

Worthing
BOROUGH COUNCIL

**STATEMENT
OF
ACCOUNTS
2009 / 2010**



WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2010

C O N T E N T S

	PAGE
Explanatory Foreword	3- 11
Statement of Responsibilities for the Statement of Accounts	12
Statement of Accounting Policies	13 - 19
Income and Expenditure Account	20
Statement of Movement on the General Fund Balance	21
Statement of Total Recognised Gains and Losses (STRGL)	22
Balance Sheet as at 31st March, 2010	23
Cash Flow Statement	24
Notes to the Core Financial Statements	25-63
Collection Fund	64-66
The Annual Governance Statement	67-69
Independent Auditor's Report to Worthing Borough Council	70-72

Explanatory Foreword

1. *Introduction*

The purpose of the Statement of Accounts is to provide information on the ways the Council has utilised financial and other resources available to it in the provision of the services it provides to the residents of Worthing. The Statement of Accounts is required to be produced by law and sets out the various statutory accounting statements together with other relevant information.

This foreword gives a brief explanation of what is included within the Statement of Accounts, as well as providing a summary of the main financial results for 2009/10. In addition, an outline of the overall financial position of the Council is given.

There were a number of minor changes in the 2009 SORP which have been accommodated within the final accounts process.

2. *Explanation of Accounting Statements*

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

	Page No:
Statement of Responsibilities for the Statement of Accounts	12
This statement sets out the respective responsibilities of the Council and the Executive Head of Financial Services in respect of the Council's accounts.	
Statement of Accounting Policies	13 – 19
This details the accounting policies that have been adopted in preparing the Statement of Accounts. The purpose of this statement is to enable a fuller understanding of the accounts and specifically to describe the policies that have been adopted for all material items.	
Income and Expenditure Account	20
This account brings together the expenditure and income relating to all of the services for which the Council is responsible and demonstrates how the net cost for the year has been financed from central government grants, national non-domestic rates and income from local council taxpayers.	
Statement of Movement on the General Fund Balance	21
The accounting basis for the Income and Expenditure Account does not take into account the statutory provisions when setting local taxes. This statement provides a reconciliation of the necessary adjustments.	
The Statement of Total Recognised Gains and Losses	22
The statement brings together all the gains and losses of the Council for the year and shows the aggregate decrease/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.	

Explanatory Foreword

2. ***Explanation of Accounting Statements*** (continued)

	Page No:
Balance Sheet as at 31st March, 2010	23
This sets out the financial position of the Council on the 31st March 2010. The Balance Sheet reflects the balances and reserves at the Council's disposal, its long-term indebtedness and the fixed and net current assets employed in all of its operations, together with summarised information on the fixed assets held.	
The Cash Flow Statement	24
This summarises the Council's cash transactions for the year.	
Notes to Core Financial Statements	25 – 63
The Collection Fund	64-66
The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and National Non-Domestic Rates (Business Rates) and accounts for their distribution to preceptors (West Sussex County Council and The Sussex Police Authority) and the Council's own General Fund. The Collection Fund also records the Council's contribution to the National Non-Domestic Rating Pool.	

Also included is the Annual Governance Statement (pages 67-69), 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.

Explanatory Foreword

3. *Summary of Final Outturn*

CIVIC BUDGET 2009/2010				
Summary of Final Revenue Outturn				
CABINET MEMBER (CM) PORTFOLIOS	CURRENT ESTIMATE 2009/10	OUTTURN 2009/10	Notional Capital Charges Variance	Variance Net Of Changes In Capital Charges
	£	£	£	£
Leader	1,583,370	1,584,600	1,110	120
CM for Resources	2,037,620	527,716	(14,660)	(1,495,244)
CM for a Clean & Green Environment	3,818,740	3,721,785	(218,640)	121,685
CM for Health, Safety & Wellbeing	2,316,330	2,234,621	(26,504)	(55,205)
CM for Improved Customer Services	7,503,530	6,140,402	(893,269)	(469,859)
CM for Regeneration	3,046,620	2,963,994	(8,250)	(74,376)
Holding Accounts	49,260	0	(77,400)	28,140
Total Cabinet Members	20,355,470	17,173,118	(1,237,613)	(1,944,739)
Credit Back Depreciation	(3,076,000)	(1,837,357)	1,237,613	1,030
Minimum Revenue Provision	363,870	310,826	0	(53,044)
Area Based Grant.	(22,500)	(71,340)	0	(48,840)
Local Authority Business Growth Incentive Grant.	(32,040)	(49,132)	0	(17,092)
	17,588,800	15,526,115	0	(2,062,685)
Transfer to/from reserves:				
Contribution to reserves	197,420	180,087	0	(17,333)
Revenue Contributions To Capital Expenditure	0	32,188	0	32,188
Transfer from reserves to fund specific expenditure	(1,273,030)	(1,123,664)	0	149,366
Pension Contributions Reserve	(225,000)	(225,000)	0	0
Capacity Issue Reserve	(250,000)	(250,000)	0	0
Net Underspend Recommended For Transfer To Reserves	0	1,898,464	0	1,898,464
Total Budget requirement before External Support from Government	16,038,190	16,038,190	0	0
Recommended Carry Forwards				162,375
Recommended transfer to Special & Other Emergency Reserve (future curtailment costs)				250,000
Additional Concessionary Fares Provision for potential liability				200,000
Balance of Net Underspend available to transfer to Capacity Issues Reserve				1,286,089
				1,898,464

Explanatory Foreword

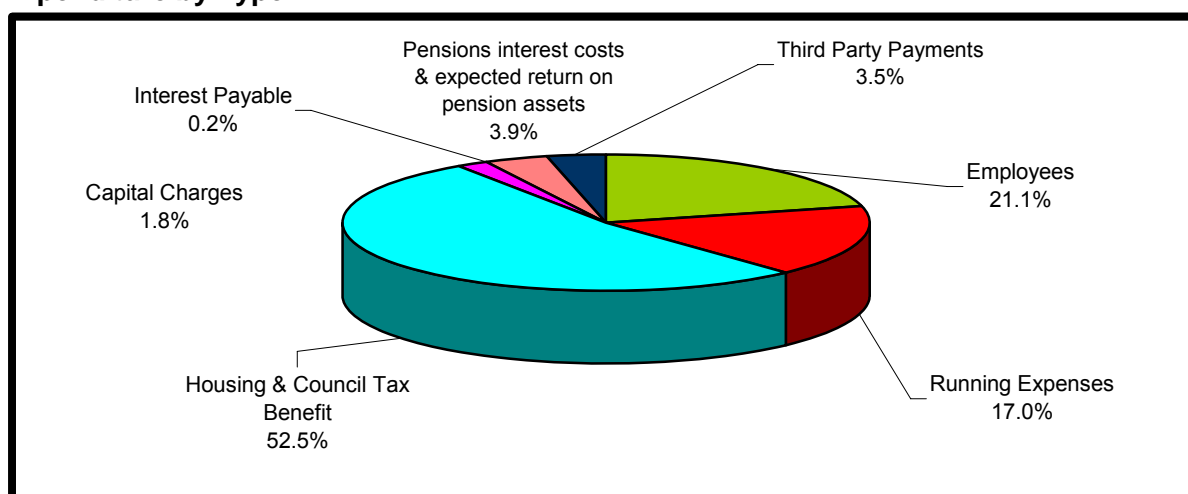
3. **Summary of Final Outturn** (continued)

After allowing for transfers to and from reserves the net budget requirement to be met from general government grants and Council Tax was £16.038m, up 2.8% from 2008/09, just over half of which £8.103m, was raised from Council Taxpayers. At the end of the year the Council retained Working Balances of £1.14m (unchanged from 2008/09) and had earmarked revenue reserves of £5.015m (£4.843m in 2008/09).

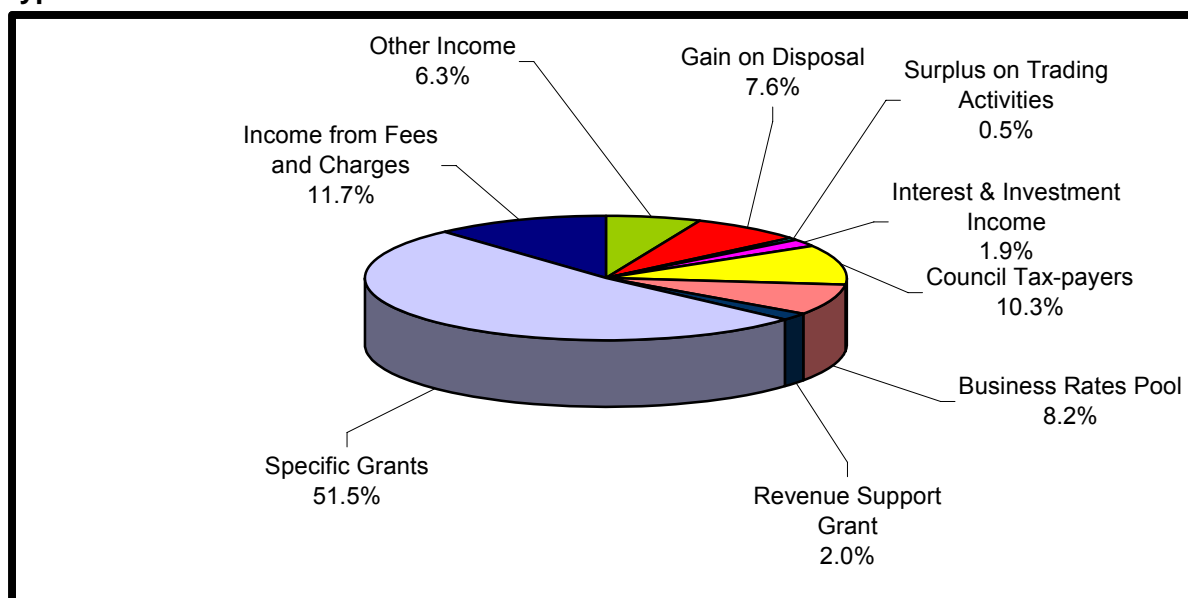
4. **Revenue Spending in 2009/10**

The tables below give a breakdown of expenditure incurred and the sources of overall income for the net general fund surplus including year end adjustments.

Expenditure by Type



Types of Income



Net operating expenditure within the Income and Expenditure Account amounted to £11.443m. This is £5.73m less than the total Cabinet Member's outturn of £17.173m. the reasons for the changes are analysed on the next page.

Explanatory Foreword

4. **Revenue Spending in 2009/10** (continued)

	£'000
TOTAL CABINET MEMBER REQUIREMENTS	17,173
Add/(Less) Items below the line:	
Year End Adjustments:	
Concessionary Fares increased provision for liability.	200
Deferred Charges re Affordable Housing & Renovation Grants	1,412
Expenditure Financed from Revenue under Statute	(511)
FRS17 Adjustment Current Service Pension Costs	810
FRS17 Adjustment Employee Pension Contributions	(3,010)
FRS17 Past service costs & curtailments & settlements	70
Impairment	(1,537)
FRS17 Adjustment Pensions Interest Cost	2,900
Net of expected returns	
(Profit)/Loss on disposal of fixed assets	(6,064)
NET OPERATING EXPENDITURE 2009/2010	11,443

Revenue spending is the day-to-day expenditure incurred by the Council to deliver its services. This expenditure is financed from a variety of sources including Council Tax, Government Grant, charges for services, interest and rents. Total revenue expenditure amounted to £70.9m, of which £39.0m was on Housing and Council Tax Benefits. However, this expenditure was met by a specific government grant of £39.3m.

Explanatory Foreword

5. **Capital Spending 2009/10**

Capital expenditure is generally incurred on creating assets which have a life beyond one year and, in Worthing, is financed largely from capital receipts generated from the disposal of assets; grants and contributions received from central government, other public bodies and private developers; and borrowing.

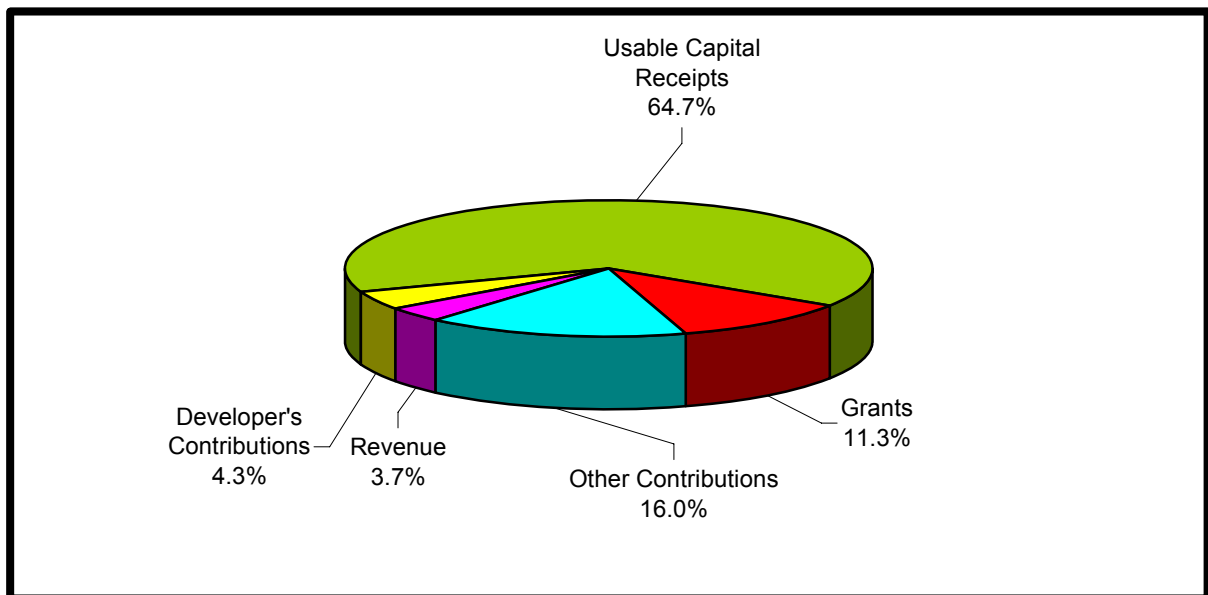
Capital spending for the year totalled £3.843m, this was £0.655m less than the current estimate mainly due to delays in progressing schemes.

An analysis of the main areas of expenditure in 2009/10 is given below.

	What the capital money was spent on £'000
C.M. for Clean and Green Environment	543
C.M. for Health, Safety and Wellbeing	412
C.M. for Improved Customer Services:	
Affordable Housing	226
Other Housing	1,004
Other Schemes	986
C.M. for Regeneration	326
C.M. for Resources	346
	3,843

The capital spending was financed from the following:

Where The £3.843m Capital Came From



Explanatory Foreword

6. Current Issues and Future Plans

Revenue Plans

Forecasts of revenue expenditure are formulated via the five year Medium Term Financial Plan and the annual budget setting cycle. These processes identify significant service variations year on year and the financial effects of these that ultimately determine, alongside the local government grant settlement, the Council's budget.

There are no new major plans to expand or develop new services.

The largest items of revenue change identified for 2010/11 are :

	£'000
Pay and Price inflation	260
Concessionary Fare Scheme – increased grant and reduced operator fees	(810)
Impact of financing Capital Programme	91
Reduced interest from investments	187
Reduced Crematorium income	190
Increase in Rates	67
Borough Council Elections	73

Major Capital Projects

The Council has embarked on a project to replace its current swimming pool, the Aquarena, and to refurbish its main Leisure Centre. Capital budget provision of approximately £17m over the five years 2007/08 to 2012/13 has been made for replacement pool to be financed by disposal of specific sites within the Borough. Receipts to the value of £9.4m have already been secured from the sale of land and further receipts are anticipated from the marketing of other sites in the future when property values have recovered from the effects of the economic recession.

The Council is also planning to carry out capital improvement and mercury emissions abatement works at the crematorium over the next 5 years and since January 2006 has set aside revenue funds for the work from increased crematorium and cemetery charges.

West Sussex Local Government Pension Fund

The Council, in common with all other Districts in the County, is a member of the West Sussex County Local Government Pension Fund. The latest triennial valuation of the fund, carried out in 2007, identified a requirement for a stepped increase in pension contributions each year from 2008/09 to 2010/11. This translates into an increase of approximately £70,000 per annum in each of these years.

Explanatory Foreword

6. *Current Issues and Future Plans* (continued)

West Sussex Local Government Pension Fund (continued)

The Council maintains an earmarked reserve specifically to help offset the cost of future Pension Fund contributions. There was a balance of £0.17m in this reserve at 31st March, 2010.

In addition, in accordance with the Code of Accounting Practice and Financial Reporting Standard 17, the Council is required to recalculate the Pension Fund deficit as at 31st March each year. To do this it obtains an actuarial valuation from Hymans Robertson, the Pension Fund's actuary. This shows that the deficit has risen by £25m in the year to stand at £65m.

7. *Use of Resources*

Use of resources is no longer applicable due to the Government's decision to stop Comprehensive Area Assessment.

8. *Medium Term Financial Plan (MTFP)*

The Council approved its latest MTFP as part of the Revenue Budget report on the 18th February, 2010. This plan supports the Council's corporate planning processes by forecasting the level of resources that are likely to be available in the five financial years 2010/11 to 2014/15 inclusive.

The forecasts reflect the particular service demands and financial pressures identified within the period covered, and how the Council proposes to respond in order to deliver a balanced budget that matches resources to spending. This is achieved within the context of:

- Matching council priorities set out in the corporate plan to available resources
- Meeting the needs of the local community and residents determined within the Community Strategy
- Setting council tax at a level which council tax payers are willing to pay and that accords with government policy on capping
- Achieving a balance between revenue spending and investing in improvements to the infrastructure and facilities within the Borough.
- Protecting the long term financial health of the council.

The MTFP aims to maintain the budget on a sustainable basis by focusing on quality, key and core services, whilst keeping increases in council tax to a minimum. This is to be achieved by a combination of at least 3% annual efficiency savings, judicious use of reserves, and savings from lower priority services. Overall, the council aims to secure little or no growth in revenue spending other than that due to statutory or unavoidable commitments.

Within these parameters, the Council also aims to transfer 1% of the revenue budget to reserves each year to be used for special projects or one-off items of expenditure. This also supports the aim to maintain General Fund balances of between 6-8% of net revenue expenditure, and to keep council tax increases to 5% or below.

Explanatory Foreword

9. *Joint Working*

Since July 2007, Worthing Borough Council and Adur District Council have been committed to supplying joint services. The services that are currently provided jointly are trade and domestic refuse collections, recycling waste collections, street cleansing, a single senior officer structure and the majority of support services. These services are under the auspices of a Joint Strategic Committee, which is not a separate legal entity. The accounts of the Joint Strategic Committee have been prepared from the records maintained by Adur District Council and Worthing Borough Council and the governance arrangements and systems of internal control are consistent with those adopted by Adur District Council, which acts as the accountable body for the partnership.

Over the next few years the Joint Strategic Committee will grow as more services from the constituent authorities are delivered jointly. A separate Statement of Accounts has been produced for this Committee and is available on request.

10. *Disposal of Land*

The Council has actively marketed pockets of land at Sea Place/Eirene Road for redevelopment since 2005. Completion on the sale of these sites finally took place in 2009/10. The receipt on this sale will form part of the funding for the planned new swimming facility. The exceptional profit on disposal of this site of £5.8m has arisen as the current value of these pockets of land was far less than their aggregate value for which they were sold.

11. *Financial Instruments*

Investments have increased by £4.11m largely as a result of the receipt referred to above. No new long term borrowing has been undertaken in 2009/10.

12. *Impairment*

As required under capital accounting regulations, the Council completed an impairment review of its assets at 31st March, 2010 to ensure that fixed assets held are recorded at no more than their recoverable amount. In 2008/09 the Council incurred impairment due to the general decrease in property values of £21,752,310. In 2009/10 revaluations and a review of economic impairment has led to a reversal of this downward impairment of £2,234,009 for both operational and non operational buildings. Offset against this were other downward revaluations of £697,009.

10. *Further Information*

Further information on the Council's accounts is available from the Executive Head of Financial Services at the Town Hall, Chapel Road, Worthing. Information on the Council's policies and plans and especially its Key Priorities can be found in the Best Value Performance Plan, obtainable on application to the Executive Head of Corporate Strategy in Town Hall, Worthing or by accessing the Worthing Borough Council website: www.worthing.gov.uk.

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 Executive Head of Financial Services and Section 151 Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Executive Head of Financial Services and Section 151 Officer's Responsibilities

The Executive Head of Financial Services and Section 151 Officer 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 the United Kingdom ("the Code of Practice").

In preparing this Statement of Accounts, the Executive Head of Financial Services and Section 151 Officer 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 Executive Head of Financial Services and Section 151 Officer has also:

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

Certification of Executive Head of Financial Services and Section 151 Officer

I hereby certify that the statement of accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March, 2010.

SARAH GOBEY

Executive Head of Financial Services and Section 151 Officer

Dated: 30th September, 2010

Certificate of Approval by Governance and Audit Committee

I confirm that these Accounts were approved by the Governance and Audit Committee of Worthing Borough Council on 30th June, 2010 and re-approved on 30th September, 2010.

PAUL HIGH

Chairman Governance and Audit Committee

Dated: 30th September, 2010

Statement of Accounting Policies

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2009/10 (SORP), the Best Value Accounting Code of Practice (BVACOP) and also with guidance notes issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the application of Financial Reporting Standards (FRS) and Statement of Standard Accounting Practices. The 2009 SORP is the last to be produced, in future years the accounts will be based on International Financial Reporting Standards within the framework of the Government Financial Reporting Manual. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The main changes in the Statement of Recommended Practice (SORP) that impact on Worthing's statement of accounts for 2009/10 and restatement of 2008/09 are:

- Accounting for Private Finance Initiatives and similar contracts (Financial Reporting Standard 5) has been redrafted. The new requirements are based in International Financial Reporting Interpretations Committee 12 Service Concessions. Although the Council does not have any Public Finance Initiatives the service arrangements for other contracts have been reviewed to ensure they do not fall within IFRIC12.
- Council acts as a billing authority and is an agent for collection on behalf of other authorities for council tax. The previous SORP requirements were that the billing authority accounted for local taxes as the principal, the Council's balance sheet and cash flow statement now account for only the Council's share.
- The accounting of creditors and debtors in the balance sheet for the collection of Non-Domestic Business Rates on behalf of the Department of Communities and Local Government has also been changed to reflect the Council's role of agent rather than principal see note 48.
- The Council Tax income included in the Income and Expenditure Account for the year is now the accrued income for the year. This contrasts with previous accounting requirements where Council Tax income included in the Income and Expenditure Account represented the amounts required under regulation to be transferred from the Collection Fund to the General Fund.
- A more detailed disclosure note on officers' remuneration has been introduced and notes on Section 137 expenditure, publicity, the building control account, Business Improvement District Schemes and Local authority Goods and Services Act have been removed.

Accounting Concepts

In managing its finances and preparing the Statement of Accounts the Council has particular regard to the accounting concepts within the SORP. The precise existence and value of assets, liabilities, income and expenditure may be uncertain and where this is the case, professional judgement is used to estimate. In doing so the Council adheres to the accounting concepts set out below to ensure that the accounts presently fairly its financial position and performance.

Statement of Accounting Policies

1. **General** (continued)

Relevance

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

Reliability

The information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free of deliberate or systematic bias or material errors.

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has a material effect on the information provided, this has been disclosed.

Understandability

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

Materiality

In using its professional judgement the Council has considered the size and nature of any transaction, or set of transactions. An item is considered to be material where its omission or mis-statement would reasonably change the substance of the information presented in the 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 Council will continue to provide operational services for the foreseeable future.

Primacy of Legislative Requirements

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

2. **Income and Expenditure**

Revenue and Capital Accounts

The accounts have been prepared on an accruals basis in accordance with the SORP 2009 and BVACOP, whereby income and expenditure are accounted for in the year in which they arise, by the creation of debtors and creditors, including estimates where appropriate.

Statement of Accounting Policies

3. *Costs of Support Services*

The BVACOP requires the costs of support services to be charged on a fair and transparent basis. The Council uses estimated time allocations with the exception of administrative building costs (floor area basis) and costs of professional technical staff engaged on capital works (actual time). Overhead costs are dealt with in accordance with BVACOP and mostly charged to services.

4. *Leases*

Rentals payable under operating leases are charged to service revenue accounts on an accruals basis.

5. *Intangible Fixed Assets*

Software licences are capitalised as intangible fixed assets and amortised on a straight line basis over the expected life of the asset.

6. *Tangible Fixed Assets*

(a) *Expenditure and Valuation principles*

Expenditure on the acquisition, creation or enhancement of fixed assets is required to be capitalised on an accruals basis in the Balance Sheet, provided that the fixed asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets and operating leases which is charged directly to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the SORP. The surpluses arising on the revaluation of fixed assets are credited to the Fixed Asset Revaluation Reserve. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- land, operational properties and other operational assets excluding community assets are included in the balance sheet at the lower of net current replacement cost and net realisable value in existing use;
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value at open market value;

Statement of Accounting Policies

6. Tangible Fixed Assets (continued)

- community assets are stated at historic cost value or in some instances, such as Civic Regalia, at a notional value to recognise the assets' existence.

For 2009/10 the values of land and buildings have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract has been applied to new vehicles, plant and equipment, and £50,000 for new land and buildings. Assets valued below these limits are not included, unless a revaluation is pending.

(b) Charges to Revenue for Fixed Assets

General Fund service revenue accounts, central support services, and trading accounts are charged with a depreciation charge and any impairment loss for all fixed assets used in the provision of services. The depreciation charge is credited out of the Income and Expenditure Account via the Statement of Movement on the General Fund Balance so that there is no impact on the amount required to be raised from local taxation for the provision of Council services.

(c) The useful life of assets are determined on an individual basis:

- Buildings 60 yrs except when impairment has occurred.
- Vehicles 5-7 yrs
- Equipment from over 1 to 20 years
- Intangible Assets, Software from over 1 to 7 years
- Depreciation is not charged on investment properties and assets under construction

(d) Impairment

The value at which each category of assets is included in the balance sheet has been reviewed at the year-end, and where there is reason to believe that its value has reduced materially in the period due to impairment, the valuation has been adjusted accordingly.

(e) Depreciation

Depreciation is charged to service revenue accounts for most fixed assets:

- newly acquired assets are depreciated from the first full year they become operational. Assets in the course of construction are not depreciated until they are brought into use
- assets disposed of are depreciated in the year of disposal
- depreciation is calculated using the straight-line method over the useful life of the asset

Statement of Accounting Policies

7. *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. Those relating to capital expenditure are credited to the government grants deferred account and written off in the service revenue account over the useful life of the asset to match the depreciation of the asset to which it relates.

8. *Revenue Expenditure Funded from Capital Under Statute*

Capital expenditure, such as Improvement grants for which no tangible fixed assets exist is classified as Revenue Expenditure Funded from Capital Under Statute. Expenditure is written off to the Income and Expenditure Account in the year it is incurred.

9. *Current Assets*

Stocks - these include cleaning materials, vehicle spares, printing and stationery, and catering supplies. All stocks are valued in the Balance Sheet at latest inward prices. It is not considered material to the accounts to include stock at the lower of cost and net realisable value in accordance with Statement of Standard Accounting Practice No. 9.

Work in Progress on rechargeable works is shown at the actual cost incurred (excluding overheads allocation) at 31st March.

10. *Accounting for Financial Instruments*

Financial Instruments are broadly defined in the SORP as contracts that give rise to a financial asset in one entity and a financial liability in another entity. Typical financial instruments are:

Liabilities

Trade payables and other payables
Borrowings
Financial guarantees

Assets

Bank deposits
Trade receivables
Loans receivable
Other receivables and advances
Investments

The council 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:

Statement of Accounting Policies

10. ***Accounting for Financial Instruments*** (continued)

Financial Liabilities

- amortised cost
- fair value through profit or loss

Financial Assets

- loans and receivables
- available for sale
- fair value through profit or loss
- held to maturity

The Council's financial assets include trade receivables, bank deposits and investments, while its financial liabilities include all operational creditors and external borrowing. Both classes of financial instruments have been accounted for at amortised cost taken as the carrying amount on initial recognition (i.e. the transaction price), or (as in the case of investments and borrowing), principal plus accrued interest to 31st March, 2010.

In the case of Public Works Loans Board (PWLB) debt, the measure of amortised cost includes an adjustment using the effective interest rate (EIR) that spreads the cost of the liability on inception equally over the life of the debt. In this case, amortised cost is the carrying amount at the start of the year plus accrued interest chargeable for 2009/10 taken to the Income and Expenditure Account, less the amount of principal and interest actually paid in the year. For the purposes of the EIR calculation, PWLB loan arrangement fees have been excluded as permitted within the SORP on the grounds of immateriality.

The SORP 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. Comparisons of fair value with the carrying amounts are shown where required within the Notes to Core Financial Statements.

In making such comparisons, 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.

Soft Loans

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

Although the council issues soft loans to employees in respect of car loans, it has been agreed with the Council's auditors that no adjustment be made to the accounts to reflect the requirements of the SORP on the grounds that the balance of loans outstanding at 31 March 2010 is immaterial.

11. ***Investments***

Investments comprise cash deposits placed with financial institutions for fixed term periods and are shown on the balance sheet at amortised cost. There were no long-term investments (i.e. those that will mature in one year or more) at the balance sheet date.

Statement of Accounting Policies

12. *Reserves*

The Council maintains earmarked reserves to meet future spending need. A brief explanation of the purpose of each provision and reserve is provided and an analysis of the reserves is included in Note 20, page 44.

13. *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 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.

14. *Debtors and Creditors*

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the SORP. Sums due to or payable by the Council 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 are made on a best-estimate basis. At the end of each financial year an estimate is made of doubtful debts – amounts due to the Council, but unlikely to be received. The total value of these amounts is provided for and deducted from the debtors balance in the Balance Sheet.

15. *Value Added Tax*

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

16. *Pension Costs*

The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund, which provides Council employees with defined benefits relating to pay and service. This accounting treatment complies fully with the requirements of FRS 17.

17. *Capital Receipts*

The usable portions of capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure and/or to repay debt.

Income and Expenditure Account

This statement shows the gross expenditure, income and net expenditure for each service, appropriations to or from balances and reserves, and how net expenditure (after transfers) was met by contributions from the Collection Fund and General Government Grants.

	2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure	2008/09 Restated Net Expenditure
	£'000	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES				
Central Services to the Public	9,439	(8,035)	1,404	1,651
Cultural, Environmental, Regulatory & Planning Services	21,557	(9,999)	11,558	26,550
Highways and Transport Services	1,481	(1,446)	35	2,391
Housing Services	34,805	(33,027)	1,778	1,834
Social Services	-	(15)	(15)	23
Corporate & Democratic Core	2,114	(30)	2,084	2,286
Non-Distributed Costs	821	(1,265)	(444)	1,453
Net Cost of Services	70,217	(53,817)	16,400	36,188
(Gains)/Loss on disposal of fixed assets			(6,030)	9
Exceptional Items: Shoreham Airport			-	2
(Surplus)/Deficit on Holding Accounts			-	12
(Surplus)/Deficit on trading activities			(419)	1,063
Interest payable and similar charges			119	97
Interest & Investment Income			(1,528)	(1,691)
Pensions interest cost and expected return on pension assets			2,900	1,860
Net Operating Expenditure			11,442	37,540
SOURCES OF FINANCE				
Income From Council Tax			(8,112)	(7,782)
General Government Grants			(1,604)	(1,129)
Distribution from Non-Domestic Rate Pool			(6,427)	(6,909)
NET GENERAL FUND (SURPLUS)/DEFICIT			(4,701)	21,720

There have been no acquisitions or discontinued operations during the current or preceding year.

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 Council is required to raise council tax on a different accounting basis, the main difference being:

- Capital investment is accounted for as it is financed rather than when the fixed assets are consumed
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under spent against the council tax that it 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 difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2009/10	2008/09
	Current Year	Restated Previous Year
	£'000s	£'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account	(4,701)	21,720
Net additional amount required by statute and non-statutory proper practice to be debited or credited to the General Fund Balance for the year (Explanation is on Page 22)	4,701	(21,722)
Increase in General Fund Balance for the Year	-	(2)
General Fund Balance Brought Forward	(1,142)	(1,140)
GENERAL FUND BALANCE CARRIED FORWARD	(1,142)	(1,142)

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 decrease in its net worth. In addition to the deficit generated on the Income and Expenditure Account it includes gains and losses relating to the revaluation of the fixed liability to cover the cost of retirement benefits, assets and re-measurement of net assets.

	2009/10	2008/09
	Current Year	Restated Previous Year
	£'000s	£'000s
(Surplus)/Deficit for the year on the Income & Expenditure Account	(4,701)	21,722
Collection Fund Movement	-	(344)
(Surplus)/Deficit arising on revaluation of fixed assets	(3,228)	(1,978)
Adjustment to the valuation of fixed assets not included in the Income & Expenditure Account	(3)	(61)
Impairment due to price decreases	246	2,131
Actuarial (Gains)/Losses on pension fund assets and liabilities	24,490	9,450
Pension restatement in accordance with SORP	-	250
Other	(6)	13
TOTAL RECOGNISED (GAINS) AND LOSSES	16,798	31,183

Balance Sheet as at 31st March, 2010

This shows the financial position of the Council as a whole and summarises its assets and liabilities.

	See Note No:	As at 31.03.2010		As at 31.03.2009 Restated	
		£'000	£'000	£'000	£'000
Intangible Assets	13		96		125
Tangible Fixed Assets					
Operational:	8a				
Land and Buildings		66,498		62,118	
Community		4,946		4,946	
Infrastructure		1,855		1,500	
Vehicles, Plant, Furniture & Equipment		4,593		5,025	
		77,892		73,589	
Non-Operational:	8b				
Investment property	47	7,524		7,415	
Assets under construction		1,328		177	
Surplus assets for disposal		3,337		4,878	
Total Tangible Fixed Assets		12,189	90,081	12,470	86,059
Long Term Investments			-		6,224
Long Term Debtors					
Housing Advances		5		6	
Council House Sales		29		34	
Other Advances		5	39	26	66
Total Net Long Term Assets			90,216		92,474
Current Assets					
Stocks and Work in Progress		166		142	
Debtors and Prepayments	29	8,765		8,870	
Provision for Doubtful Debts	29	(899)		(929)	
Investments	32	19,193		8,859	
Cash and Bank		776	28,001	1,350	18,292
Less: Current Liabilities					
Creditors and Receipts in Advance	29	(4,565)		(6,212)	
Govt. Grants & Capital Cont. Unapplied	26	(2,350)		(1,906)	
Provision for Liabilities	23	(536)		(197)	
Provision for VAT Liability		-		-	
Temporary Borrowing	31	(2,064)	(9,515)	(2,754)	(11,069)
Total Assets Less Current Liabilities			108,702		99,697
Long Term Liabilities					
Liability related to Pensions Scheme	30		(65,050)		(39,790)
Commuted Sums	15		(179)		(181)
Govt Grants and Capital Cont. deferred	24		(1,932)		(1,351)
Amortised cost of Financial Liabilities	32		(2,550)		(2,586)
Total Assets Less Liabilities			38,991		55,789
Financed by:					
Capital Adjustment Account	17		77,238		76,458
Revaluation Reserve	16		4,551		1,609
Deferred Credits	25		29		34
Usable Capital Receipts Reserve	18		16,082		11,498
Pensions Reserve	30		(65,050)		(39,790)
Collection Fund Adjustment Account	48		(16)		(6)
Earmarked Reserves	20		5,015		4,844
Revenue Fund Balances	22		1,142		1,142
			38,991		55,789

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

	See Note No:	2009/10		2008/09 Restated	
		£'000	£'000	£'000	£'000
<u>REVENUE ACTIVITIES</u>					
Net inflow/(outflow) from operating activities	40		(1,398)		(4,962)
Returns on Invest's & Servicing of Financing					
Cash Outflows:					
Interest Paid		(119)		(75)	
Cash Inflows:					
Interest received		1,468	1,349	1,070	995
<u>CAPITAL ACTIVITIES</u>					
Cash Outflows:					
Purchase of fixed assets		(2,675)		(3,117)	
Long Term Investments				(6,000)	
Other Capital cash payments		(438)		-	
			(3,113)		(9,117)
Cash Inflows:					
Sale of Fixed Assets		6,846		492	
Capital Grants received		1,660		1,477	
Other capital cash income		-	8,506	447	2,416
Net Cash inflow (outflow) before financing	41		5,344		(10,668)
<u>MANAGEMENT OF LIQUID RESOURCES</u>					
Increase (decrease) in liquid resources			(5,193)		8,628
<u>FINANCING</u>					
Cash Outflows:					
Repayment of long-term loans		(13,225)		(3,500)	
Repayment of market loans					
Repayment of short-term (temporary) loans					
Cash Inflows:					
New long-term loans raised				750	
New short-term (temporary) loans raised		12,500		6,225	
Increase/(decrease) in loans			(725)		3,475
Increase/(decrease) in cash			(574)		1,435

Notes to Core Financial Statements

1. **Statement of Movement on the General Fund Balance Note of Reconciling Items**

2009/10 £'000			Restated 2008/09 £'000	
		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		
(423)		Depreciation and impairment of fixed assets	(21,401)	
123		Government grant deferred amortisation	137	
6,064		Net (loss)/profit on sale of fixed assets	(9)	
(1,412)		Write down of revenue expenditure funded from Capital Under Statute.	(1,808)	
511		Write down of expenditure funded from Capital under Statute (Grants Income)	952	
(770)		Amount by which pension costs calculated in accordance with the SORP are different from the contribution due under the pension scheme regulations	(920)	
(15)		Amount by which Council Tax income included in the Income and Expenditure account is different from the amount taken into the General Fund in accordance with regulation.	49	
	4,078			(23,000)
		Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement in the General Fund for the year		
311		Minimum Revenue Provision	240	
141		Capital expenditure in year charged to the General Fund Balance	107	
	452			347
		Transfers to and 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		
171		Net transfer to and from earmarked reserves	931	
	171			931
	4,701	Net additional amount required by statute and non-statute to be debited and credited to the General Fund		(21,722)

Notes to Core Financial Statements

2. **Agency Agreement**

The Council entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2009/10 income collected was £2.139m and expenditure was £1.384m. The surplus of £755,242 is paid to West Sussex County Council.

3. **Partnership Working**

Since July 2007, Worthing Borough Council and Adur District Council have been supplying Joint Services. During 2009/10 the services that have been provided jointly are Household Refuse, Trade Refuse and Recycling Waste Collections, Street Cleansing and a single senior officer structure and the majority of support services. Over the next few years the Councils will provide more of their services jointly with an aim to making efficiencies for both Councils.

	Gross Expenditure 2009/10 £'000	Gross Income 2009/10 £'000	Net Expenditure 2009/10 £'000
EXPENDITURE			
Central Services to the Public	407	-	407
Cultural, Environmental, Regulatory and Planning Services	6,406	(1,457)	4,949
Corporate & Democratic Core	17	-	17
Net Cost of Services	6,830	(1,457)	5,373
Holding Accounts	7,477	-	7,477
NET OPERATING EXPENDITURE	14,307	(1,457)	12,850
Funded by:			
Adur District Council			(5,176)
Worthing Borough Council			(7,674)
DEFICIT/(SURPLUS) FOR YEAR			-

4. **Members' Allowances**

The total amount of allowances paid to Council Members during 2009/10 was £201,061.44 (£197,551 in 2008/09).

5. **Remuneration of Employees**

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

Notes to Core Financial Statements

5. *Remuneration of Employees* (continued)

Remuneration Bands	Number of Employees	
	2009/10	2008/09
£50,000 to £54,999	2	2
£55,000 to £59,999	1	1
£60,000 to £64,999	1	
£70,000 to £74,999*	1	
£100,000 to £104,999*	1	
	6	3
* Includes Redundancy Payment		

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are now employed by Adur District Council on behalf of both Councils as part of a partnership arrangement. Below is an extract from the accounts of the Joint Committee which shows the remuneration of these officers.

Remuneration Bands	Number of Employees	
	2009/10	2008/09
£50,000 to £54,999		
£55,000 to £59,999	-	-
£60,000 to £64,999	-	-
£65,000 to £69,999	-	-
£70,000 to £74,999	9	10
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	2	3
£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	-
	13	14
* This officers remuneration includes redundancy payment of £74,981 as illustrated in the following note		

Notes to Core Financial Statements

5. **Remuneration of Employees** (continued)

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

These emoluments relate to the employment of Senior Officers on behalf of both Adur District Council and Worthing Borough Council.

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

Note 1:

The Executive Head of Service of Recycling and Waste is employed by Adur District Council and provides 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 £94,882 from Worthing Borough Council in 2009/10 for their share of employing this officer. This officer's salary is in this bracket due to the redundancy payment received of £74,981.

There were no other members of staff whose salary was more than £150,000 in 2008/09.

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 £617,217 from Worthing Borough Council in 2009/10 for their share of employing these officers.

There were no bonuses paid to these staff in either 2008/09 or 2009/10.

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

5. Remuneration of Employees (continued)

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 and Name)	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								
2009/10	115,510	98	1,269	116,877	18,713	135,589	67,795	67,795
2008/09	115,510	168	1,865	117,543	18,713	136,255	68,128	68,127
Strategic Director 1								
2009/10	90,813	159	-	90,972	14,712	105,684	52,842	52,842
2008/09	90,813	159	791	91,763	14,712	106,475	53,237	53,238
Strategic Director 2								
2009/10	90,863	120	916	91,899	14,720	106,618	53,309	53,309
2008/09	90,863	168	1,096	92,127	14,720	106,847	53,424	53,423
Strategic Director 3**								
2009/10	16,901	30	204	17,136	2,738	19,874	9,937	9,937
2008/09	90,813	162	717	91,692	14,712	106,404	53,202	53,202
** This post became vacant in the year and was subsequently deleted from the establishment								

NOTES TO THE CORE FINANCIAL STATEMENTS

5. Remuneration of Employees (continued)

Postholder (Title and Name)	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								
2009/10	70,866	95	-	70,961	11,480	82,441	49,464	32,976
2008/09	70,866	162	-	71,028	11,480	82,508	49,305	33,033
Executive Head of Financial Services								
2009/10	70,866	-	-	70,866	11,480	82,346	49,408	32,939
2008/09	70,866	-	-	70,866	11,480	82,346	49,408	32,939
Executive Head of Planning, Regeneration & Wellbeing								
2009/10	70,866	250	517	71,633	11,480	83,113	49,868	33,245
2008/09	70,866	-	438	71,304	11,480	82,784	49,671	33,113
Executive Head of Legal & Democratic Services								
2009/10	70,891	-	60	70,951	11,484	82,435	49,461	32,974
2008/09	70,866	-	170	71,036	11,480	82,516	49,510	33,006
Executive Head of Leisure & Cultural Services								
2009/10	70,891	-	1,401	72,292	11,606	83,899	75,509	8,390
2008/09	70,891	-	985	71,876	11,571	83,447	75,102	8,345

NOTES TO THE CORE FINANCIAL STATEMENTS

5. Remuneration of Employees (continued)

Postholder (Title and Name)	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								
2009/10	70,916	-	1,260	72,176	11,641	83,817	50,290	33,527
2008/09	70,916	-	825	71,741	11,597	83,338	50,003	33,335
Executive Head of Housing, Health and Community Safety								
2009/10	70,955	168	818	71,941	11,495	83,436	50,061	33,374
2008/09	70,916	168	832	71,915	11,488	83,403	50,042	33,361
Executive Head of Adur Homes								
2009/10	70,916	168	96	71,179	11,488	82,668	8,267	74,401
2008/09	70,916	168	340	71,424	11,488	82,912	8,291	74,621
Executive Head of Technical Services								
2009/10	72,269	162	987	73,418	11,591	85,009	51,006	34,004
2008/09	72,706	162	496	73,364	11,558	84,992	50,953	33,969
Executive Head of Waste & Recycling								
* 2009/10	145,872	168	613	146,653	11,484	158,137	94,882	63,255
2008/09	70,891	168	849	71,908	11,484	83,392	50,035	33,357
* 2009/10 includes redundancy payment of £74,981								

Notes to Core Financial Statements

6. Related Party Transactions

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

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in the notes relating to the Cash Flow Statement.

Members of the Council may have direct control over the Council's financial and operating policies. One Officer has declared a related party transaction in 2009/10, which is a Chief Officer acting as treasurer for a local Community Association. The sums involved are not material. One Councillor has declared a related party transaction in 2009/10 which is material with Worthing Dial-a-Ride, which received £36,240 from the Council via Worthing Council for Voluntary Services.

7. Disclosure of Audit Costs

In 2009/10 Worthing Borough Council incurred the following Audit Commission fees relating to external audit and inspection:

2009/10		2008/09
£'000s		£'000s
112	Code of Practice work e.g. accounts, performance review and financial controls	119
9	Inspection - e.g. CPA or scoring of particular services	6
30	Grant Claims	20
8	Adur and Worthing Joint Committee	10
159	TOTAL	155

Notes to Core Financial Statements

8. *Tangible Fixed Assets*

(a) *Operational Assets*

Movements during the year:

	Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra- structure £'000	Community Assets £'000	TOTAL £'000
Cost or Valuation					
At 1 st April 2009	62,472	9,837	2,134	4,946	79,389
Prior Year Adjustment	-	(1,777)	(321)	-	(2,098)
Additions	440	339	411	-	1,190
Disposals	(78)	(185)	-	-	(263)
Reclassifications	(100)	36	9	-	(55)
Revaluations	5,177	-	-	-	5,177
At 31st March 2010	67,911	8,250	2,233	4,946	83,340
Depreciation and Impairments					
At 1 st April 2009	(354)	(4,812)	(634)	-	(5,800)
Prior Year Adjustment	-	1,777	321	-	2,098
Charge for 2009/10	(1,058)	(800)	(66)	-	(1,924)
Disposals	-	178	-	-	178
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
At 31st March 2010	(1,412)	(3,657)	(379)	-	(5,448)
Balance Sheet Amount at 31.03.10	66,499	4,593	1,854	4,946	77,892
Balance Sheet Amount at 31.03.09	62,118	5,025	1,500	4,946	73,589

Notes to Core Financial Statements

8. **Tangible Fixed Assets** (continued)

(b) **Non-operational Assets – Movements During the Year**

	Investment Properties £'000	Assets Under Construction £'000	Surplus Assets held for Disposal or Develop- ment £'000	TOTAL £'000
Cost or Valuation				
At 1 st April, 2009:	7,415	177	4,888	12,480
Prior Year Adjustment	-	-	(6)	(6)
Additions	37	1,200	-	1,237
Disposals	-	-	(915)	(915)
Reclassifications	373	(49)	(269)	55
Revaluations	(301)	-	(361)	(662)
At 31 st March 2010	7,524	1,328	3,337	12,189
Depreciation and Impairments				
At 1 st April, 2009:	-	-	(10)	(10)
Prior year adjustment	-	-	6	6
Charge for 2009/10	-	-	(4)	(4)
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	8	8
At 31 st March, 2010	-	-	-	-
Balance Sheet Amount at 31st March, 2010	7,524	1,328	3,337	12,189
Balance Sheet Amount at 31st March, 2009	7,415	177	4,878	12,469

(c) **Land and Buildings**

This category includes all the operational land and buildings owned by the Authority.

(d) **Community Assets**

This category relates primarily to Parks and Open Spaces valued at an historic cost of £4.9m.

Notes to Core Financial Statements

8. **Tangible Fixed Assets** (continued)

(e) **Non-operational Assets**

This category includes properties and sites owned by the Authority, which are not directly occupied, used or consumed in the delivery of services, or for the strategic objectives of the Authority. The components at 31st March, 2010 were:

	£'000
Investment Properties:	
Car Parks	113
Industrial Sites	2,728
Pavilions and Other Recreational Premises	1,976
Properties and Developments	2,707
	7,524
Assets under Construction:	1,328
Surplus Assets held for disposal:	3,337
	12,189

Further asset revaluations are anticipated in 2010/11 to reflect a rolling programme of revaluation in accordance with CIPFA guidelines.

(f) **Capital Expenditure and Financing**

The table below shows total capital expenditure and how it was financed including an explanation of how the Council's Capital Financing Requirement has changed over the year.

	2009/10 £'000	2008/09 £'000
Opening Requirement as at 1st April	6,772	5,637
Capital Investment		
Intangible Assets	4	32
Operational Assets	1,190	2,915
Non-Operational Assets	1,237	123
Revenue Expenditure funded from Capital Under Statute	1,412	1,808
	3,843	4,878
Sources of Finance		
Capital Receipts	(2,486)	(2,258)
Government Grants and Other Contributions	(1,216)	(1,138)
Revenue Provision (direct and from reserves)	(451)	(347)
	(4,153)	(3,743)
Closing Requirement as at 31st March	6,462	6,772

Notes to Core Financial Statements

8. **Tangible Fixed Assets** (continued)

(f) **Capital Expenditure and Financing** (continued)

Explanation of movements in year:

	2009/10 £'000	2008/09 £'000
Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance).	(310)	1,135
Total	(310)	1,135

TOTAL ASSETS AND FINANCING	2009/10 £'000	2008/09 £'000
Balance as at 31st March:		
Fixed Assets	90,082	86,059
Intangible Assets	96	125
Capital Adjustment Account	(77,238)	(76,458)
Revaluation Reserve	(4,550)	(1,609)
Government Grants Deferred	(1,932)	(1,351)
Long Term Debtors	4	6
Capital Financing Requirement as at 31st March	6,462	6,772

(g) **Impairment Review**

As required under capital accounting regulations, the Council completed an Impairment Review of all its assets at 31st March, 2010 to ensure that fixed assets held are recorded at no more than their recoverable amount. The Council incurred total impairment of £942,808 of which £245,799 was written down to the Revaluation Reserve and £697,009 was charged to the Income and Expenditure Account. The majority of the impairment (£467,157) resulted from a general decrease in the value of the Council's investment properties. Impairment also resulted from structural deterioration to the Grafton service road (£340,000) and an arson attack to the Bowl Inn Restaurant at Beach House Park resulting in a total loss of the Council's asset (£120,672) and enhancements to assets (£14,979) which did not increase the overall value of the assets, although the services provided by the assets were significantly improved.

Notes to Core Financial Statements

9. *Commitments Under Capital Contracts*

Contracts for current and future capital expenditure, which were entered into by 31st March, 2010, include the following significant commitments:

	£'000
Affordable Housing:	
Emmanuel Church Development (Investment expected October 2010)	308
Community Development:	
Maybridge Community Centre Extension (Investment April to July 2010)	237
Information and Communication Technology:	
Financial Information System	88
Integrated Human Resources System (Investment April 2010 to April 2011)	94
Theatres:	
New Box Office System (Investment April to August 2010)	58

N.B. These figures do not necessarily represent the total cost of the scheme.

In addition, the Council has firm plans for the following significant capital schemes, where contacts are expected to be entered into by 31st March, 2010:

	£'000
Affordable Housing:	
Salvington Road Development (Investment expected October, 2010)	150
St. Barnabas Development (Investment expected 2010/11 and 2011/12)	674
Connaught Theatre	
Installation of a Digital Cinema Projector (Investment expected April – July 2010)	89
Grafton MSCP Deck:	
Structural Works to Service Road (Investment expected 2010/11)	342
Information and Communication Technology:	225
(Investment expected 2010/11)	
New Swimming Pool:	16,600
(Investment expected 2010/11 – 2013/2014)	
Pavilion Theatre:	
Renewal of Roof Covering (Investment expected 2010/2011)	550
Play Areas:	
Improvements to Various Play Areas (Investment expected 2010/11)	274
Regeneration:	
Splash Point Area (Investment expected 2010/11)	456
Street Cleansing:	
Replacement of 5 vehicles (Investment expected 2010/11)	195

Notes to Core Financial Statements

10. *Revenue Expenditure Funded from Capital Under Statute*

Movements during the year were:

	2009/10 Expenditure £'000	2009/10 Write-down to revenue £'000
Affordable Housing	226	226
Chapel Road Safety Scheme	14	14
Commerce Way Improvements	18	18
Coast Protection	17	17
Housing Renewal Grants	1,082	1,082
Regeneration Grants	35	35
WSCC Transport Schemes	20	20
	1,412	1,412

11. *Fixed Assets Held By The Council At 31st March, 2010*

TYPE OF ASSET	NUMBER
OPERATIONAL:	
<i>Land and Buildings</i>	
Admin. Buildings	9
Car Parks	13
Community Centres/Premises	16
Crematorium and Cemeteries	3
Entertainment Venues	5
Historic Buildings - Museum	1
Misc. Properties	6
Public Conveniences	32
Shelters	13
Sports Buildings	15
	113
<i>Community Assets</i>	
Civic Regalia	6
Parks, Open Spaces and Recreation Grounds	79
	85
<i>Vehicles, Plant, Furniture and Equipment</i>	
Equipment	87
Furniture	2
Vehicles	51
	140

Notes to Core Financial Statements

11. *Fixed Assets Held By The Council At 31st March, 2010* (continued)

TYPE OF ASSET	NUMBER
NON-OPERATIONAL:	
Beach Shelters/Sites	447
Car Parks	4
Industrial Sites	38
Pavilions and Other Recreational Premises/Grounds	28
Properties and Developments	44
	561

12. *Leasing*

Various vehicles, plant and office equipment are held on operating leases. Rentals paid in 2009/10 were £11,620.

The Council was committed at 31st March, 2010 to making payments of £87,644 under operating leases for vehicles, plant and equipment in 2010/11 and beyond comprising the following:

	Commitments Outstanding at 31-Mar-10	Commitments Outstanding at 31-Mar-09
	£'000s	£'000s
Leases expiring in 2009/10	0.0	6.9
Leases expiring in 2010/11	73.7	73.7
Leases expiring between 2011/12 and 2014/15	13.9	13.9
Leases expiring after 2014/15	0.0	0.0
	87.6	94.5

13. *Intangible Assets*

Movements during the year:

	Purchased Software Licences £'000
Cost or Valuation	
At 1 st April, 2009	173
Prior year adjustment	(32)
Additions	4
Disposals	-
Reclassifications	-
Revaluations	-
At 31st March, 2010	145

Notes to Core Financial Statements

13. *Intangible Assets* (continued)

	Purchased Software Licences £'000
Cost or Valuation at 31st March, 2010 brought forward	145
Depreciation and Impairments	
At 1 st April, 2009	(48)
Prior year adjustment	32
Charge for 2008/09	(33)
Disposals	-
Reclassifications	-
Revaluations	-
At 31st March, 2010	(49)
BALANCE SHEET AMOUNT AT 31ST MARCH, 2010	96
BALANCE SHEET AMOUNT AT 31ST MARCH, 2009	125

Software licences are held for software applications used by the Council and are written off over the life of the licences.

14. *Valuations of Fixed Assets*

The following statement shows the effect of the Council's rolling programme for the revaluation of fixed assets. The land and buildings valuations are carried out by Stephen Coe F.R.I.C.S., the Council's Estates Manager. The basis for valuation is set out in the statement of accounting policies.

	Land and Buildings (includes infrastructure assets, assets held for disposal and assets under construction) £'000	Vehicles, Plant, etc. (includes assets under construction) £'000	Investment Properties £'000	TOTAL £'000
Valued at historical cost	7,870	4,853	-	12,723
Valued in:				
Current year	15,065	-	1,168	16,233
2008/2009	9,116	-	1,914	11,030
2007/2008	176	-	2,771	2,947
2006/2007	45,441	-	1,351	46,792
2005/2006	37	-	320	357
TOTAL	77,705	4,853	7,524	90,082

Notes to Core Financial Statements

15. **Committed Sums**

	Balance at 31.03.09 £'000	Increases £'000	Utilised £'000	Balance at 31.03.10 £'000
Open Spaces	181	-	(2)	179
Total Committed Sums	181	-	(2)	179

Committed sums are funds paid to the Council by developers to cover the future maintenance costs of areas adopted by the Council. The receipts generate interest which is mainly used to maintain the land.

16. **Revaluation Reserve**

	£'000
Opening Balance at 01.04.09	1,609
Revaluations	3,231
Depreciation	(43)
Impairment relative to price decreases	(246)
Disposals	-
Closing Balance at 31.03.10	4,551

Capital accounting regulations require the establishment of this account to represent the accumulated gains on the fixed assets held by the Council arising from increases in value, as a result of inflation or other factors. The account is written down by depreciation charges on assets incurred because the asset has been revalued and by revaluation gains when assets are sold.

17. **Capital Adjustment Account**

The Capital Adjustment Account is an account required under capital accounting regulations and reflects the difference between the cost of fixed assets consumed and the capital financing assets set aside to pay for them. It is written down by capital expenditure which does not result in the creation of a fixed asset and the depreciated historical cost of assets when sold.

Notes to Core Financial Statements

17. **Capital Adjustment Account** (continued)

	£'000	£'000
Opening Balance 01.04.09.		76,458
Less: Depreciation and impairment losses		(423)
		76,035
Plus: 2009/10 expenditure financed from capital receipts	2,486	
2009/10 expenditure financed from revenue account	141	
2009/10 revenue expenditure financed from Capital under Statute (grants income)	511	
2009/10 Government Grant amortisation	123	
2009/10 transfer of depreciation from revaluation reserve	43	
2009/10 minimum revenue provision	311	3,615
Less: Write down of revenue expenditure funded from capital under statute		(1,412)
Write down of long-term debtors		(1)
Disposals of Fixed Assets		(999)
Balance carried forward at 31.03.10		77,238

18. **Usable Capital Receipts Reserve**

Usable Capital Receipts are available for financing new capital expenditure and, until applied for that purpose, are retained in this reserve.

Movements in the year were as overleaf:

	£'000	£'000
Balance at 01.04.2009		11,498
Add: New receipts in year:		
Fixed asset sales	6,926	
LSVT receipts	137	
Repayments of advances	7	
Repayments of grants	-	7,070
Amount utilised to finance capital expenditure		(2,486)
Balance at 31.03.2009		16,082
To be utilised as follows:		
General Capital Financing		2,864
Ring fenced for future "Leisure Provision"		9,410
Ring fenced for Affordable Housing (RTB Clawback Receipts)		3,804
Ring fenced for Housing Renewal Grants		4
		16,082

Notes to Core Financial Statements

19. Note on Movement on Capital Reserves

	Revaluation Reserve £'000	Capital Adjust-ment A/c £'000	Government Grants Deferred £'000	Usable Capital Receipts £'000	Government Grants Unapplied £'000
Balance as at 1st April, 2009	1,609	76,458	1,351	11,498	1,906
Transfers to Revenue Accounts					
General Fund depreciation	(43)	(1,917)	-	-	-
Impairment	(246)	(697)	-	-	-
Funding of Revenue Expenditure	-	-	-	-	(3)
Capital Grants and Contributions	-	511	-	-	1,663
Grants applied	-	123	(123)	-	(705)
Capital Receipts received	-	-	-	7,070	-
Upward Revaluation of Fixed Assets	3,228	-	-	-	-
Reversal of impairment due to price increases	3	2,234	-	-	-
Write down of long term debtors	-	(1)	-	-	-
Minimum revenue provision	-	311	-	-	-
Write down of revenue expenditure funded from capital under statute	-	(1,412)	-	-	(511)
Disposal of Assets	-	(999)	-	-	-
Financing of Capital Programme					
Use of Capital Receipts	-	2,486	-	(2,486)	-
Use of Capital Grants and Contributions	-	-	704	-	-
Revenue Contributions and Reserves	-	141	-	-	-
BALANCE AS AT 31.03.10	4,551	77,238	1,932	16,082	2,350

Notes to Core Financial Statements

20. *Note on Movement on Revenue Reserves*

Movements during the year were as below:

Earmarked Revenue Reserves	Opening Balance 2009/10	Decrease	Increase	Closing Balance 2009/10
	£'000	£'000	£'000	£'000
Capacity Issues Fund	1,946	(611)	1,449	2,784
Community Initiatives	10	-	-	10
Cremator Abatement	238	-	71	309
Crematorium Improvement	-	(51)	51	-
Insurance	299	(53)	-	246
Joint Health Promotion	44	-	-	44
Leisure Lottery & Other	-	-	-	-
Partnerships	133	(32)	-	101
Leisure Options	292	-	-	292
Museum Reserve	110	-	-	110
Pensions Contributions	400	(225)	-	175
Planning Delivery Grant	261	(42)	29	248
Special & Other Emergency Expenditure	729	(664)	250	315
VAT Partial Exemption	247	-	-	247
Vehicle Repairs and Renewal	61	-	-	61
	4,770	(1,678)	1,850	4,942
Capital Expenditure Reserve	73	-	-	73
TOTALS	4,843	(1,678)	1,850	5,015

21. *Reserves*

- (i) The capacity issues reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise in future years.
- (ii) The Community Initiatives Reserve provides funding for partnership initiatives in support of community engagement.
- (iii) The Cremator Abatement Reserve and Crematorium Improvement Reserve were established in November 2005 and consist of funds set aside from increases in fees and charges. They are designed to provide funds towards the cost of mercury emission abatement measures and crematorium infrastructure improvements respectively.
- (iv) The Insurance Reserve was established in 1993/94 to develop risk management, fund minor self-insurance and to achieve longer term revenue savings.
- (v) The Joint Health Promotion Reserve was established in 2005 with funding received from the local teaching Primary Care Trust for health promotion projects.

Notes to Core Financial Statements

21. Reserves (continued)

- (vi) The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.
- (vii) The Leisure Options Reserve has been established using the interest earned from the proceeds of the disposal of certain assets being sold to generate funds to re-provide swimming facilities and refurbishing the Leisure Centre. The reserve will be used for one-off initiatives or pump-priming projects in line with the Council's Corporate Plan priorities.
- (viii) The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.
- (ix) The Pension Contributions Reserve was established in 1997/98 to provide funding for the inevitable increases in the Council's contributions to the West Sussex Local Government Pension Fund beginning in 1999/2000 following the Government's withdrawal of Advance Tax Credits.
- (x) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (xi) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xii) The VAT Partial Exemption Reserve was originally set up in 2000 to meet any additional costs associated with the transfer of the Council's Housing Stock. The purpose of the fund was revised in 2002 and surplus funds redistributed to other reserves leaving a balance of £247,000 to meet potential VAT liabilities.
- (xiii) The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur Worthing Council Services Fleet.
- (xiv) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

22. Revenue Fund Balances

Movements on each fund during the year reflect the surplus or deficit arising from Council operations and were as overleaf:-

Notes to Core Financial Statements

22. Revenue Fund Balances (continued)

	Balance at 31.03.09 £'000	Increase £'000	Decrease £'000	Balance at 31.03.10 £'000
General Fund	1,142	-	-	1,142

The General Fund balances are held for general contingencies and cash flow management.

23. Provisions

Provisions at 31st March 2010	Balance at 31st March 2010	Balance at 31st March 2009
	£'000	£'000
Development Control - Land Searches	16	-
Car Parks - Disputed Income	124	-
Concessionary Fares	397	197
TOTALS	537	197

24. Government Grants (and Capital Contributions) - Deferred

Movements during the year were:

	Balance at 31.03.09 £'000	Increases £'000	Written off £'000	Balance at 31.03.10 £'000
Coast Protection (DEFRA)	18	-	(1)	17
I.T.(DCLG/DCA)	296	5	(71)	230
Other	145	50	(14)	181
Government Grants	459	55	(86)	428
Asset & Environmental Improvem'ts	892	649	(37)	1,504
Capital Contributions	892	649	(37)	1,504
Total Government Grants Deferred	1,351	704	(123)	1,932

25. Deferred Credits

These are amounts due from mortgage advances granted under the sales of council houses legislation, repayable over a number of years.

Notes to Core Financial Statements

26. **Government Grants Unapplied and Capital Contributions**

Movements during the year were:

	Balance at 31.03.09 £'000	Received in Year £'000	Transferred to Government Grants Deferred £'000	Revenue Expenditure Funded from Capital Under Statute £'000	Revenue Expenditure £'000	Balance at 31.03.10 £'000
Government Grants and Other Contributions	319	1,404	(572)	(477)	-	674
Section 106 Contributions	1,587	259	(133)	(34)	(3)	1,676
	1,906	1,663	(705)	(511)	(3)	2,350

27. **Trust Funds**

The Council acts as trustee for the Highdown Tower Gardens (registered charity number 305445). The charity's funds totalling £27,700 have not been consolidated in the accounts of the Council. The capital sums are invested by the Council on behalf of the Trustees and all interest earned is used to make improvements to the gardens.

28. **Long Term Investments**

All investments held at 31st March 2010 had maturity dates within 12 months of the balance sheet date and have, therefore, been shown in the balance sheet as current assets. There were no long term investments.

29. **Debtors and Creditors**

Amounts falling due within one year:

Debtors

	31.03.10 £'000s	31.03.09 Restated £000's
Government Departments	2,943	2,571
Council Tax and Preceptors	1,116	970
Sundry Debtors and Prepayments	3,807	4,400
	7,866	7,941

Notes to Core Financial Statements

29. **Debtors and Creditors** (continued)

Debtors (continued)

Debtors are shown net of the following allowances for doubtful debts.

	31.03.10 £'000s	Restated 31.03.09 £000's
NNDR Payers and Council Tax Payers	177	163
Housing Benefit Overpayments	636	711
Sundry Debtors	86	55
	899	929

Creditors

	31.03.10 £'000s	31.03.09 £000's
Government Departments	153	162
Sundry Creditors	4,412	6,050
	4,565	6,212

30. **Retirement Benefits**

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

The Council participates in the Local Government Pension Scheme, administered by West Sussex County Council – this is a funded defined benefit final salary scheme, meaning that this Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The accounts 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 made against the 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 .

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

Notes to Core Financial Statements

30. Retirement Benefits (continued)

Income and Expenditure Account	2009/10 £'000	2008/09 £'000
Net Cost of Services:		
- current service cost	(810)	(1,170)
- past service costs	-	(700)
- curtailments and settlements	(70)	(380)
Net Operating Expenditure:		
- Interest cost	(5,780)	(5,990)
- Expected return on assets in the scheme	2,880	4,130
NET CHARGE TO THE INCOME AND EXPENDITURE	(3,780)	(4,110)

	2009/10 £'000	2008/09 £'000
Statement of Movement in the General Fund Balance		
- Reversal of net charges made for retirement benefits in accordance with FRS17	3,780	4,110
Actual amount charged against the General Fund Balance for pensions in the year	(2,680)	(2,880)
- employers' contributions payable to scheme		(310)
- contributions in respect of unfunded benefits	(330)	
NET MOVEMENT	770	920

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains(+) and losses(-) of -£24.49m (-£9.45m 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total recognised Gains and Losses is a loss of £32.820m.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities Year Ended 31 st March	2009/10 £'000	2008/09 £'000
1st April	85,390	87,540
Current Service Cost	810	1,170
Interest Cost	5,780	5,990
Contributions by Members	420	530
Actuarial Losses/(Gains)	39,770	(6,710)
Past Service Costs/(Gains)	-	700
Losses/(Gains) on Curtailments	70	380
Estimated Unfunded Benefits Paid	(330)	(310)
Estimated Benefits Paid	(4,390)	(3,900)
31st March	127,520	85,390

Notes to Core Financial Statements

30. Retirement Benefits (continued)

Reconciliation of fair value of the scheme assets Year Ended 31 st March	2009/10 £'000	2008/09 £'000
1st April	45,600	58,120
Expected return on assets	2,880	4,130
Contributions by Members	420	530
Contributions by the Employer	2,680	2,880
Contributions in respect of Unfunded Benefits	330	310
Actuarial Gains/(Losses)	15,280	(16,160)
Unfunded Benefits Paid	(330)	(310)
Benefits Paid	(4,390)	(3,900)
31st March	62,470	45,600

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Investment Returns

The return on the Fund in market value terms for the year to 31st March 2010 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary. Details are given below:

Actual return for period from 1 st April, 2009 to 31 st December, 2009	31.3%
Estimated return for period from 1 st April 2009 to 31 st March 2010	40.4%

Scheme History	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
Present value of scheme liabilities	(97,810)	(95,030)	(87,540)	(85,390)	(127,520)
Fair value of scheme assets	58,500	61,530	58,120	45,600	62,470
Surplus/(deficit) in the scheme	(39,310)	(33,500)	(29,420)	(39,790)	(65,050)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The liability of £65.05m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of £38.991m.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31st March 2011 is £2.65m.

Notes to Core Financial Statements

30. **Retirement Benefits** (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Scheme liabilities have been assessed by Hyman Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1st April, 2009.

The principal assumptions used by the actuary have been:

	2009/10	2008/09
Long-term expected rate of return on assets in the scheme:		
Equity Investments (%)	7.8	7.0
Bonds (%)	5.0	5.4
Property (%)	5.8	4.9
Other (%)	4.8	4.0
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	22.7	21.5
Women	26.1	24.4
Longevity at 65 for future pensioners:		
Men	24.8	22.6
Women	28.3	25.5
Rate of inflation (%)	3.8	3.1
Rate of increase in salaries (%)	5.3	4.6
Rate of increase in pensions (%)	3.8	3.1
Rate for discounting scheme liabilities (%)	5.5	6.9
Take up of option to convert annual pension into retirement lump sum (%)	50.0	50.0

The Scheme's assets consist of the following categories, by proportion of the total assets held:

	2009/10	2008/09
	%	%
Equity Investments	76	70
Bonds	15	19
Other Assets	9	11
	100	100

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2010.

Notes to Core Financial Statements

30. *Retirement Benefits* (continued)

	2009/10		2008/09		2007/08		2006/07		2005/06	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on assets	15,280	4.2	(16,160)	(35.4)	(7,200)	(12.4)	(1,150)	(1.9)	8,170	14.0
Experience gains/ (losses) on Liabilities	-	-	(60)	0.1	(2,950)	3.4	10	-	-	-

31. *Temporary Borrowing*

The movement in temporary borrowing in 2009/10 is summarised as follows:

	At 31.03.09 £'000	New/ Additions £'000	Repaid £'000	At 31.03.10 £'000
Temporary Borrowing: (term 3-12 months)	2,754	12,536	13,226	2,064
	2,754	12,536	13,226	2,064

The balance of £2.064m at 31st March, 2010 includes £36,191.46 of accrued interest relating to long-term PWLB borrowing which falls due within 12 months of the balance sheet date. Under the 2009 SORP, this element is required to be classified as current borrowing.

The balance at 31st March also includes an amount of £27,700 held by the Council in its capacity as trustee for the Highdown Towers Gardens Charity – note 27 refers. The remainder comprises 1 loan of £2m borrowed from another local authority and repaid in full on 1st April 2010.

Notes to Core Financial Statements

32. *Financial Instruments*

The borrowings and investments disclosed in the balance sheet are shown at amortised cost comprising principal and accrued interest outstanding at 31st March, 2010 less payments in year. The proportion of interest relating to long term assets and liabilities maturing within 12 months of the balance sheet date is treated as current as required by the 2009 SORP.

	Long Term		Current		Total	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost	(2,550)	(2,585)	(2,064)	(2,754)	(4,614)	(5,339)
Total Liabilities	(2,550)	(2,585)	(2,064)	(2,754)	(4,614)	(5,339)
Loans and Receivables - Investments		6,224	19,193	8,859	19,193	15,083
Total Assets	-	6,224	19,193	8,859	19,193	15,083
NET TOTAL ASSETS / (LIABILITIES)	(2,550)	3,639	17,129	6,105	14,579	9,744

Long term borrowing of £2.550m at 31st March, 2010 comprises two loans from the Public Works Loans Board. The first of these was transacted on 24th January, 2009 for £1.8m at a fixed rate of interest of 4.40% until maturity on 1st July, 2013. The second PWLB loan was transacted on 7th October 2008 for £750k at a fixed rate of 4.36% until maturity on 1st October, 2014. The composition of current borrowing at 31st March, 2010 is described in Note 31 above.

Total investments at 31 March 2010 relate to cash deposits of between £1m-£2m placed with 10 approved counterparties at fixed rates of interest between 0.41%-6.31%.

At 31st March, 2010, all investments had maturity dates within 12 months of the balance sheet date, and consisted of fixed term deposits. There were no long term investments. The composition of borrowing and investments by financial institution is shown in the table overleaf.

Notes to Core Financial Statements

32. *Financial Instruments* (continued)

	Long Term		Current		TOTAL	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:						
Long Term						
Public Works Loan Board	(2,550)	(2,585)	(36)	(726)	(2,586)	(3,311)
Public Works Loan Board	(2,550)	(2,585)	(36)	(726)	(2,586)	(3,311)
Short Term						
Highdown Trust	-	-	(28)	(28)	(28)	(28)
Edinburgh City Council	-	-	(2,000)	(2,000)	(2,000)	(2,000)
Temporary Borrowings	-	-	(2,028)	(2,028)	(2,028)	(2,028)
TOTAL BORROWING	(2,550)	(2,585)	(2,064)	(2,754)	(4,614)	(5,339)
INVESTMENTS						
Barclays Bank Plc	-	3,136	3,316	-	3,316	3,136
Depfa Bank Plc	-	3,088	3,265	-	3,265	3,088
Bank of Scotland	-	-	3,030	2,048	3,030	2,048
Co-operative Bank Plc	-	-	3,000	1,007	3,000	1,007
Coventry Building Society	-	-	-	1,025	-	1,025
Lloyds TSB Bank Plc	-	-	1,010	-	1,010	-
Nationwide Building Society	-	-	2,010	1,030	2,010	1,030
Royal Bank of Scotland	-	-	1,005	2,529	1,005	2,529
Santander Bank	-	-	1,507	1,038	1,507	1,038
High Peak District Council	-	-	1,000	-	1,000	-
Adur District Council	-	-	50	-	50	-
Cash Deposit	-	-	-	182	-	182
TOTAL INVESTMENTS	-	6,224	19,193	8,859	19,193	15,083
NET TOTAL INVESTMENTS/ (LIABILITIES)	(2,550)	3,639	17,129	6,105	14,579	9,744

33. *Amounts charged to the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses*

The Income and Expenditure Account includes gains and losses comprising interest receivable from investments, and interest payable on external borrowing respectively. It also includes a charge for impairment losses recognising increased provisions for losses on trade debtors calculated in accordance with accounting policies.

The total gains and losses charged to the Income and Expenditure Account in relation to financial instruments, and reflected in the deficit for the year recorded in the Statement of Total Recognised Gains and Losses, is summarised overleaf:

Notes to Core Financial Statements

33. *Amounts charged to the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses* (continued)

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(119)	(97)	-	-	(119)	(97)
Impairment Losses	-	-	-	-	-	-
Interest Payable and Similar Charges	(119)	(97)	-	-	(119)	(97)
Interest Income	-	-	693	746	693	746
Increase in Impairment	-	-	(37)	-	(37)	-
Interest Receivable and Similar Income	-	-	656	746	656	746
Net Gain/(Loss) in Year	(119)	(97)	656	746	537	649

34. *Fair Value of Assets and Liabilities carried at Amortised Cost*

Financial Liabilities and Financial Assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31st March 2010		31st March 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	19,193	19,193	15,083	15,558
Trade Receivables	4,623	4,623	5,911	5,911
Loans and Receivables	23,816	23,816	20,994	21,469

Notes to Core Financial Statements

34. *Fair Value of Assets and Liabilities carried at Amortised Cost* (continued)

Loans and Receivables

The fair values of investments as at 31 March 2010 reflect short-term investments maturing within 12 months of the balance sheet date and have been measured as the carrying amount. This is because the investments are of fixed rate of interest and unimpaired, so that there is deemed to be no appreciable difference between the carrying amount and fair value at 31st March, 2010.

The fair value of other receivables and advances have been disclosed at the invoiced or actual amount on initial recognition.

Financial Liabilities

The fair value for borrowing as at 31 March 2010 is higher than the carrying amount since it includes an adjustment for the PWLB premature repayment set of rates in force at that date, which were lower than the actual rate of borrowing, and would result in a premium payable had the loan been redeemed at the balance sheet date.

There is no difference between the carrying amount and fair values for trade and other payables as the values are disclosed at the billed or actual amount on initial recognition.

	31st March 2010		31st March 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Long Term Borrowing (PWLB)	(2,550)	(2,801)	(3,275)	(3,498)
Current Loans Borrowing	(2,036)	(2,036)	(2,036)	(2,036)
Highdown Trust Funds	(28)	(28)	(28)	(28)
Total Borrowing	(4,614)	(4,865)	(5,339)	(5,562)
Trade and Other Payables	(4,412)	(4,412)	(6,212)	(6,212)
	(9,026)	(9,277)	(11,551)	(11,774)

35. *Nature and extent of risk arising from Financial Instruments*

The Council's treasury management activities expose it to a variety of financial risks, being:

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

Notes to Core Financial Statements

35. **Nature and extent of risk arising from Financial Instruments** (continued)

The Council's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by designated officers in the central finance function in accordance with prescribed Treasury Management Practices (TMPs), and under policies contained in the Annual Treasury Management Strategy and Annual Investment Strategy Report approved at the start of the financial year.

Both the Report and the TMPs follow best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) via the Code of Practice for Treasury Management in the Public Services. Accordingly, the Council provides written guidance for managing interest rate risk, credit risk and the investment of surplus cash.

36. **Credit Risk**

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they satisfy the minimum independent credit ratings specified within the treasury management policy. For 2009/10 the minimum requirements were :

	RATING AGENCY	
	Fitch or Standard and Poors	Moody's
Long Term Investments		
More than 1 yr less than 2 yrs	AA-	Aa3
More than 2 yrs less than 5 yrs	AA	Aa2
Short Term Investments		
Fixed Cash Deposits	F1/A1	P1
Money Market Funds	F1/A1	P1
Council's own Bank	F1	P2

The Council has a policy of not lending more than £5m or 50% of total funds with any one financial institution for long term investments. For short term investments the lending limit is £3m for all institutions except the council's own banker, which has a total limit of 25% of total funds. Average total investments for 2009/10 was £19.81m, of which £8.62m was long term investments between one and two years duration.

Customers are not assessed for credit-worthiness, financial position or past experience unless in connection with tendering for service contracts. However, the Council operates an active debt recovery process to ensure the collection of all sums due to the council, and the targeting of particular customers who may require assistance by way of extended terms for repayment of debt.

Notes to Core Financial Statements

36. **Credit Risk** (continued)

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Credit Risk Exposure	Carrying amount at 31.03.10 £000's	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions at 31.03.10 %	Estimated Maximum Exposure to Default and Uncollectability £000's
Deposits with banks and financial institutions	19,193	-	0.5	96
Customers	4,623	1.05	2.49	115
	23,816			211

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits or the Association of District Councils Debenture.

The authority does not generally allow credit for customers, such that £2.1m of the balance of £4.6m outstanding at 31st March, 2010 is past its due date for payment. The past due amount is analysed by age as follows:

	£'000
Less than 3 months	1,600
Three to six months	200
Six months to one year	180
More than one year	130
PAST DUE AMOUNT OUTSTANDING AT 31 MARCH 2010	2,110

37. **Liquidity Risk**

The Council operates a daylight exposure limit of £500k with its banker to provide immediate overdraft facilities up to this limit should there be a temporary need to borrow. But as the Council also has ready access to borrowings from the Public Works Loan Board and the money markets, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead the risk is that the Council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable (i.e. increasing) interest rates. To offset this risk, the Council retains flexibility within its Prudential Limits for borrowing to redeem up to 100% of the value of outstanding debt in any year should opportunities arise to reschedule or redeem debt early. This may be the case in times of rising interest rates when discounts are available on early redemption of debt, and the cost of borrowing exceeds the interest receivable from investment of surplus funds.

Notes to Core Financial Statements

37. **Liquidity Risk** (continued)

In any event, the Council obtains independent external advice from professional treasury management consultants for the purposes of borrowing and debt rescheduling. The maturity analysis of financial liabilities comprising external borrowing at 31 March 2010 is:

	31-Mar-10	31-Mar-09
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	2,064	2,789
	2,064	2,789
Maturing in 1-2 years		-
Maturing in 2-5 years	2,550	1,800
Maturing in 5-10 years	-	750
Maturing in more than 10 years	-	-
TOTAL	4,614	5,339

(All trade and other payables are due to be paid in less than one year)

38. **Market Risk**

(i) **Interest Rates Risk**

The treasury management function includes an active strategy for assessing interest rate exposure that feeds into the Medium Term Financial Plan and the setting of the annual budget. Estimates of interest payable and receivable are updated during the year as an integral part of budget monitoring and financial planning. This allows adverse changes to be identified at various times and accommodated within the budget. The analysis also considers whether new borrowing to be taken out is at fixed or variable rates of interest.

According to this assessment strategy, at 31 March 2010, if the rate of interest on variable rate investments of £1.7m had been 1% higher with all other variable held constant, the financial effect would have been.

Interest Rate Risk	£000's
Increase in interest payable on variable rate borrowing	-
Increase in interest receivable on variable rate investments	17
Impact on Income and Expenditure Account	17

There was no variable rate borrowing in the year. The impact of a 1% fall in interest rates would be the same as above but with the movements being reversed.

(ii) **Price Risk**

The Council has no investments in equity shares and thus is not exposed to losses arising from movements in share prices.

Notes to Core Financial Statements

38. **Market Risk** (continued)

(iii) **Foreign Exchange Risk**

The Council has no financial assets or liabilities in foreign currencies and, therefore, has no exposure to loss arising from movements in the exchange rates.

39. **Trading Accounts**

A summary of trading results is shown below. Trade refuse was previously included in net cost of services under Cultural, Environmental, Regulatory and Planning Services.

	2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure	2008/09 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	804	(942)	(138)	(32)
Property Management	482	(763)	(281)	1,063
	1,286	(1,705)	(419)	1,031

40. **Reconciliation of Revenue Activities Net Cash Flow to the Surplus/Deficit on the Income and Expenditure Account**

	2009/10		2008/09 Restated	
	£'000		£'000	
SURPLUS/(DEFICIT) FOR THE YEAR				
Income and Expenditure Account		4,701		(21,720)
NON-CASHFLOW TRANSACTIONS				
Grants funding revenue expenditure funded from Capital under statute amortised/written off during year	(511)		(952)	
Depreciation and impairment of Fixed Assets	380		21,394	
Deferred capital grants written off during year	(123)		(137)	
Net charges from retirement benefit	770		920	
Other Capital Adjustments	-		(9)	
Increase in Provisions	339		-	
		855		21,216
ITEMS CLASSIFIED ELSEWHERE IN THE CASH FLOW STATEMENT				
Add: Interest received	(1,528)		(1,691)	
Less: Interest paid	119		97	
		(1,409)		(1,594)
GAIN ON DISPOSSAL OF FIXED ASSETS		(5,927)		-
ITEMS ACCRUED		380		(2,864)
REVENUE ACTIVITIES NET CASH FLOW		(1,400)		(4,962)

Notes to Core Financial Statements

41. *Reconciliation of the movement in cash to net debt*

	2009/10 in Year	2008/09 in Year
	£'000	£'000
Increase/(Decrease) in cash in year	(572)	1,440
Cash inflow from management of liquid resources	5,193	(9,250)
Cash inflow from:		
New loans raised	(12,500)	(6,975)
Cash outflow from:		
Loans repaid	13,225	3,500
TOTAL CASH BALANCES	5,346	(11,285)

42. *Reconciliation of the Movement of Liquid Resources and Financing to the Balance Sheet*

	2009/10 £'000	2008/09 £'000
Balances at beginning of year:	8,859	18,093
Short-term investments		
Investments made	121,630	105,740
Investments realised	(117,580)	(114,990)
Adjustment for amortisation	61	16
Reclassification of Long Term Investments	6,223	-
Balances at end of the year:	19,193	8,859

43. *Liquid Resources*

The liquid resources shown in the Cash Flow 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.

44. *Analysis of Government Grants*

	2009/10 £'000	2008/09 £'000
Revenue Grants:		
General Grants		
Revenue Support	1,483	962
Area Based	71	49
DCLG Local Authority Business Growth Initiative	49	118
Total Carried Forward	1,603	1,129

Notes to Core Financial Statements

44. *Analysis of Government Grants* (continued)

	2009/10 £'000	2008/09 £'000
Total Revenue Grants carried forward from previous page	1,603	1,129
Specific Grants		
DCLG Homeless Initiative	67	82
DCLG Defective Dwellings	-	1
DCLG Planning Delivery	65	153
DCLG NNDR Administration Grant	140	133
Concessionary Fares Admin. Grant	365	446
DWP Local Housing Allowance	23	19
DCLG Council Tax Collection	5	5
Housing Benefit Administration	912	855
DCLG National Domestic Rates	14	-
Housing Benefit Administration	53	-
	1,644	1,694
Capital Grants:		
DCLG Efficiency Grant	5	5
DCLG Planning Delivery Grant	16	54
DCLG Specified Grants for Disabled Facilities	360	360
DCLG Empty Property Grant	35	-
DEFRA Coast Protection	-	12
DCSF Playbuilder Grant	50	-
	466	431

45. *Acquired or Discontinued Operations*

The Council has not acquired or discontinued any operations in 2009/10 and there are no outstanding liabilities in respect of discontinued operations.

46. *Post Balance Sheet Events*

The statement of accounts was approved 30th June, 2010 and, at that time, there had been no material post balance sheet events. The Chairman of the Governance and Audit Committee, Paul High, gave authorisation for approval up to and including 30th June, 2010.

The Chancellor of the Exchequer announced in his Emergency Budget on 22nd June, 2010 that the consumer prices index, rather than the retail prices index, will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (events after the Balance Sheet dates), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the West Sussex County Council Pension Fund by around 6-8%.

The net liability is the deficit figure which is shown in the Balance Sheet table in each FRS17 report.

The gross figure is the present value of funded liabilities plus the present value of unfunded liabilities (which is shown in the Balance Sheet table).

Notes to Core Financial Statements

46. **Post Balance Sheet Events** (continued)

Therefore in the case of the Borough Council:-

	Actual £'000	6% £'000	8% £'000
Net liability	65,050	3,903	5,204
Gross liability	123,250	7,395	9,860

47. **Net Assets Employed**

The Council does not operate a Housing Revenue Account, therefore, the net assets employed by the General fund is that shown in the Balance Sheet. The net assets employed are analysed between trading activities, which are investment properties and other General Fund services.

	2009/10 Net Assets £'000	2008/09 Net Assets £'000
Trading Activities	7,524	7,415
Other General Fund Services	31,467	48,374
	38,991	55,789

48. **Prior Period Adjustments**

Prior Period Adjustments

Prior period adjustments have been made to reflect the changes in accounting treatment for the Collection Fund this year. The adjustments that have been made to the comparative 2008/09 Accounts affect figures within the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet and Cash Flow, and the appropriate notes supporting the amended figures. The effect of this, increases the Council's net worth by £37,000.

	2008/09 Published Accounts £'000	Prior Year Adjustment £'000	2008/09 Restated £'000
Income and Expenditure Account			
Demand on the Collection Fund	(7,733)	(49)	(7,782)
Statement of Movement on the General Fund Balance			
Net additional amount required by statute	(21,771)	49	(21,722)
Balance Sheet			
Debtors	9,014	(1,073)	7,941
Creditors	(7,321)	1,109	(6,212)
Collection Fund	42	(42)	-
Collection Fund Adjustment Account	-	6	6

Collection Fund

This account reflects the statutory requirement for the Council, as billing authority, to maintain a separate Collection Fund. It shows transactions in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to West Sussex County Council, Sussex Police Authority and Worthing Borough Council. The Collection Fund is consolidated in the balance sheet of the Council's accounts. The costs of administering collection are accounted for in the Income and Expenditure Account.

	2009/10	2008/09
	£'000s	£'000s
INCOME		
Council Tax receivable (net of benefits)	50,127	48,898
Transfer from General Fund - re benefits	7,140	6,104
Contribution from precepting authorities - re previous year's deficit	-	501
Income collectable from business ratepayers	28,396	28,714
	85,663	84,217
LESS EXPENDITURE		
Precepts and demands	56,865	54,959
Business Rate:		
Payments to National Pool	28,230	28,553
Cost of Collection Allowance	140	129
Interest on Refunds	26	32
Council Tax - write-offs and bad debt provision	296	200
Contribution to precepting authorities from previous year's surplus	173	-
	85,730	83,873
Surplus/(Deficit) for the year	(67)	344
Surplus/(Deficit) at 1st April Brought Forward	(42)	(386)
Surplus/(Deficit) at 31st March Carried Forward	(109)	(42)

Notes to Collection Fund

1. **Council Tax**

The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of band D dwellings. For 2009/10, the Council Tax Base was estimated in September 2007 to be 38,444 calculated as follows:

	No. of Chargeable Dwellings	Less Discounts	Net Dwellings	Ratio to Band D	No. of Band D Equivalents	Plus 2nd Homes Discount	Total No. of Band D Equivalents
Band A	6,424	1,140.00	5,284.00	6/9ths	3,440.3	77.0	3,517.3
Band B	10,044	1,318.75	8,725.25	7/9ths	6,658.3	128.0	6,786.3
Band C	12,325	1,141.25	11,183.75	8/9ths	9,810.1	131.0	9,941.1
Band D	8,751	684.25	8,066.75	9/9ths	7,979.7	87.0	8,066.7
Band E	5,121	321.25	4,799.75	11/9ths	5,822.3	44.0	5,866.3
Band F	2,207	118.25	2,088.75	13/9ths	3,003.1	14.0	3,017.1
Band G	850	51.00	799.00	15/9ths	1,321.7	10.0	1,331.7
Band H	7	0.50	6.50	18/9ths	13.0	0.0	13.0
	45,729	4,775.25	40,953.75		38,048.5	491.0	38,539.5
Less allowance for loss on collection and void properties (0.80%)							-95.3
							38,444.2

The Council Tax at Band D was set at £1,479.15 (Borough Council's element £210.78) in order to raise estimated income of £56,865,000. The actual income was £106,000 higher at £56,971,000 made up as follows:

	£'000
Council Tax receivable	50,127
Council Tax Benefit from General Fund	7,140
Write-offs and movements in bad debt provision	(296)
	56,971

2. **Income from Business Ratepayers**

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the government for the country as a whole (48.5p in 2009/10 and 46.2p in 2008/09) and local rateable values. The total non-domestic rateable value at the end of the year for the borough was £67.16m (£68.50m in 2008/09). The total rates collected are paid to the NDR pool which is administered to the government and redistributed to each authority on a per capita basis.

Notes to Collection Fund

3. **Precepts and Demands**

	Demand or Precept £	Council Tax Base	Band D Council Tax £
West Sussex County Council	43,581,870	÷ 38,444.2	= 1,133.64
Sussex Police Authority	5,179,590	÷ 38,444.2	= 134.73
Worthing Borough Council	8,103,270	÷ 38,444.2	= 210.78

4. **Contributions to Collection Fund Surpluses and Deficits**

The balances due from the precepting authorities is set out below:

	£'000
West Sussex County Council	668
Sussex Police Authority	80
	748

Annual Governance Statement

1. *Scope Of Responsibility*

Worthing Borough 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 authority 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.

The 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.worthing.gov.uk or can be obtained from the Council. This statement explains how Worthing Borough Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.

2. *The Purpose Of The Governance Framework*

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

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

The governance framework has been in place at the Council for the year ended 31st March, 2010 and up to the date of approval of the statement of accounts.

3. *The Governance Framework*

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

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

Annual Governance Statement

3. *The Governance Framework* (continued)

- reviewing the authority's vision and its implications for the authority's governance arrangements
- 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
- 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 authority's overall governance arrangements.

4. *Review Of Effectiveness*

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

Annual Governance Statement

4. *Review Of Effectiveness* (continued)

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 Cabinet, the Governance and Audit Committee, the Overview and Scrutiny committees, the Standards Committee
- internal and external audit
- 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 Governance and Audit Committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

5. *Significant Governance Issues*

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

6. *Other Issues*

The Governance Action Plan has been updated to deal with any issues brought forward from the 2009 review, together with any issues which have been identified during the current review.

7. *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:

**Ian Lowrie
Joint Chief Executive of
Adur and Worthing Councils**



Independent Auditor's Report To Worthing Borough Council

Opinion on the accounting statements

I have audited the accounting statements and related notes of Worthing Borough Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Executive Head of Financial Services and auditor

The Executive Head of Financial Services' responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting 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 accounting statements, and consider whether it is consistent with the audited accounting 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 accounting statements. My responsibilities do not extend to any other information.

Independent Auditor's Report To Worthing Borough Council

Basis of audit opinion

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

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

Opinion

In my opinion the Council's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended.

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

Council's responsibilities

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

Auditor's responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council 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 for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Independent Auditor's Report To Worthing Borough Council

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009 and the supporting guidance, I am satisfied that, in all significant respects, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

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

Helen Thompson
District Auditor
Audit Commission,
Suite 2, Ground Floor
Bicentennial Building
Southern Gate
CHICHESTER
West Sussex PO19 8EZ
30 September 2010

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

**Jo-Anne Chang-Rogers,
Finance Manager (Worthing),
Worthing Borough Council,
Town Hall,
Chapel Road,
Worthing,
West Sussex, BN11 1HB**

**Telephone Direct Line: 01903 221232
E-mail: jo-anne.chang-rogers@worthing.gov.uk**