



***Joint Strategic
Committee
Statement of
Accounts
2012/2013***

JOINT STRATEGIC COMMITTEE

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2013

C O N T E N T S

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EXPLANATORY FOREWORD

INTRODUCTION

This is an explanatory foreword to the Statement of Accounts.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by the International Financial Reporting Standards (IFRS) and are in respect of the financial year ended 31 March 2013

Significant changes to the CIPFA Code of Practice for 2012/13 are minimal compared to recent years but include:-

- the first phase of the International Audits Standard Board (IASB) new Conceptual Framework for Financial Reporting 2010 has been adopted by the CIPFA Code 2012/13;
- new disclosure requirements for the transfer of financial assets; and
- clearer guidance on a number of areas where there was previously a degree of uncertainty.

All Balance Sheets items from the JSC are consolidated into the constituent authorities' accounts.

The significant Accounting Policies are included as Note 1 to these accounts.

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

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

EXPLANATION OF ACCOUNTING STATEMENTS

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

	Page No:
Statement of Responsibilities	7
This statement sets out the respective responsibilities of both the Joint Strategic Committee and the Executive Head (Financial Services) Financial Services in respect of the Joint Strategic Committee accounts. This statement confirms that the accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the given financial year	
Movement in Reserves Statement	8
This statement shows the movement in the year on the different reserves held by the Joint Strategic Committee, analysed into 'usable reserves' and other reserves.	
Comprehensive Income and Expenditure Statement	9
This account brings together the expenditure and income relating to all of the joint services for which the Joint Strategic Committee is responsible and demonstrates how the net cost for the year has been financed from Adur District Council and Worthing Borough Council.	

EXPLANATORY FOREWORD

EXPLANATION OF ACCOUNTING STATEMENTS

	Page No:
The Balance Sheet	10
<p>This statement summarises the Joint Strategic Committee's assets and liabilities as at 31st March 2013 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' reserves in all of its operations.</p>	
The Cashflow Statement	11
<p>This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes.</p>	
Prior Year Adjustment	12
Notes to Core Financial Statements	13 - 45
<p>These are the notes that provide further detail on the Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.</p>	
The Annual Governance Statement	46 - 49
<p>The Annual Governance Statement, which has been completed under the Corporate Governance Requirement, gives reasonable assurance that an effective system of internal control is maintained and operated in connection with the resources concerned.</p>	

WORKING IN PARTNERSHIP

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

The shared single officer structure, which was introduced in April 2008, now includes most of the services that were intended to operate as shared Adur & Worthing services. The combined shared services have a net revenue spend of £19.2m. The reconciliation of service block income and expenditure to cost of services in the Comprehensive Income and Expenditure Statement is shown in Note 20.

The shared services are managed via a joint committee. This Joint Strategic Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget and statement of accounts.
- The respective budgets and spend are pooled as each service is moved to the Joint Committee.
- The pooled joint budgets/expenditure are recharged back to Adur and Worthing Councils.

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

EXPLANATORY FOREWORD

COUNCILS' PRIORITIES

The harmonised high level corporate priorities for Adur and Worthing Councils, which also apply to the Joint Strategic Committee, were updated in 2011.

The 5 corporate priorities, which applied during 2012/13 were jointly agreed by Adur and Worthing Councils are:-

- Protect front line services
- Promote a clean, green and sustainable environment
- Support and improve the local economy
- Work in partnerships to promote health and well being in our communities
- Ensure value for money and low Council Tax

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

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

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

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

The Joint Strategic Committee considered its 5 year forecast in July 2012 and has savings targets for each year which reflect the likely budget shortfall within the constituent Councils. The outline 5-year forecast, compiled for the Joint Strategic Committee identifies risks such as:

- income generated by the Joint Strategic Committee may be affected by the recession;
- withdrawal of funding by partners for key priorities;
- the estimated inflation allowance in non-pay budgets could result in higher than expected costs.

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities – Adur District Council, Worthing Borough Council and the Joint Strategic Committee – is contained in the 11 June 2013 Joint Strategic Committee report “Revenue and Capital Outturn for Joint, Adur and Worthing 2012/13”. This is available on the joint website for Adur District Council and the Worthing Borough Council www.adur-worthing.gov.uk

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

The Committee reported a revenue underspend of £1.15m in 2012/13.

The difference between the outturn reported and the Comprehensive Income and Expenditure Statement – net cost of service is shown in note 20.

SUMMARY FINAL REVENUE OUTTURN			
SERVICE BLOCK	CURRENT ESTIMATE 2012/13	OUTTURN 2012/13	UNDER/ OVERSPEND
	£000s	£000s	£000s
Financial Services	3,684	3,483	(201)
Technical Services	4,705	4,334	(371)
Leisure & Cultural Services	-	-	-
Planning Regeneration & Wellbeing	3,478	3,463	(15)
Recycling and Waste Management	4,794	4,399	(395)
Customer Services	1,583	1,502	(81)
Corporate & Cultural	2,326	2,226	(100)
Housing Health & Community Safety	3,137	2,984	(153)
Chief Executive & Corporate Strategy	1,110	1,092	(18)
Adur Homes	120	109	(11)
TOTAL SERVICES	24,937	23,592	(1,345)
ALLOCATION OF COSTS			
Recharged to other joint services	(4,622)	(4,427)	195
	20,315	19,165	(1,150)
Adur District Council	(8,283)	(7,827)	456
Worthing Borough Council	(12,032)	(11,338)	694
	(20,315)	19,165	(1,150)

The major headline budget variations for the Joint Strategic Committee were:-

- Vacancy savings
- Interest for refuse, recycling and trade waste vehicles no longer charged to the Joint Strategic Committee
- Street sweeping lease vehicle replacements now funded from capital
- Planned and reactive maintenance savings across all areas
- Utilities expenditure underspend

More detailed explanations for the variations are detailed in the 11 June 2013 Joint Strategic Committee report.

EXPLANATORY FOREWORD

STATEMENT FROM SECTION 151 OFFICER

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

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

The outturn position will inform the development of the 2014/15 budget. The intention is to build in recurring under spends into the 2014/15 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on the Joint Services Accounts is available from the Executive Head (Financial Services) Financial Services based at the Town Hall, Chapel Road, Worthing or by accessing the joint Adur and Worthing Councils website, www.adur-worthing.gov.uk.

Information on joint policies and plans for the Adur Worthing partnership, and especially their joint Key Priorities are obtainable on application to the Performance Manager in the Town Hall, Chapel Road, Worthing or by accessing the joint Adur and Worthing Councils' website, www.adur-worthing.gov.uk.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

The Joint Governance and Audit Committee's Responsibilities:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Joint Strategic Committee in the financial year 2012/13 that officer was the Executive Head (Financial Services) Financial Services.
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts by 30th September, 2013.

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

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

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

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

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

This Statement of Accounts presents a true and fair view of the financial position of the Joint Strategic Committee at 31st March, 2013 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Executive Head (Financial Services) Financial Services

Dated: 26th September, 2013

Certificate of Approval by Joint Governance and Audit Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 26th September, 2013.

ROD HOTTON
Chairman, Joint Governance and Audit Committee

Dated: 26th September, 2013

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Committee services, more details of which are shown in Comprehensive Income and Expenditure Statement. The 'Net Increase /Decrease before transfers to earmarked reserves' line shows the net expenditure of the Joint Strategic Committee before any discretionary transfers to or from earmarked reserves undertaken by the Committee.

	Joint Strategic Committee Working Balance	Earmarked Grants & Contributions Reserves	Earmarked Transferred Asset Adjustment A/c Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.11	-	-	6,328	6,328	-	6,328
Movement in Reserves during 2011/12						
Surplus or (deficit) on provision of services	(319)	-	-	(319)	-	(319)
Other Comprehensive Expenditure & Income		-		-	-	-
Total Comprehensive Expenditure and Income	(319)	-	-	(319)	-	(319)
Adjustments between accounting and funding basis under Regs.		-		-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(319)	-	-	(319)	-	(319)
Transfers to/from Earmarked Res. (Note 7)	319	317	(636)	-	-	-
Incr'se/Decr'se (movement) in Year	-	317	(636)	(319)	-	(319)
Balance at 31.03.12 c/fwd	-	317	5,692	6,009	-	6,009
Movement in Reserves during 2012/13						
Surplus or (deficit) on provision of services	929	-	-	929	-	929
Other Comprehensive Expenditure and Income	-	-	-	-	-	-
Total Comprehensive Expenditure and Income	929	-	-	929	-	929
Adjustments between accounting basis and funding basis under reg's	-	-	-	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	929	-	-	929	-	929
Transfers to/from Earmarked Res. (Note 7)	(929)	(50)	979	-	-	-
Increase/Decrease in Year	-	(50)	979	929	-	929
Balance at 31.03.13 c/fwd	-	267	6,671	6,938	-	6,938

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2012/13	2012/13		2012/13	2011/12	2011/12	2011/12
	Gross Expenditure	Gross Income	Note	Net Expenditure	Restated Gross Expenditure	Restated Gross Income	Restated Net (Income) Expenditure
	£'000	£'000		£'000	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES							
Central Services to the Public	662	-		662	678	-	678
Cultural and Related Services	651	-		651	559	-	559
Environmental and Regulatory Services	8,943	(1,901)		7,042	9,312	(1,786)	7,526
Planning Services	4,616	(1,279)		3,337	3,985	(955)	3,030
Highways and Transport Services	266	-		266	281	-	281
Housing Services	702	(68)		634	641	(14)	627
Adult Social Care	-	-		-	-	-	-
Corporate & Democratic Core	326	-		326	529	-	529
Non-Distributed Costs	-	-		-			-
Net Cost of General Fund Services	16,166	(3,248)		12,918	15,985	(2,755)	13,230
Holding Accounts	7,755	(133)		7,622	7,250	(255)	6,995
Net Cost of Services	23,921	(3,381)		20,540	23,235	(3,010)	20,225
Other Operating Expenditure			8	10			2
Taxation and non-specific grant income			9	(2,314)			(590)
Funded by Adur District Council				(7,827)			(7,824)
Funded by Worthing Borough Council				(11,338)			(11,494)
(Surplus) or Deficit on Provision of Services				(929)			319
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			10	-			-
Other				-			-
Other Comprehensive Income and Expenditure				-			-
				-			-
Total Comprehensive Income and Expenditure				(929)			319

BALANCE SHEET

See Note No:	As at 31st March 2013	As at 31st March 2012	Restated as at 1st April 2011
	£'000	£'000	£'000
Long Term Assets:			
Property, Plant & Equipment 10	6,518	5,637	6,242
Investment Property	-	-	-
Intangible Assets 11	152	54	86
Assets Held for Sale	-	-	-
Long Term Investments	-	-	-
Long Term Debtors	-	-	-
Total Long Term Assets	6,670	5,691	6,328
Current Assets:			
Short Term Investments	-	-	-
Assets Held For Sale	-	-	-
Inventories 13	140	118	89
Short Term Debtors 14	752	524	776
Cash & Cash Equivalents 15	2,399	3,849	1,510
Total Current Assets	3,291	4,491	2,375
Current Liabilities:			
Cash & Cash Equivalents	-	-	-
Short Term Borrowing	-	-	-
Short Term Creditors 16	(3,023)	(4,173)	(2,375)
Provisions	-	-	-
Total Current Liabilities	(3,023)	(4,173)	(2,375)
Long Term Liabilities:			
Long Term Creditors	-	-	-
Provisions	-	-	-
Long Term Borrowing	-	-	-
Other Long Term Liabilities	-	-	-
Capital Grants Receipts in Advance	-	-	-
Total Long Term Liabilities	-	-	-
Net Assets	6,938	6,009	6,328
Financed By Reserves:			
Usable Reserves 17	(6,938)	(6,009)	(6,328)
Unusable Reserve 18	-	-	-
Total Reserves	(6,938)	(6,009)	(6,328)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Strategic Committee during the reporting period. The statement shows how the Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Strategic Committee are recharged to the constituent authorities and the recipients of services provided by the Committee. There are no financing or investing activities for the Joint Strategic Committee. Financing and Investing activities would normally represent the extent to which cashflow and outflows have been made for resources which are intended to contribute to the Committee's future service delivery.

See Note No:	2012/13	2011/12
	£'000	£'000
Net surplus or (deficit) on provision of services	929	(319)
Adjustments to net surplus or deficit on the provision of services for non cash movements	(2,379)	2,658
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-	-
Net cash flows from Operating Activities	19 (1,450)	2,339
Net increase or decrease in cash and cash equivalents	(1,450)	2,339
Cash and cash equivalents at the beginning of the reporting period	3,849	1,510
Cash and cash equivalents at the end of the reporting period	15 2,399	3,849

PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to reclassify some services that had been incorrectly identified as Holding Accounts. These changes do not impact on the Total Comprehensive Income and Expenditure in the Income and Expenditure Statement.

NET EXPENDITURE ON SERVICES	2011/12 Gross Expenditure	Adjustments made	2011/12 Restated Gross Expenditure	2011/12 Gross Income	Adjustments made	2011/12 Restated Gross Income	2011/12 Net Expenditure	2011/12 Restated Net Expenditure
Central Services to the Public	301	377	678	-	-	-	301	678
Cultural and Related Services	234	325	559	-	-	-	234	559
Environmental and Regulatory Services	6,366	2,946	9,312	(1,659)	(127)	(1,786)	4,707	7,526
Planning Services	1,921	2,064	3,985	(403)	(552)	(955)	1,518	3,030
Housing Services	69	572	641	-	(14)	(14)	69	627
Corporate & Democratic Core	185	344	529	-	-	-	185	529
Holding Accounts	13,878	(6,628)	7,250	(948)	693	(255)	12,930	6,995
TOTAL	22,954	-	22,954	(3,010)	-	(3,010)	19,944	19,944

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2012/13

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA)/The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Financial Accounting in the United Kingdom - 2012/13 Accounts, which is based on International Financial Reporting Standards (IFRS).

The concepts and principles of International Accounting Standards Board Conceptual Framework for Financial Reporting (2010) have been applied and are outlined below.

The Statement of Accounts been prepared with the overriding requirement that it is a 'true and fair' representation of the financial position, performance and cash flows of the Joint Strategic Committee.

The Joint Strategic Committee has endeavoured to ensure that within the restrictive definitions of the regulations the following objectives have been met:-

- To provide financial information about the reporting authority that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to it.
- To provide information about the authority's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the authority's management and for making economic decisions.
- To meet the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the authority's resources.

UNDERLYING ASSUMPTION TO THE STATEMENT OF ACCOUNTS

Accruals

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

Going Concern

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

FUNDAMENTAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Relevance and faithful representation

The information in the accounts is useful in assessing the Joint Strategic Committee's stewardship of public funds and for making economic decisions. It is intended to be complete, neutral and free from error.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

FUNDAMENTAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Materiality

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

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

ENHANCED QUALITATIVE CHARACTERISTICS

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that they may be compared to previous years.

Verifiability

A faithful representation of the economic position.

Timeliness

The financial statements provide information to decision makers in time to be capable of influencing their decisions.

Understandability

Classifying, characterising and presenting information that is clear and concise. The financial statements are prepared for users who have a reasonable knowledge of business and economic activities.

Primacy of Legislative Requirements

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

Elements of financial statements

The elements directly related to the measurements of financial position in the Balance Sheet are assets, liabilities and reserves. The elements directly related to the measurement of the financial performance in the Comprehensive Income and Expenditure Statement are income and expenses.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

ENHANCED QUALITATIVE CHARACTERISTICS

Elements of financial statements

The Cash Flow Statement reflects elements in both the Comprehensive Income and Expenditure Statement and the Balance Sheet.

In assessing whether an item meets the definition of an asset, liability or reserve, consideration has been given to its underlying substance and economic reality and not merely its legal form.

INCOME AND EXPENDITURE

Revenue Recognition

Revenue recognition has been accounted for in accordance with IAS 18. Revenue is measured at fair value of the consideration received or receivable. Fair value is generally regarded as the amount for which an asset could be acquired, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The exception to this principle is financial assets. These are measured in accordance with the CIPFA Code's requirements for financial instruments.

When the Committee has an agency arrangement, the amounts collected on behalf of third parties are excluded from revenue.

COSTS OF SUPPORT SERVICES

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING POLICIES

GRANTS AND CONTRIBUTIONS

Grants and other contributions in relation to revenue and capital 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.. The de minimis for grants and contributions is £5,000.

LEASES

Leases are accounted for under IAS 17 which requires them to be classified between finance leases and operating leases. IAS 17 defines a lease as “a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership”.

However, since the Joint Strategic Committee is not a legal entity, it is unable to enter into credit arrangements. Therefore all leases are accounted for in the constituent authorities to which the lease obligations apply. The Joint Strategic Committee accounts show under Note 29: Leases; and Note 10: Property, Plant and Equipment, the value of non-current assets included in the Balance Sheet that has been accounted for in Adur District Council and Worthing Borough Council's accounts.

INTANGIBLE ASSETS

The Committee has no internally generated assets. Software licences are capitalised as intangible assets and amortised on a straight line basis over the expected life of the asset.

NON CURRENT ASSETS

Expenditure and Valuation principles

Expenditure on the acquisition, creation or enhancement of non-current assets is required to be capitalised on an accruals basis in the Balance Sheet, provided that the non-current asset yields benefits to the Joint Strategic Committee and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets.

Non-current 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). Non-current assets are classified into the groupings required by the International Financial Reporting Standards (IFRS) code.

The principal valuation bases used are:

- Property, Plant and Equipment assets are included in the balance sheet at market value. Where there is no open market value, assets are included in the balance sheet at depreciated replacement cost. Assets under construction are stated at historic cost value.
- Assets held for sale, are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

For 2012/13 the Joint Strategic Committee's asset values have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and £10,000 for new land and buildings. Assets valued below these limits are not included, unless a revaluation is pending.

Charges to Revenue for non-current Assets

Service revenue accounts, central support services, and trading accounts are charged with a depreciation charge and any impairment loss for most non-current assets used in the provision of services. The depreciation charge is credited out of the Comprehensive Income and Expenditure Statement via the Transferred Asset Adjustment Account on the Balance Sheet, so that there is no impact on the provision of Joint Strategic Committee services.

The useful life of assets is determined as follows, excepting where there may be exceptional circumstances:

Vehicles	5-7 yrs
Equipment	from over 1 to 25 years
Intangible Assets, Software	from over 1 to 7 years
Assets (Finance Leases)	Up to 10 years

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.

Depreciation

Depreciation is charged to service revenue accounts for most non-current 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
- assets acquired under Finance Leases are depreciated over the asset life, or the lease term if shorter.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CURRENT ASSETS

Inventories

These include waste bins, cleaning materials, vehicle spares and fuel.

The Joint Strategic Committee has accounted for inventories in accordance with IAS2 and IPSAS 12.

CURRENT LIABILITIES

Provisions

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

DEBTORS AND CREDITORS

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

Where actual costs are not available, accruals for debtors and creditors are made on a best-estimate basis.

ACCOUNTING FOR FINANCIAL INSTRUMENTS

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

The accounting treatment of any particular financial instrument (i.e. how its carrying value is measured, and gains and losses recognised) depends on its classification on initial recognition. For this purpose, IFRS7 recognises two classes of financial liabilities and four classes of financial assets, being:

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

The Joint Strategic Committee's financial assets include trade receivables, while its financial liabilities include operational creditors. 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). The Joint Strategic Committee does not operate bank accounts, or transact in loans or investments. (See also Note 15 - Cash and Cash Equivalents.)

The Code 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.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are defined as "short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value". As the Joint Strategic Committee does not hold cash or operate bank accounts, the cash and cash equivalents reported in the Balance Sheet are notional and reflect the movement of funds transacted on behalf of the Joint Strategic Committee by Adur District Council.

RESERVES

The Reserves in the Joint Strategic Committee Balance Sheet are analysed between usable and unusable reserves. The Committee does not have any unusable reserves at the Balance Sheet date.

The Usable Reserves in the 2012/13 Joint Strategic Committee Balance Sheet comprise of two elements.

1. **The Grants and Contributions Reserve** is used where the grant or contribution has no conditions or conditions are met, the grant has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date.
2. **The Transferred Assets Adjustment Account**, provides a credit balance equal to the written down value of assets capitalised on the Balance Sheet. This is used to finance the annual charge for depreciation included in the Comprehensive Income and Expenditure Statement.

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

VALUE ADDED TAX

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

EMPLOYEE BENEFITS

Termination Benefits - Redundancy costs are recognised in the year in which the decision is made.

Accumulated Absences - The Councils review the cost of accumulated absences as required by the IFRS code of practice. The review reveals that the level of this is not material and therefore has chosen not to accrue these costs.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by future events not wholly within the control of the Joint Strategic Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts unless perceived as being remote.

PRIOR PERIOD ADJUSTMENTS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Committee's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

NOTE 2: ACCOUNTING STANDARDS ISSUED, BUT HAVE NOT YET BEEN NOT ADOPTED

For the 2012/13 Statement of Accounts there are no accounting standards issued which have not yet been adopted.

NOTES TO THE ACCOUNTS

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying accounting policies, the constituent authorities to the Joint Strategic Committee have had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts of the constituent authorities involve government funding. These critical judgement do not apply to the Joint Strategic Committee

NOTE 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Strategic Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty the final results could be different from the estimates contained within these accounts. As these items are re-assessed each year, they are subject to annual review and are updated within each year's accounts for the latest information.

The items in Joint Strategic Committee's Balance Sheet at 31st March 2013 for which there is a risk of adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Committee will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. Depreciation is excluded when the movement in the general fund is determined.
Arrears	At 31 st March 2013 the Committee had a balance of debtors due of £752,000.	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material income and expense items to disclose that are not reported in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2013 and the date when the Statement of Accounts is authorised for issue, 26th September 2013.

Two types of events can be identified:

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

Events taking place after 26th September 2013, the date of authorisation for issue, are not reflected in the Statement of Accounts.

NOTE 7: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13.

Movement in Earmarked Reserves	Balance at 01.04.11	Decrease 2011/12	Increase 2011/12	Balance at 31.03.12	Decrease 2012/13	Increase 2012/13	Balance at 31.03.13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants and Contributions	-	-	317	317	(91)	41	267
Transferred Assets Adjustment Account	6,328	(1,329)	693	5,692	(1,335)	2,314	6,671
Total Earmarked Reserves	6,328	(1,329)	1,010	6,009	(1,426)	2,355	6,938

The Grants and Contributions Reserve has been created to set aside various partnership grants for ongoing projects administered by joint services, in which Adur and Worthing Councils have an interest. The reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income & Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.

NOTES TO THE ACCOUNTS

NOTE 7: TRANSFERS TO/FROM EARMARKED RESERVES

The Transferred Assets Adjustment Account, provides a credit balance equal to the written down value of assets capitalised on the Balance Sheet. This is used to finance the annual charge for depreciation included in the Comprehensive Income and Expenditure Statement.

NOTE 8: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-13	31-Mar-12
	£'000s	£'000s
De-recognition of non-current assets	10	2
TOTAL	10	2

NOTE 9: TAXATION AND NON-SPECIFIC GRANT INCOME

The table below details the value of the assets transferred to the Joint Strategic Committee funded by Adur District Council and Worthing Borough Council.

Taxation and Non-Specific Grant Income	2012/13	2011/12
	£'000	£'000
Capital grants & contributions	(2,314)	(693)
TOTAL	(2,314)	(693)

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Use of assets provided by Adur District Council and Worthing Borough Council for:

Transfers of Assets from Adur District Council and Worthing Borough Council

The operation of the Joint Services Account involves the use of some of the assets of Adur District Council and Worthing Borough Council, which are consolidated in the tables on next page.

NOTES TO THE ACCOUNTS

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Comparative Movement in 2012/13

Movements in 2012/2013	Vehicles, Furniture and Equipment	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2012	10,947	9	10,956
Existing assets transferred from Adur District Council and Worthing Borough Council on creation of new joint services	437	-	437
Acquisitons transferred from Adur District Council and Worthing Borough Council	1,569	452	2,021
Derecognition - Other	(373)	-	(373)
Reclassifications between asset classes	(5)	-	(5)
At 31 March 2013	12,575	461	13,036
Accumulated Depreciation and Impairment			
At 1 April 2012	(5,320)	-	(5,320)
Depreciation transferred from Adur District Council and Worthing Borough Council	(285)	-	(285)
Depreciation charge	(1,276)	-	(1,276)
Derecognition - Other	363	-	363
At 31 March 2013	(6,518)	-	(6,518)
Net Book Value at 31 March 2013	6,057	461	6,518
Net Book Value at 31 March 2012	5,627	9	5,636

Depreciation

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

* Vehicles, Plant and Equipment: 1 - 20 years

Capital Commitments

At 31st March 2013, the Joint Strategic Committee had not entered into any significant contracts for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years.

NOTES TO THE ACCOUNTS

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Comparative Movement in 2011/12

Movements in 2011/2012	Vehicles, Furniture and Equipment	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2011	10,731	4	10,735
Existing assets transferred from Adur District Council and Worthing Borough Council on creation of new joint services	683	9	692
Derecognition - Other	(471)	-	(471)
Reclassifications between asset classes, including transfers to intangible assets	4	(4)	-
At 31 March 2012	10,947	9	10,956
Accumulated Depreciation and Impairment			
At 1 April 2011	(4,493)	-	(4,493)
Depreciation charge	(1,295)	-	(1,295)
Derecognition - Other	469	-	469
At 31 March 2012	(5,319)	-	(5,319)
Net Book Value at 31 March 2012	5,628	9	5,637
			-
Net Book Value At 31 March 2011	6,238	4	6,242

NOTE 11: INTANGIBLE ASSETS

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Joint Strategic Committee. The carrying amount of intangible assets is amortised on a straight-line basis.

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £49,268 was charged to the Comprehensive Income and Expenditure in 2012/13.

NOTES TO THE ACCOUNTS

NOTE 11: INTANGIBLE ASSETS

	2012/13	2011/12
	£'000	£'000
Balance at start of the year		
Gross carrying amounts	157	156
Accumulated amortisation	(103)	(70)
Net carrying amount at start of year	54	86
Existing assets transferred from Adur District Council and Worthing Borough Council on creation of new joint services	219	1
Acquisitions transferred from Adur District Council and Worthing Borough Council	40	-
Reclassification from equipment assets	5	-
Amortisation for the period	(49)	(33)
Amortisation transferred from Adur District Council and Worthing Borough Council	(117)	-
Net carrying amount at end of year	152	54
Comprising		
Gross carrying amounts	420	157
Accumulated amortisation	(268)	(103)
	152	54

NOTE 12: FINANCIAL INSTRUMENTS

Financial Instruments - Fair Values of Assets and Liabilities carried at Amortised Cost

	31st March 2013		31st March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Borrowing	-	-	-	-
Trade and Other Payables	1,372	1,372	839	839
Total Liabilities	1,372	1,372	839	839

NOTES TO THE ACCOUNTS

NOTE 12: FINANCIAL INSTRUMENTS

Financial Instruments - Fair Values of Assets and Liabilities carried at Amortised Cost

The Joint Strategic Committee does not transact any borrowings. Trade and Other Payables relates to trade creditors outstanding at the balance sheet date. There is no difference between the carrying amount and fair values as the values are disclosed at the billed or actual amount on initial recognition.

In accordance with the accounting code, the value of Trade and Other Payables shown in the balance sheet has been adjusted to exclude statutory and other non-trade debts and therefore differs from the value of creditors shown in Note 16.

Financial Assets

	31st March 2013		31st March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	-	-	-	-
Trade Receivables	720	720	513	513
Cash & Cash Equivalents	2,399	2,399	3,849	3,849
Loans and Receivables	3,119	3,119	4,362	4,362

The Joint Strategic Committee does not have any investments. Loans and Receivables comprise trade debtors outstanding at the balance sheet date, measured at amortised cost. This value has been adjusted to exclude inter-Council transactions with Worthing Borough Council (as it does not constitute a "trade" debtor) and differs by £32,495 from the value of total debtors as shown in Note 14. The carrying amount and fair value are both taken to be the invoiced or actual amount on initial recognition. There is no impairment of financial assets during the year.

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

Credit Risks

Nature and Extent of Risk Arising from Financial Instruments

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

The Accounting Code of Practice requires an analysis of the Joint Strategic Committee's potential maximum exposure to credit risk. However, the Joint Strategic Committee has no historical experience of default on amounts owed to it, and the ultimate risk resides with the constituent authorities on behalf of which the Joint Strategic Committee is acting as debt collector. Hence the carrying amount of trade receivables is unadjusted in the Joint Accounts, and the estimated maximum exposure to Default and Uncollectibility is zero.

NOTES TO THE ACCOUNTS

NOTE 12: FINANCIAL INSTRUMENTS

Credit Risks Exposure

Credit Risk Exposure	Carrying Amount at 31-Mar-13	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-13	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-13	Estimated Maximum Exposure at 31-Mar-12
	£'000	%	%	£'000	£'000
Customers	720	0.00%	0.00%	-	-
	720			-	-

The Joint Strategic Committee does not generally allow credit for customers, such that the total value of trade receivables attributable to customers at 31 March 2013 is past due for payment at the Balance Sheet date.

NOTE 13: INVENTORIES

	2012/13	2011/12
	£'000s	£'000s
Balance outstanding at start of year	118	89
Movement net of purchases/issues	(1)	29
Transfer of inventories from Adur District Council	23	-
Balance outstanding at year-end	140	118
Worthing Borough Council share of the inventories from the Joint Strategic Committee	85	71
Adur District Council share of the inventories from the Joint Strategic Committee	55	47

Inventories stock is mainly for the use of providing internal services. The split between the authorities is approximately Worthing 60% and Adur 40%.

NOTES TO THE ACCOUNTS

NOTE 14: DEBTORS

	31-Mar-13	31-Mar-12
	£'000s	£'000s
Amounts falling due in one year:		
Central government bodies	46	2
Other local authorities	428	254
NHS bodies	121	42
Public corporations and trading funds	103	13
Other entities and individuals	54	213
TOTAL PER BALANCE SHEET	752	524
Adjustment for inter Authority Recharges	(32)	(11)
Trade Receivables per Note 12	720	513

Debtors

Overall Aged Debt Analysis	31-Mar-13	31-Mar-12
	£'000	£'000
Less than 1 Year	735	524
1-2 Years	17	
2-3 years	-	-
Over 3 years	-	-
	752	524

NOTE 15: CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents attributable to the Joint Strategic Committee are transacted through the bank accounts of Adur District Council. These are held for the purpose of meeting short term commitments.

	31-Mar-13	31-Mar-12
	£'000	£'000
The balance is made up of the following elements:		
Cash attributable to the Joint Strategic Committee	2,399	3,849
Total Cash & Cash Equivalents	2,399	3,849

NOTES TO THE ACCOUNTS

NOTE 16: CREDITORS

	31-Mar-13	31-Mar-12
	£'000s	£'000s
Central government bodies	19	-
Other local authorities	1,324	891
NHS bodies	29	-
Public corporations and trading funds	17	26
Other entities and individuals	1,634	3,256
TOTAL	3,023	4,173

NOTE 17: USABLE RESERVES

Movements in the Joint Strategic Committee usable reserves are detailed in the Movement of Reserves Statement which can be found on page 8.

The Transferred Asset Adjustment Account contains the value of the assets transferred from Adur District Council and Worthing Borough Council that will be used in the delivery of Joint Service. The account is credited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Joint Comprehensive Income and Expenditure Statement.

NOTE 18: UNUSABLE RESERVES

The Joint Strategic Committee has no unusable reserves.

NOTES TO THE ACCOUNTS

NOTE 19: CASH FLOW OPERATING ACTIVITIES

	Net Expenditure 2012/13	Net Expenditure 2011/12
	£'000s	£'000s
Income & Expenditure Account Surplus/(Deficit)	929	(319)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Depreciation and Impairment	1,325	1,298
Amortisation Grants and Contributions	(2,314)	32
Revenue Movements on:		
Inventories	(22)	(29)
Debtors	(228)	252
Creditors	(1,150)	1,798
Provision	-	-
Exclude:		
(Profit) and loss on Fixed Assets	10	(693)
	(2,379)	2,658
Net Cash Flows From Operating Activities	(1,450)	2,339

NOTE 20: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Joint Strategic Committee's service block directorates as recorded in the budget reports for the year 2012/13 is as follows on next page:

NOTES TO THE ACCOUNTS

NOTE 20: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

2012/13	Employee Expenses	Other Expenses	Support Services	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Service Block						
Chief Executive & Corporate Strategy	915	55	122	1,092	-	1,092
Adur Homes	91	1	17	109	-	109
Corporate & Cultural Services	1,679	107	462	2,248	(22)	2,226
Customer Services	4,997	1,852	1,467	8,316	(2,416)	5,900
Financial Services	1,615	1,216	719	3,550	(67)	3,483
Housing Health & Community Safety	2,849	461	363	3,673	(689)	2,984
Planning Regeneration & Wellbeing	2,985	734	455	4,174	(711)	3,463
Technical Services	3,087	1,542	960	5,589	(1,254)	4,335
Net Service Block Expenditure	18,218	5,968	4,565	28,751	(5,159)	23,592
Support services and vehicle workshop costs recharged to other services						(4,427)
Adur District Council						(7,827)
Worthing Borough Council						(11,338)
Total spend 2012/13						-

RECONCILIATION OF SERVICE BLOCK INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2012/13 £'000
Cost of Services in Service Analysis	23,592
Add: Services not included in main analysis	-
Add: Amounts not reported to management	(19,115)
Remove: Amounts reported to management not included in Comprehensive Income and Expenditure Statement	(5,406)
Net Cost of Services in Comprehensive Income & Expenditure Statement	(929)

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 20: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS

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

2012/13	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(3,924)	-	-	-	3,924	-	-	-
Surplus or deficit on associates and joint ventures		-	-	-	-	-	-	-
Interest and investment income		-	-	-	-	-	-	-
Income from council tax		-	-	-	-	-	-	-
Government grants and contributions	(1,236)	-	(41)	-	1,236	(41)	-	(41)
Total Income	(5,160)	-	(41)	-	5,160	(41)	-	(41)
Employee expenses	18,219	-	-	-	(18,219)	-	-	-
Other service expenses	5,965	-	91	-	(5,965)	91	-	91
Support Service recharges	4,568	-	-	(4,427)	(141)	-	-	-
Depreciation, amortisation and impairment	-	-	-	1,325	-	1,325	-	1,325
Interest Payments	-	-	-	-	-	-	-	-
Precepts & Levies	-	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	10	-	10	-	10
Other	-	-	-	(2,314)	-	(2,314)	-	(2,314)
Total operating expenses	28,752	-	91	(5,406)	(24,325)	(888)	-	(888)
Surplus or deficit on the provision of services	23,592	-	50	(5,406)	(19,165)	(929)	-	(929)

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 20: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Joint Strategic Committee's service block directorates as recorded in the budget reports for the year 2011/12 is as follows:

2011/12	Employee Expenses	Other Expenses	Support Services	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Service Block						
Chief Executive	922	40	200	1,162	-	1,162
Adur Homes	92	1	17	110	-	110
Corporate Strategy & Cultural Services	23	3	48	74	-	74
Customer Services	5,054	1,819	1,760	8,633	(2,312)	6,321
Financial Services	1,627	1,313	843	3,783	(29)	3,754
Housing Health & Community Safety	2,660	225	420	3,305	(406)	2,899
Corporate and Cultural Services	1,651	96	561	2,308	(21)	2,287
Leisure & Cultural Services	131	1	22	154	-	154
Planning Regeneration & Wellbeing	2,846	564	551	3,961	(584)	3,377
Technical Services	2,586	1,211	1,022	4,819	(195)	4,624
Net Service Block Expenditure	17,592	5,273	5,444	28,309	(3,547)	24,762
Support services recharged to other services						(5,444)
Adur District Council						(7,824)
Worthing Borough Council						(11,494)
Total spend 2011/12						-

RECONCILIATION OF SERVICE BLOCK INCOME AND EXPENDITURE TO COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2011/12 £'000
Cost of Services in Service Analysis	24,762
Add: Services not included in main analysis	-
Add: Amounts not reported to management	(19,636)
Remove: Amounts reported to management not included in Comprehensive Income and Expenditure Statement	(4,807)
Net Cost of Services in Comprehensive Income & Expenditure Statement	319

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 20: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Reconciliation to Subjective Analysis

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

2011/12	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(2,702)	-	-	-	2,702	-	-	-
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-
Income from council tax	-	-	-	-	-	-	-	-
Government grants and contributions	(845)	-	(318)	-	845	(318)	-	(318)
Total Income	(3,547)	-	(318)	-	3,547	(318)	-	(318)
Employee expenses	17,592	-	-	-	(17,592)	-	-	-
Other service expenses	5,273	-	-	-	(5,273)	-	-	-
Support Service recharges	5,444	-	-	(5,444)	-	-	-	-
Depreciation, amortisation and impairment	-	-	-	1,224	-	1,224	-	1,224
Interest Payments	-	-	-	-	-	-	-	-
Precepts & Levies	-	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	2	-	2	-	2
Other	-	-	-	(589)	-	-	-	-
Total operating expenses	28,309	-	-	(4,807)	(22,865)	637	-	637
Surplus or deficit on the provision of services	24,762	-	(318)	(4,807)	(19,318)	319	-	319

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 21: TRADING OPERATIONS

The running costs for Trade Waste trading operations are held within the Joint Strategic Committee. Trading account disclosure notes showing Income and Expenditure are included in the Statement of Accounts for the constituent Councils.

NOTE 22: AGENCY SERVICES

The Joint Strategic Committee also has Agency Agreements with other Local Authorities for Treasury Management and Insurance Provision to provide Value for Money, relying on expertise within particular authorities. These Agency Agreements are deemed by the Joint Strategic Committee to be immaterial.

NOTE 23: JOINT BUDGET

Census ICT

Adur District Council and Worthing Borough Council are part of the CenSus Joint Committee partnership with Horsham District Council and Mid Sussex District Council for the delivery of ICT Services.

Census ICT	TOTAL
	£'000
Expenditure	
Salary costs	1,233
Transport costs	4
Supplies and Services	878
Total Operating Expenditure	2,115

	Mid Sussex District Council	Horsham District Council	Adur and Worthing	TOTAL
Proportional Share of Costs	662	538	915	2,115
Allocation of costs				
Adur District Council (40%)			366	
Worthing Borough Council (60%)			549	
			915	

NOTE 24: OFFICERS' REMUNERATION

The numbers of employees (including the Senior Officers who are also listed individually in the later tables) whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 were:-

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 24: OFFICERS' REMUNERATION

Remuneration Bands	Number of Employees	
	2012/13	2011/12
£50,000 to £54,999*	4	6
£55,000 to £59,999*	6	6
£60,000 to £64,999	2	4
£65,000 to £69,999*	1	1
£70,000 to £74,999	8	7
£75,000 to £79,999*	2	1
£80,000 to £84,999	-	-
£85,000 to £89,999*	1	1
£90,000 to £94,999	2	1
£95,000 to £99,999	-	-
£100,000 to £104,999	1	1
£105,000 to £109,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999*	-	1
£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	-	-
	27	29

* These include redundancy payments relating to 2012/13 and 2011/12. Please see the Exit Packages table at the end of this note and Note 30 Termination Benefits for further details of these payments.

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

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

Note 1: There were no members of staff whose salary was more than £150,000 in either 2012/13 or 2011/12.

Remuneration Disclosures for Senior Officers who salary is less than £150,000 but equal to more than £50,000 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 and included in the support service allocations to the authorities.

There were no bonuses paid to these staff in either 2012/13 or 2011/12.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2012/13	103,250	748	-	103,998	18,275	122,273	61,136	61,137
2011/12	101,185	968	-	102,153	17,032	119,185	59,593	59,593
Strategic Director 1								
2012/13	90,813	-	-	90,813	16,074	106,887	53,454	53,443
2011/12	87,489	288	-	87,777	15,485	103,262	51,631	51,631
Strategic Director 2								
2012/13	90,972	562	-	91,534	16,074	107,608	53,804	53,804
2011/12	90,813	1,099	-	91,912	16,074	107,986	53,993	53,993

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 24 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Financial Services									
2012/13	71,546	300	-	-	71,846	12,543	84,389	50,634	33,755
2011/12	70,866	850	-	-	71,716	12,543	84,259	50,556	33,704
Executive Head of Planning, Reg'ation & Wellbeing									
2012/13	70,866	2,016	-	-	72,882	12,543	85,426	51,256	34,170
2011/12	70,866	417	-	-	71,283	12,543	83,826	50,296	33,531
Executive Head of Corporate & Cultural Services									
2012/13	70,891	-	-	-	70,891	12,548	83,439	50,064	33,375
2011/12	70,891	129	-	-	71,020	12,548	83,568	50,141	33,427
Executive Head of Leisure & Cultural Services*									
2012/13	-	-	-	-	-	-	-	-	-
2011/12	43,869	600	374	75,722	120,565	5,294	125,859	113,273	12,587

* This post became vacant during 2011/12 and was subsequently deleted from the establishment

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 24 OFFICERS' REMUNERATION

Postholder (Title)	Salary (including Fees and Allowance)	Expense Allowance	Benefit in Kind e.g. Car Allowances	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Customer Services, Waste and Recycling								
2012/13	70,916	212	1,834	72,962	12,877	85,839	51,503	34,336
2011/12	70,916	320	1,310	72,546	12,784	85,330	51,197	34,133
Executive Head of Housing, Health and Community Safety								
2012/13	71,109	423	-	71,532	12,557	84,088	50,453	33,635
2011/12	70,669	746	-	71,415	12,508	83,923	50,353	33,568
Executive Head of Adur Homes								
2012/13	71,084	212	-	71,296	12,552	83,848	-	83,848
2011/12	70,916	432	0	71,348	12,552	83,900	8,390	75,510
Executive Head of Technical Services								
2012/13	71,078	294	1,359	72,731	12,726	85,457	51,274	34,183
2011/12	72,275	389	678	73,342	12,672	86,014	51,609	34,406

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 24: OFFICERS' REMUNERATION

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out below:

{a}	{b}		{c}		{d}		{e}	
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
£0 - £20,000	1	3	7	-	8	-	£ 96,670	£ 26,280
£20,000 - £40,000	-	-	8	-	8	-	213,510	-
£40,000 - £60,000	-	-	-	-	-	-	-	-
£60,000 - £80,000	-	-	2	-	2	-	141,980	-
£80,000 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
Total	1	3	17	0	18	-	452,160	26,280

These redundancy costs are shared between the Authorities in proportion to the service allocation. The total 2012/13 cost of exit packages for Adur are £32,941 and Worthing are £194,592.

NOTE 25: EXTERNAL AUDIT COSTS

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

Adur and Worthing Joint Committee	2012/13	2011/12
	£'000s	£'000s
Fees payable to Audit Commission with regard to external audit services carried out by the appointed auditor for the year	23	38
TOTAL	23	38

NOTE 26: GRANT INCOME

The Joint Strategic Committee has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13.

	2012/13	2011/12
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
None	-	-
	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 26: GRANT INCOME

	2012/13	2011/12
	£'000s	£'000s
Credited to Services - Revenue Grants		
Active Sussex - Inclusive Physical Activity Projects	-	5
Active Sussex - Sport Unlimited, Adur Sportivate	-	2
Active Sussex - Sport Unlimited, Worthing Sportivate	-	3
Adur District Council - ASB Project	-	16
Arun District Council - Regeneration contribution	-	10
Adur in Partnership - Parkour Project	-	5
British Heart Foundation - Hearty Lives	10	-
Crime & Disorder Partnership - Sport Unlimited	1	-
Crime & Disorder Partnership - Street Art	2	2
Crime Stoppers - Fearless Project	-	-
D J Workshops - Diversionary Football	1	-
Health Conference	-	2
NHS West Sussex - Adur Health Walks	-	2
NHS West Sussex & Brighton&Hove City Council - Cancer Awareness	-	33
NHS West Sussex - Elder People	-	40
NHS West Sussex - Health Improvement Projects	-	1
NHS West Sussex - Child Weight Management	-	6
NHS West Sussex - Inspiring Healthier Families (Child Weight)	5	6
NHS West Sussex - Mental Health	-	36
N R W Hider - Sussex Games	4	4
Progress Through Partnership - Community Engagement Strategy	-	17
Primary Care Trust - Community Planning Fund	2	38
Sanctuary House - Anti-social Behaviour Project	136	-
Sussex Police Commanders Fund - Safer Communities	-	5
Street Scene	7	-
Various licenced premises - Taxi Marshall Scheme	-	12
West Sussex PCT - Child Obesity	1	2
West Sussex PCT - Adur & Worthing MEND (Mental Exercise)	4	8
West Sussex PCT - Wellbeing Hub Core	191	120
West Sussex PCT - Physical Activity Co-ordinator	30	-
West Sussex PCT - Wellbeing Hubs projects	357	-
West Sussex PCT - Tobacco Alliance	-	10
Worthing Borough Council - Be Safe Be Well	-	1
Worthing Borough Council - Insurance Cover	-	1
Worthing Borough Council - Taxi Marshall Scheme	-	1
Worthing Borough Council - ASB project	-	11
Worthing Sports Council - Coach School	-	6
WSCC Youth Scheme - Fun Family Fitness Programme	-	2

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 26: GRANT INCOME

	2012/13	2011/12
	£'000s	£'000s
WSCC - Business Support for Empty Shops	-	30
WSCC - Future Jobs Fund	-	-
WSCC Public Service Board - Family Intervention Project	-	67
WSCC Think Family - Family Intervention Project	340	79
WSCC reimbursement of salary	9	-
WSCC Community Safety Unit - Street Drinker Outreach	-	8
WSCC - Area Based Grant (Community Safety Unit Grant)	80	179
WSCC, SEEDA, Arun & Chichester Councils - Coastal West Sussex	101	245
TOTAL	1,281	1,015

The Joint Strategic Committee has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the end of the year are as follows:

	2012/13	2011/12
	£'000s	£'000s
Capital Grants Receipts in Advance		
None	-	-
Revenue Grants Receipts in Advance		
WSCC Think Family - Family Intervention Project	-	15
Various licensed premises - Taxi Marshall Scheme	-	3
WSCC - Safer Stronger Communities Fund	-	190
WSCC - Area Based Grant (Community Safety Unit Grant)	-	48
Sussex Police Commanders Fund - Safer Communities	-	6
WSCC, SEEDA, Arun & Chichester Councils - Coastal West Sussex	7	-
NHS West Sussex & Brighton&Hove City Council - Cancer Awareness	33	-
Progress Through Partnership - Community Engagement Strategy	17	-
NHS West Sussex - Mental Health	19	-
WSCC Public Service Board - Family Intervention Project	-	107
WSCC Think Family - Family Intervention Project	-	2
West Sussex PCT - A & W Wellbeing Hub Core	-	80
West Sussex PCT - A & W Wellbeing Hub Commisioned Projects	-	27
TOTAL	76	478

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 27: RELATED PARTIES

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

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

Members of the Councils have direct control over the Councils' financial and operating policies. Details of all Members' transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

During 2012/13, there was one service commissioned from a company in which a Worthing Member has an interest as a Director, the amount paid was £13,190. All contracts were entered into in full compliance with the Council's standing orders.

NOTE 28: HOLDING ACCOUNTS

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

Support Service	2012/13	Restated 2011/12
	£'000	£'000
Financial Services	3,511	3,569
Technical Services	3,843	4,070
Planning Regeneration & Wellbeing	127	123
Customer Services	1,467	1,471
Corporate & Cultural Services	1,823	1,802
Housing Health & Community Safety	262	119
Corporate Centre	907	1,064
Leisure & Cultural Services		154
Adur Homes	109	110
Less : Recharges within the Joint Committee	(4,427)	(5,487)
Support costs charged to the constituent councils	7,622	6,995

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 29: LEASES

With the introduction from 2010/11 of International Financial Reporting Standards, Adur and Worthing councils reclassified a number of operating leases which qualified as finance leases under IAS 17. Up to 2011/12, the assets acquired under these leases were carried within Property, Plant and Equipment in the Joint Balance Sheet, and have been written down to zero in 2012/13. The leases are normally accounted through the individual authorities as the Joint Committee is unable to enter into credit arrangements.

Finance Leases - Lessee

	31-Mar-13	31-Mar-12
	£'000	£'000
Vehicles, Plant, Furniture and Equipment	-	2
	-	2

NOTE 30: TERMINATION BENEFITS

	Adur	Worthing	Total
	£	£	£
Redundancy costs	32,941	194,592	227,533
Enhanced Pension Benefits	96,120	162,490	258,610
Total termination benefit 2012/13	129,061	357,082	486,143
Termination benefits 2011/12	274,460	453,960	728,420

Of this total £227,530 is payable in the form of compensation for loss of office and £258,610 is the 2012/13 cost of enhanced pension benefits which normally spread over 5 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 31: NATURE & EXTENT OF RISK

Please refer to Note 12 for an explanation of the nature and extent of risks arising from financial instruments.

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SCOPE OF RESPONSIBILITY

The Joint Strategic Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Adur District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the 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 Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31 March 2013 and up to the date of approval of the statement of accounts.

The governance framework

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

- identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- reviewing the authority's vision and its implications for the authority's governance arrangements;
- translating the vision into objectives for the authority and its partnerships;

ANNUAL GOVERNANCE STATEMENT

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money;
- 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 in respect of the authority and partnership arrangements;
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- ensuring effective management of change and transformation;
- ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact;
- ensuring the authority's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact;
- ensuring effective arrangements are in place for the discharge of the monitoring officer function;
- ensuring effective arrangements are in place for the discharge of the head of paid service function;
- 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;
- whistleblowing 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;

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THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- enhancing the accountability for service delivery and effectiveness of other public service providers;
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

REVIEW OF EFFECTIVENESS

The Joint Strategic Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the 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 relevant stakeholders, the external auditors and other review agencies and inspectorates.

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

- the Joint Strategic Committee, the Joint Governance and Audit Committee, the Joint Overview and Scrutiny Committee, 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 Joint Governance and Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are five significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report;

- (i) Roles/responsibilities of Members and senior officers;
- (ii) Scheme of Delegations
- (iii) the development of protocols for Leader/Chief Executive roles;
- (iv) Contract Management procedures and processes; and
- (v) Lack of an ICT Disaster Recovery Plan.

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2012 review together with any issues which have been identified during the current review.

The authority identified the need to improve its future procurement and contract management arrangements following the failure of a contractor to deliver a major housing repairs scheme to timetable. Actions are being taken to remedy the situation by way of a major review of contract management and a corporate review of procurement.

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OTHER ISSUES

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the chief executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 does not report directly to the Chief Executive but reports to one of the Strategic Directors in line with the reporting requirements for all Heads of Service. However, the Section 151 Officer is a full member of the Council's Management Team and has full access to the Chief Executive where necessary.

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.



Councillor Neil Parkin
Joint Chairman of the Joint Committee
Adur District Council

Signed: _____

Dated: _____



Councillor Paul Yallop
Joint Chairman of the Joint Committee
Worthing Borough Council

Signed: _____

Dated: _____



Alex Bailey
Chief Executive of Adur & Worthing Councils

Signed: _____

Dated: _____

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

OPINION ON THE JOINT STRATEGIC COMMITTEE'S FINANCIAL STATEMENTS

We have audited the financial statements of Adur & Worthing Joint Strategic Committee for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Adur & Worthing Joint Strategic Committee, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE EXECUTIVE HEAD OF FINANCIAL SERVICES AND AUDITOR

As explained more fully in the Statement of the Executive Head (Financial Services) Responsibilities set out on pages 7, the Executive Head (Financial Services) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE ACCOUNTING STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Head (Financial Services) and the overall presentation of the financial statements. We read all the financial and non-financial information in the Joint Strategic Committee Statement of Accounts 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of Adur & Worthing Joint Strategic Committee as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

OPINION ON OTHER MATTERS

In our opinion, the information given in the Joint Strategic Committee Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

OTHER MATTERS ON WHICH I AM REQUIRED TO CONCLUDE

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken my audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2011, we have considered the results of the following:

- our review of the annual governance statement; and
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities.

As a result, we have concluded that there are no matters to report.

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

CERTIFICATE

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

HELEN THOMPSON
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton

30 September 2013

GLOSSARY OF ACCOUNTING TERMS

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

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2012/13 which means the year commencing 1st April 2012 and ending 31st March 2013. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of fixed assets used in the provision of services. The charges themselves consist of depreciation, based upon the useful lives of depreciable assets.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	The proceeds from the sale of fixed assets.
CASH EQUIVALENTS	Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

GLOSSARY OF ACCOUNTING TERMS

CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEPRECIATION	The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.
FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset from the provider (lessor) to the user (lessee). Although, strictly, the leased asset remains the property of the lessor, in substance the lessee may be considered to have acquired the asset and to have financed the acquisition by obtaining a loan from the lessor.
FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
IMPAIRMENT OF ASSETS	The objective is to ensure that assets are not carried in the Balance Sheet at more than their recoverable amount.

GLOSSARY OF ACCOUNTING TERMS

INFRASTRUCTURE ASSETS

Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.

INVESTMENTS

Current asset investments that are readily disposable by the authority without disrupting its business.

INVESTMENT PROPERTIES

Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.

LIQUID RESOURCES

Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the authority.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.

OPERATING LEASE

An operating lease is any lease which is not a finance lease. An operating lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

PROVISION

An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or to the dates on which they will arise are not determined.

PRIOR YEAR ADJUSTMENT

This is an event whereby figures quoted in previous year's statements have been changed due to a change in accounting policy.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.

GLOSSARY OF ACCOUNTING TERMS

REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
SUBSTANCE OVER FORM	Financial information represents the substance of an economic phenomenon rather than merely representing its legal form.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of an authority.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

**Christine Ryder
Finance Manager (Strategic),
Worthing Borough Council,
Town Hall,
Chapel Road,
Worthing,
West Sussex, BN11 1HB**

**Telephone Direct Line: 01903 221233
E-mail christine.ryder@adur-worthing.gov.uk**