-	-
	776	385

The value of Trade Receivables differs from the value of Total Debtors reported in Note 5 by some £594k. The difference comprises inter authority recharges to Adur District Council and Worthing Borough Council that are excluded from Trade Receivables on the basis that they do not constitute trade debts.

NOTES TO THE ACCOUNTS

NOTE 18: GOVERNMENT INCOME

The following grants, contributions and donations are contained within the Comprehensive Income and Expenditure Statement for 2010/11 and 2009/10.

	2010/11	2009/10
	£'000s	£'000s
Credited to Services		
Chichester District Council - Community Engagement Strategy	1	-
Primary Care Trust - Community Planning Fund	34	-
JAG Contribution - Boxing Project	1	-
Sussex Sports Ptnership - Boxing Partnership	1	-
Sport Unlimited - Skate on the Ham	2	-
WSCC Youth Scheme - Fun Family Fitness Programme	-	-
Sussex County Football Assoc - Fun Family Fitness Programme	-	-
Imp & Dev'ment Ag'cy & 5 Town Network - IDEA Health Conference	-	-
West Sx PCT - Health Walks	11	-
Active Sussex-Active Sussex	1	-
Worthing Sports Council - Coach School	-	-
West Sussex Champion Coaching - Coach School	-	-
West Sussex PCT - Child Obesity	1	-
West Sussex PCT - Green Team	5	-
West Sussex PCT - Mental Exercise	2	-
Carters Lane House - Mental Health Worthing	-	-
West Sussex PCT - Mental Health Worthing	1	-
WSCC - Health Improvement Projects	1	-
N R W Hider - Sussex Games	-	-
D J Workshops - Diversionary Football	1	-
Sport Unlimited - Sport Unlimited	1	-
Sport England - Sport Unlimited	1	-
Crime & Disorder Partnership - Sport Unlimited	1	-
Sussex County Sports - Sport Unlimited	1	-
WSCC - Business Support for Empty Shops	30	-
Sanctuary House - Anti-social Behaviour Project	1	-
Worthing Homes - Anti-social Behaviour Project	10	-
South East Alcohol Innovation Programme - Hostel Clinical Nurse	10	-
WSCC - Future Jobs Fund	2	-
Crime Stoppers - Fearless Project	5	-
Various licenced premises - Taxi Marshall Scheme	10	-
Sussex Police Commanders Fund - Safer Communities	6	-
WSCC Public Service Board - Family Intervention Project	61	-
WSCC Think Family - Family Intervention Project	40	-
WSCC Community Safety Unit - Street Drinker Outreach	32	-
WSCC Community Safety Unit - Community Against Drugs	40	-
WSCC - Area Based Grant	177	-
DEFRA - Waste Performance & Efficiency Grant	-	11
TOTAL	490	11

NOTES TO THE ACCOUNTS

NOTE 19: LEASES

The Reported Statement of Accounts for 2009/10 included at Note 5 the disclosure that various vehicles, plant and equipment were held on operating leases for which £170,703 was paid in rentals in 2009/10.

Following the introduction of International Financial Reporting Standards (IFRS) from 2010/11, these leases have been reclassified as Financial Leases under IAS 17. This has resulted in the assets acquired being capitalised on the balance sheet of the constituent authority in whose name the leases were undertaken.

Consequently, there are no lease disclosures in the Joint Committee accounts for 2010/11. Instead, asset hire charges to the Joint Committee, for the use of assets acquired through the Constituent authorities, have been recognised through the Comprehensive Income & Expenditure Statement.

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

The Joint Strategic Committee 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 Committee 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 Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. With this in mind, Adur District Council has been appointed as accountable body and the governance arrangements and systems of internal control are consistent with those adopted by Adur District Council.

Adur District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Committee'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 financial year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The governance framework

The key elements of the systems and processes that comprise the Council's governance arrangements include arrangements for:

- identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users
- reviewing the Council's vision and its implications for the governance arrangements of the Joint Committee

ANNUAL GOVERNANCE STATEMENT

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources
- 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
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing and updating standing orders, financial regulations, 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
- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistle-blowing and for receiving and investigating complaints from the public
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- 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 Council's overall governance arrangements.

REVIEW OF EFFECTIVENESS

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

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, the Joint Overview and Scrutiny Committee, and the Standards Committee of each Council
- internal and external audit

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

- other explicit review/assurance mechanisms.

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

SIGNIFICANT GOVERNANCE ISSUES

There are no significant governance issues as identified by red status on the Governance Action Plan.

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2010 review together with any issues which have been identified during the current review.

We have been made aware by the External Auditor, as part of the annual audit, that improvements need to be made in how risk management matters are reported within the Council. In future, such risks should be reported to both the Joint Strategic Committee and the Joint Governance and Audit Committee on a more regular basis.

PROPOSED ACTION

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.

Signed:

**Councillor Paul Yallop
Leader of the Council
Worthing Borough Council**



Signed:

**Peter Latham
Joint Chief Executive of
Adur and Worthing Councils**



Dated:

Dated:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR AND WORTHING JOINT STRATEGIC COMMITTEE

OPINION ON THE JOINT STRATEGIC COMMITTEE'S ACCOUNTING STATEMENTS

I have audited the accounting statements of Adur and Worthing Joint Strategic Committee for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

RESPECTIVE RESPONSIBILITIES OF THE EXECUTIVE HEAD (FINANCIAL SERVICES) AND AUDITOR

As explained more fully in the Statement of responsibilities for the Statement of Accounts, the Executive Head (Financial Services) is responsible for the preparation of the Joint Strategic Committee's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE ACCOUNTING STATEMENTS

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

BASIS FOR QUALIFIED OPINION ON ACCOUNTING STATEMENTS

The Joint Strategic Committee has not recognised within its Balance Sheet either Property, Plant and Equipment (PPE) or Intangible Assets. In my opinion the recognition criteria for PPE and Intangible Assets, as set out in Chapter 4 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2010, have been met for non-current assets with a total value at 31 March 2011 of at least £5,397,000. As the Joint Strategic Committee has not recognised the non-current assets, it has, consequently, not determined the associated financing of those assets in accordance with relevant legislation or the associated movements in reserves. In consequence:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR AND WORTHING JOINT STRATEGIC COMMITTEE

BASIS FOR QUALIFIED OPINION ON ACCOUNTING STATEMENTS

- non-current assets in the balance sheet are understated by at least £5,397,000 as at 31 March 2011; and
- non-current liabilities and reserves in aggregate are understated by at least £5,397,000 as at 31 March 2011.

QUALIFIED OPINION ON ACCOUNTING STATEMENTS

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the accounting statements:

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

OPINION ON OTHER MATTERS

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

MATTERS ON WHICH I REPORT BY EXCEPTION

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

CONCLUSION ON JOINT STRATEGIC COMMITTEE'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Joint Strategic Committee's responsibilities

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

Auditor's responsibilities

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR AND WORTHING JOINT STRATEGIC COMMITTEE

CONCLUSION ON JOINT STRATEGIC COMMITTEE'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Auditor's responsibilities

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

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

CONCLUSION

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Adur & Worthing Joint Strategic Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

CERTIFICATE

I certify that I have completed the audit of the accounts of Adur & Worthing Joint Strategic Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Helen Thompson
Officer of the Audit Commission
Suite 2 - Ground Floor,
Bicentennial Building,
Chichester,
West Sussex
PO19 8EZ
30 September 2011

GLOSSARY OF ACCOUNTING TERMS

The following is a brief explanation of the technical terms used in this publication:-

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2010/11 which means the year commencing 1st April 2010 and ending 31st March 2011. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure attributable to an accounting period for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the Accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.
FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.

GLOSSARY OF ACCOUNTING TERMS

EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.
FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.
LIQUID RESOURCES	Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the authority.
OPERATING LEASE	An operation lease is any lease which is not a finance lease. An operational lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets. Often these are relatively
POST BALANCE SHEET EVENTS	Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
PROVISION	An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or to the dates on which they will arise are not determined.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in previous year's statements have been changed due to a change in accounting policy.
PRUDENCE	The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.

GLOSSARY OF ACCOUNTING TERMS

TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of an authority.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

MAIN CHANGES IN TERMINOLOGY

UK GAAP (Old Terminology)	IFRS (Revised Terminology)
I & E Account and STRGL	Statement of Comprehensive Income
Fixed (e.g. Fixed Assets)	Non current (e.g. Non Current Assets)
Stocks	Inventories
Tangible fixed assets	Property plant and equipment

This publication can be obtained
in large print or Braille. If required, please contact:

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