



Worthing
Borough
Council



***Statement of
Accounts
2014/2015***



WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2015

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EXPLANATORY FOREWORD

INTRODUCTION

This is an explanatory foreword to the Statement of Accounts for the year ended 31 March 2015.

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 2014-15 (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 2015.

Changes to the CIPFA Code of Practice for 2014/15

Unlike previous years there are no new significant requirements which are relevant to this authority. However, there are a number of areas that have been revised “to take account of issues arising from practitioner queries raised through, for example, CIPFA’s Technical Enquiry Service.”

In more specific terms, updates, revisions and changes listed include:

- LAAP Bulletin 86 (Update) *Componentisation of Property, Plant and Equipment*
- The Carbon Reduction Commitment Energy Efficiency Scheme – Module 2 has been updated for the consequences of the accounting requirements for the second phase of the scheme, which commenced in April 2014 and runs until March 2019.
- Module 3 includes changes to section 3.4 of the Code on the presentation of financial statements to reflect the amendments to IAS 1 in respect of the new requirements for comparative information and clarification regarding the complete list of financial statements.
- Within Example Financial Statements, a new section C has been added to include CIPFA’s updated *How to Tell the Story*, which is intended to help CFOs and other senior staff present the financial statements to members and other key stakeholder.

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

The Annual Governance Statement is included at the end of this document for information.

The Statements are listed and explained in the next section.

The Statement of Accounts consists of:

Page No:

Statement of Responsibilities

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This statement sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of the Council’s 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

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This statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ and “unusable reserves”.

EXPLANATORY FOREWORD

EXPLANATION OF ACCOUNTING STATEMENTS

Page No:

Comprehensive Income and Expenditure Statement

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This statement provides a summary of the resources generated and consumed by the council in the year that have contributed to the changes in resources shown in the Movement in Reserves Statement (MiRS).

The Balance Sheet

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This statement summarises the Council's assets and liabilities as at 31st March 2015 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' Reserves.

The Cash Flow Statement

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This statement summarises the flows of cash and cash equivalents of the Council that have taken place over the financial year.

Notes to the Accounts

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Collection Fund

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The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and Non-Domestic Rates (NDR) and accounts for their distribution to preceptors (West Sussex County Council and The Police and Crime Commissioner) and the Council's own General Fund. Last year was the first year of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR received. The Worthing share is 40% with the remainder paid to the precepting body - West Sussex County Council (10%) and Department of Communities and Local Government (50%).

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 all of the services that were intended to operate as shared Adur and Worthing services with a net cost of services of £24.1m. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget and statement of accounts.
- As each service moves across to the Joint Strategic Committee their respective budgets and spend are pooled.
- The spend on joint services is recharged back to Adur and Worthing Councils.

EXPLANATORY FOREWORD

WORKING IN PARTNERSHIP

For 2014/15 a separate statement of accounts is required to be produced for the Joint Strategic Committee for Adur and Worthing Councils. From 2015/16 onwards, there is no requirement to produce such a statement. A copy of the 2014/15 accounts are available on request from the Chief Financial Officer, Town Hall, Chapel Road, Worthing, BN11 1HB.

COUNCIL PRIORITIES

The Council has agreed three priorities which set out its aspirations for the town.

- ◆ **Supporting Wealth Generators**
- ◆ **Cultivating Enterprising Communities**
- ◆ **Becoming an adaptive Council**

Further details of how these priorities will be achieved are included in a programme of work called 'Surf's Up' which can be found on the internet: <http://www.adur-worthing.gov.uk/media/media,134526,en.pdf>

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

The most recent budget strategy for this council has been compiled in the context of the Government's Comprehensive Spending Review and the 2015/16 local government settlement. Both councils agreed a budget strategy to meet this challenge through 3 major work streams – major service reviews, efficiency reviews and base budget reviews. As a result significant savings were identified as part of the 2015/16 budget round.

The Worthing Borough Council budget strategy has taken account of risks such as:

- income generated by the Council may be affected by the recession;
- withdrawal of funding by partners, potentially losing funding for key priorities;
- the inflation allowance in non-pay budgets could result in higher than expected costs

The Council has a working balance and other earmarked reserves to help mitigate these risks.

Further details of the future spending plans for both councils are contained in the "Outline Forecast 2016/17 To 2020/21 And Budget Strategy", which was reported to 7th July 2015 Joint Strategic Committee.

The link for this report is <http://www.adur-worthing.gov.uk/meetings-and-decisions/committees/joint/strategic/committee,133764,en.html>

EXPLANATORY FOREWORD

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 7th July 2015 Joint Strategic Committee report “Joint Revenue Outturn 2014/15”. This is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

The financial activities of the Council can be categorised as either Revenue or Capital:

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.
- Capital spending results in an asset, which will provide benefit to the District over a number of years.

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results for 2014/15 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council was able to contain expenditure to below the original budget due to net additional grants, reduced Treasury Management borrowing costs and the Parks and Foreshore underspend. The current economic recession has impacted on income streams for the Council. In 2014/15 Worthing Borough Council reported an underspend of £121,280 against a budget of £13,976,780. The major variations are explained in more detail in the 7th July, 2015 Joint Strategic Committee report “Joint Revenue Outturn 2014/15”. This report is freely available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

The most significant items which contributed to the position were as follows:

	£000s
FIT 4 - Additional expenditure prior to becoming a trust	355
Fall in income from investment properties	115
The impact of job evaluations	430
Increasing income from grants for the loss of income attributable to changes in Non domestic Rates	(373)
Reduction in the cost of borrowing largely associated with delays in the capital investment programme	(477)
Theatres - service restructure to provide a different cultural offer resulting in increased staff costs and underachievement of income	184
Waste - VAT refund and increased income from Trade waste	(135)
Parks - mainly due to underspend in premises maintenance	(227)
Other changes	7
	(121)

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

Where such items were identified when the 2015/16 budget was being prepared, an allowance for any impact on future years was built into the budget.

In spite of a difficult year from a financial perspective, the Council has maintained and improved services and delivered on major capital investments whilst containing revenue spend within the approved budgets.

How the money was spent and how services were funded

CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2014/15	OUTTURN 2014/15	UNDER/ OVERSPEND
	£000s	£000s	£000s
Leader	1,009	1,018	9
CM for Environment	3,727	3,978	251
CM for Health & Wellbeing	1,335	1,157	(178)
CM for Customer Services	3,842	4,095	253
CM for Regeneration	2,563	2,476	(87)
CM for Resources	3,076	4,025	949
Holding Accounts	1,383	0	(1,383)
Total Cabinet Members	16,935	16,749	(186)
Credit Back Depreciation	(3,178)	(2,783)	395
Minimum Revenue Provision	1,207	1,078	(129)
Other grants	-	(374)	(374)
	14,964	14,670	(294)
Transfer to/from reserves:			
Contribution to reserves	(988)	(815)	173
Transfer from reserves to fund specific expenditure	-	-	-
Capacity Issue Reserve	-	-	-
Transfer to/ (from) reserves	-	-	-
Total Budget requirement before External Support from Government	13,976	13,855	(121)

Approved Use of Underspends	£'000
Unspent 2014/15 budget approved for use in 2015/16	67
Unspent 2014/15 budgets from Joint Account approved for use in 2015/16	29
Net overspend transferred to the Capacity Issues Reserve	25
Underspend declared in year	121

EXPLANATORY FOREWORD

SUMMARY OF REVENUE SPEND

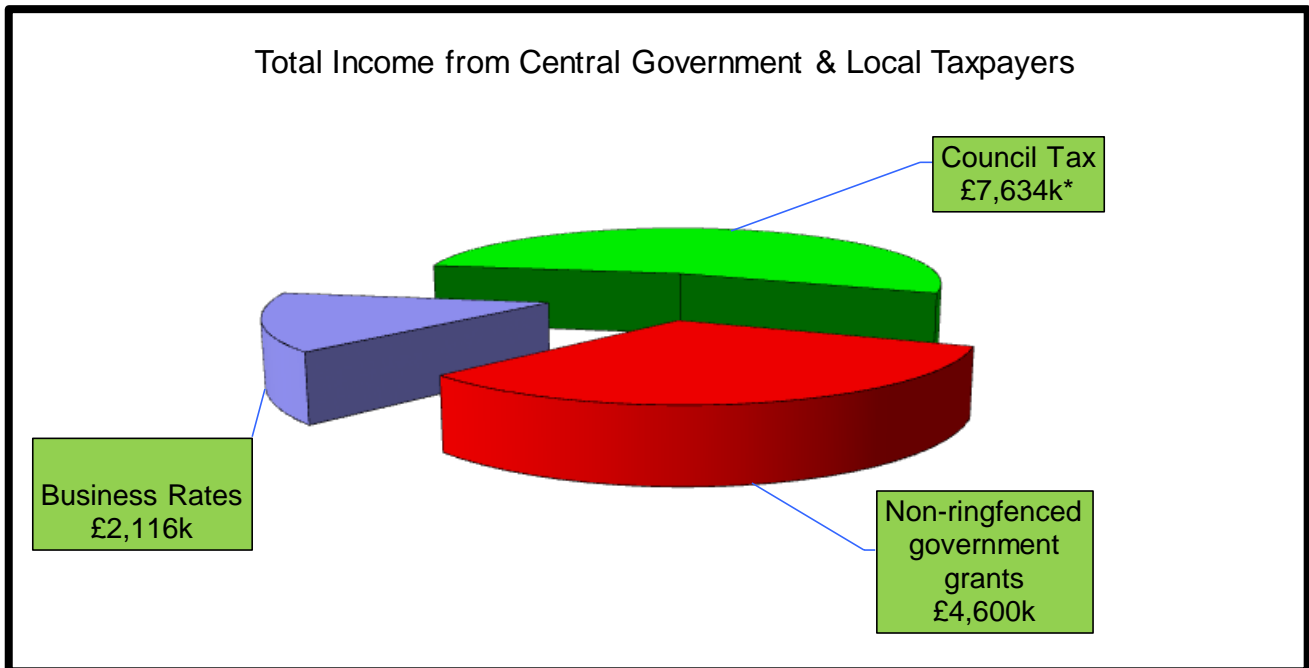
Funding from Central Government Support

The Council's share of Revenue Support Grant is £2.79m (£2,791,110) financial year 2014/15.

Funding from Local Taxpayers

The Council collected £54.18m of Council Tax relating to 2014/15, this represented 98.15% of the total Council Tax due to be collected. Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.35%, Sussex Police and Crime Commissioner 9.46% and Worthing Borough Council 14.19%.

The Council also collects non-domestic rates from local businesses. In 2013/14 the government introduced a business rate retention scheme which changed how business rates are administered nationally. Of the £32.04m billed, after allowing for exemptions, reliefs and provisions, the Council keeps 40%, 10% is paid to the County Council and the remaining 50% is paid over to the treasury.

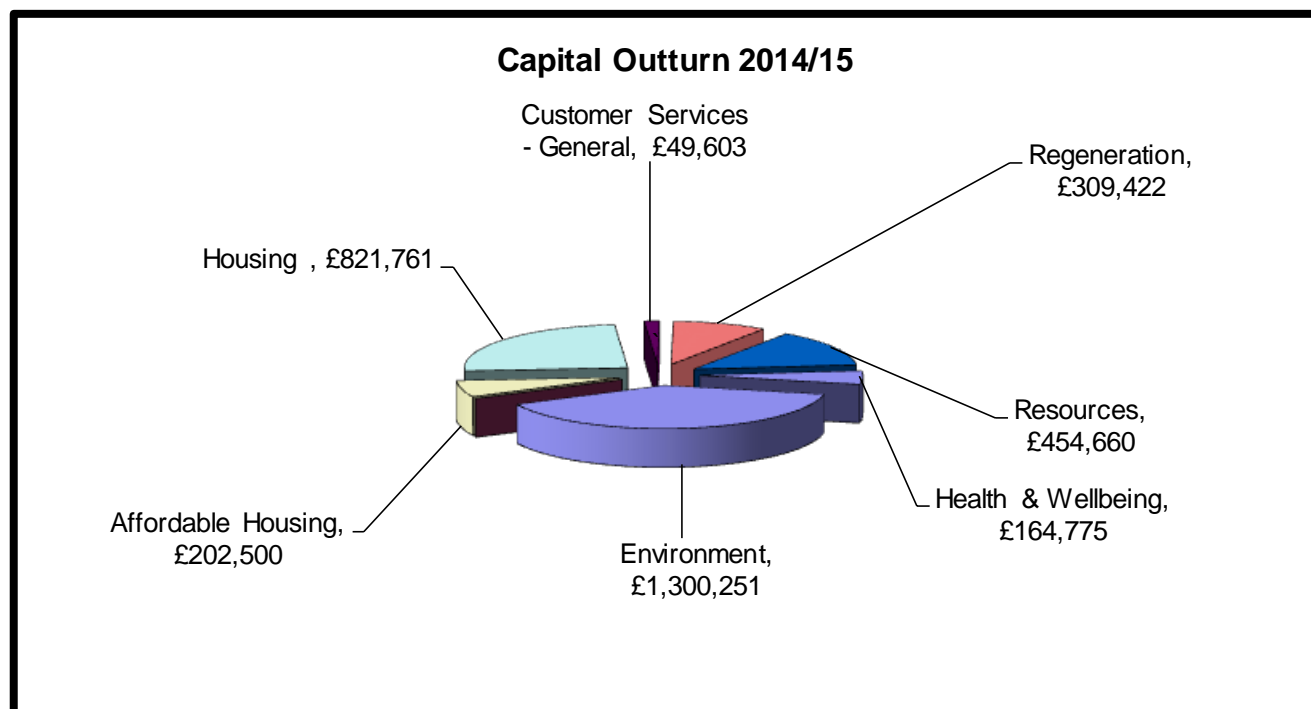


* Net of budgeted Collection Fund deficit.

EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND

Capital spending either maintains or creates new assets or is expenditure that is capital under statute that will contribute to the Council's aims and objectives over more than one year. The Council plans and budgets for capital expenditure by means of a three-year 'rolling' Capital Programme.



The Worthing capital investment programme for all Portfolios was originally estimated at £6,185,770. Subsequent approvals and reprofiling of budgets to 2014/2015 produced a total current budget of £3,813,320. Actual expenditure in the year totalled £3,302,972, a reduction of £510,348 on the revised estimate, comprising of a net slippage of £323,190 and a net underspend of £187,158. The major factors contributing to the reprofiling and slippage were:

1. Schemes where the Council does not have control over the scheme progress i.e. coast protection schemes were the lead officer works for another authority, or mandatory grant schemes where the Council has no control over when the grants will be paid.
2. Additional works being identified after the scheme has commenced which either require additional financial resources or additional time.
3. Some schemes are delayed by adverse weather or other environmental problems.
4. Officer capacity has resulted in some schemes being unable to commence or complete within the financial year.

The reprofiling of schemes has been on-going throughout the year and in total 52 schemes did not complete as planned in 2014/15.

EXPLANATORY FOREWORD

SUMMARY OF CAPITAL SPEND

Expenditure in 2014/15 was financed as follows:

	2014/15
	£'000
Capital Receipts	217
Other Grants and Contributions	715
Revenue Contributions	341
Borrowing	2,030
TOTAL	3,303

The Council's asset values have been increased as a result of the above capital investment. The Council plans to invest £13,985,290 in its capital assets over the next 3 years, £6,257,040 in 2015/16, £4,868,200 in 2016/17 and £2,860,050 in 2017/18. The capital investment will be financed from a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and prudential borrowing.

In 2014/15 £1.126m of capital receipts received during the year were used to repay debt associated with the construction of the new swimming pool in accordance with the funding strategy for the new facility whereby as assets are sold the funds realised are used to pay down the debt associated with the facility.

POST EMPLOYMENT BENEFITS

Employees of the Council have the option to become members of the Local Government Pensions Scheme, administered by West Sussex County Council. This scheme is funded and provides defined benefits to members (retirement lump sums and pensions), earned by employees as they worked for the Council. The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund and comply fully with the requirements of IAS19.

To comply with these relevant accounting standards, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year. Therefore the cost of post-employment and retirement benefits shown in Note 48 are notional and are reversed out of the General Fund via the Movement in Reserves Statement.

EXCEPTIONAL ITEM

A long running legal dispute with the car park contractor was settled in 2013/14. Confidentiality is a condition of the settlement. The settlement cost was part funded by a provision of £246,000 with the remaining cost being funded from the Special and Other Emergency Expenditure Reserve.

ACHIEVEMENTS IN 2014/15

The Revenue and Capital transactions recorded in these statements supported all the Councils' activities and objectives in 2014/15 Substantial achievements were made in the following areas:

EXPLANATORY FOREWORD

ACHIEVEMENTS IN 2014/15

Visitor Information Points - Worthing Borough Council provides two Visitor Information Points for the public at the Pavilion Theatre on the sea front and at the Museum. This sustains the offer while making savings.

Worthing Theatres - Worthing Theatres had an increase in ticket sales of over 58,000 compared to the previous year. The Connaught Pantomime smashed all records and with over 100 sold out shows throughout the year, 2014/15 was a year of remarkable growth.

South Downs Leisure - Worthing BC successfully transferred its Leisure Services to the newly formed South Downs Leisure Trust, a locally based social enterprise. The transfer to Trust will further enhance Worthing's leisure offer and deliver significant savings to the Council, with the Trust paying an annual service fee to the Council. The creation of the Trust is one of the most significant articulation's of the Council's vision set out in "Catching the Wave " and "Surfs Up"

Rethinking Parks - The Councils were successful in its bid to the DCLG's Transformation Challenge Award to fund a project to review how communities can be more engaged in the management and ownership of Parks. The project is being delivered in partnership with The Conservation Volunteers and in addition to engaging communities, will seek to achieve physical and mental health outcomes

West Sussex Transit Site - In partnership with the County Council, other District and Borough Councils, Sussex Police and the Homes and Communities Agency, funding, planning permission and construction of a Gypsy and Traveller Transit Site took place in 2014/15 in readiness for the Site to open in April 2015. This initiative follows several years of dealing with Unauthorised Encampments that were both costly and had a negative impact on the community and the Councils reputation.

Think Family - Adur and Worthing Councils are one of the key lead agencies delivering the West Sussex version of the national Troubled Families project: Think Family. The first phase of Think Family ended in March 2015 with targets for intervention achieved and West Sussex emerging as one of the most successful programmes. Adur and Worthing Councils continue to be one of the lead delivery agencies for the new expanded Think Family 2 programme, and have led the way in West Sussex in delivering community based interventions through the Think Family neighbourhoods' initiative.

Customer Services – This joint service supports 160,000 residents, 700,000 households, and 7,000 businesses, as well as supporting the visitor economy and enquiries from customers outside our geographical boundaries. In 2014/15 it has focused on procurement of replacement omnichannel technologies and enterprise telephony, improved management information and knowledge. We will become more effective advocates for customers across the business. A Customer and Commercial Board has been established by the Director for Customer Service which identifies new business and service efficiency opportunity.

Street Naming and Numbering - The service won GOLD standard awards for both Adur and Worthing and has been named as "Best in the South East."

EXPLANATORY FOREWORD

ACHIEVEMENTS IN 2014/15

Worthing Benefits Team - continued to provide financial support to approximately 10,000 households in the Borough awarding almost £45m of assistance. Some 4,700 new claims and 49,000 changes were processed in respect of 64,000 items of work with an average turn-around time of 8.71 days. During the year more than 89,000 individual payments were issued, approximately 8,000 quality assurance checks undertaken and six software upgrades successfully installed.

Worthing Revenues and Recovery Team - administered liabilities in respect of almost 49,000 domestic and 3,200 commercial properties, issuing bills valued at £54.4m and £31.7m respectively. In-year collection rates of 98.15% (for Council Tax) and 98.22% (for Business Rates) were achieved whilst at the same time the value of prior year debts was reduced by £1.2m. The team received 41,000 items of work, pursued 3,700 accounts through Court action and initiated 311,000 Direct Debit payments.

SUMMARY

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 Council underspent by £121,300 which is most welcome at this time to help the Councils manage the financial climate with which it is grappling and to build capacity to manage service reductions over the next year and fund future service developments.

The outturn position will inform the development of the 2016/17 budget. The intention is to build in recurring under spends into the 2016/17 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on Worthing Borough Council's accounts is available from the Section 151 Chief Financial Officer 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 Head of Productivity and Innovation 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, 2015

The Council'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. In this Council in the financial year 2014/15 that officer was the Chief Financial Officer.
- (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, 2015.

The Chief Financial Officer and Section 151 Officer's Responsibilities:

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts which is required to give a "true and fair" view of the financial position of the Council.

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

The Chief Financial Officer 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 Council at 31st March, 2015 and its income and expenditure for the year ended on that date.

SARAH GOBEY
Chief Financial Officer

Dated: 29th September, 2015

Certificate of Approval by Joint Governance Committee

I confirm that these Accounts were approved by the Joint Governance Committee of Adur District Council and Worthing Borough Council on 29th September 2015

ELIZABETH SPARKES
Chairman, Joint Governance Committee

Dated: 29th September, 2015

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable", which are kept to manage accounting processes (such as the revaluation of non-current assets) reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Council Tax setting. The 'Net increase /decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Single Entity	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.13	(1,142)	(5,219)	(4,091)	(1,392)	(11,844)	(40,894)	(52,738)
Movement in Reserves during 2013/14							
(Surplus) or deficit on provision of services	17,717	-	-	-	17,717	-	17,717
Other Comprehensive Expenditure & Income	(6)	-	-	-	(6)	(4,988)	(4,994)
Total Comprehensive Expenditure and Income	17,711	-	-	-	17,711	(4,988)	12,723
Adjustments between accounting and funding basis under Regs. (Note 7)	(16,084)	-	(98)	95	(16,087)	16,087	-
Net Increase/Decrease before Transfers to Earmarked Reserves	1,627	-	(98)	95	1,624	11,099	12,723
Transfers to/from Earmarked Res. (Note 8)	(1,329)	1,329	-	-	-	-	-
Increase/Decrease (movement) in Year	298	1,329	(98)	95	1,624	11,099	12,723
Balance at 31.03.14 c/fwd	(844)	(3,890)	(4,189)	(1,297)	(10,220)	(29,795)	(40,015)
Movement in Reserves during 2014/15							
(Surplus) or deficit on provision of services	2,433	-	-	-	2,433	-	2,433
Other Comprehensive Expenditure and Income	30	-	-	-	30	(12,534)	(12,504)
Total Comprehensive Expenditure and Income	2,463	-	-	-	2,463	(12,534)	(10,071)
Adjustments between accounting basis and funding basis under reg's (Note 7)	(856)	-	(58)	(92)	(1,006)	1,006	-
Net Increase/Decrease before Transfers to Earmarked Reserves	1,607	-	(58)	(92)	1,457	(11,528)	(10,071)
Transfers to/from Earmarked Res. (Note 8)	(1,607)	1,607	-	-	-	-	-
Increase/Decrease in Year	(0)	1,607	(58)	(92)	1,457	(11,528)	(10,071)
Balance at 31.03.15 c/ fwd	(844)	(2,283)	(4,247)	(1,389)	(8,763)	(41,323)	(50,086)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

	2014/15	2014/15	2014/15	2013/14	2013/14	2013/14	Note
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	£'000	£'000	£'000	
NET EXPENDITURE ON SERVICES							
Central Services to the Public	1,912	(889)	1,023	1,791	(987)	804	
Cultural Services	13,023	(9,610)	3,413	22,171	(8,664)	13,507	
Environmental & Regulatory Services	5,729	(2,926)	2,803	7,882	(3,933)	3,949	
Planning Services	2,504	(756)	1,748	3,495	(1,517)	1,978	
Highways and Transport Services	1,587	(2,205)	(618)	924	(1,101)	(177)	
Other Housing Services	39,433	(38,055)	1,378	39,030	(37,548)	1,482	
Corporate & Democratic Core	2,115	(136)	1,979	2,309	(160)	2,149	
Non-Distributed Costs	2,684	-	2,684	2,540	-	2,540	
Net Cost of Services	68,987	(54,577)	14,410	80,142	(53,910)	26,232	
(Gains)/losses on the disposal of non-current assets			149			2,551	9
Financing and Investment Income and Expenditure			2,284			3,395	10
Taxation and non-specific grant income			(14,410)			(14,461)	11
(Surplus) or Deficit on Provision of Services			2,433			17,717	
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			(14,020)			216	25
Remeasurements of the net defined pension benefit liability			1,486			(5,204)	25
Other			30			(6)	
Other Comprehensive Income and Expenditure			(12,504)			(4,994)	
Total Comprehensive Income and Expenditure			(10,071)			12,723	

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Worthing Borough Council. The net assets of Worthing Borough Council (assets less liabilities) are matched by the reserves held by the Council.

	See Note No:	As at 31st March 2015	As at 31st March 2014
		£'000	£'000
Long Term Assets:			
Property, Plant & Equipment	12	80,172	66,009
Heritage Assets	13	11,715	11,504
Investment Properties	14	15,397	15,042
Intangible Assets	15	218	158
Assets Held for Sale	21	4,784	4,784
Long Term Investments	16	75	-
Long Term Debtors	19	10	12
Total Long Term Assets		112,371	97,509
Current Assets:			
Short Term Investments	16	6,019	2,001
Inventories	17	183	178
Short Term Debtors	19	6,978	6,767
Cash & Cash Equivalents	20	3,910	1,743
Total Current Assets		17,090	10,689
Current Liabilities:			
Cash & Cash Equivalents			
Short Term Borrowing	16	(15,354)	(14,710)
Short Term Creditors	22	(12,107)	(8,574)
Provisions	23	(1,193)	(660)
Grants Receipts In Advance - Revenue	39	(731)	(296)
Total Current Liabilities		(29,385)	(24,240)
Long Term Liabilities:			
Long Term Borrowing	16	(2,836)	(88)
Other Long Term Liabilities	47	(47,154)	(43,855)
Total Long Term Liabilities		(49,990)	(43,943)
Net Assets		50,086	40,015
Financed By Reserves:			
Usable Reserves	24 & 8	(8,763)	(10,219)
Unusable Reserves	25	(41,323)	(29,796)
Total Reserves		(50,086)	(40,015)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

	See Note No:	2014/15	2013/14
		£'000	£'000
Net (surplus) or deficit on provision of services	26	(2,433)	(17,717)
Adjustments to net surplus or deficit on the provision of services for non cash movements	26	6,344	14,169
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(2,207)	4,196
Net cash flows from Operating Activities	26	1,704	648
Investing Activities	27	(3,679)	(1,886)
Financing Activities	28	4,142	541
Net increase or decrease in cash and cash equivalents		2,167	(697)
Cash and cash equivalents at the beginning of the reporting period		1,743	2,440
Cash and cash equivalents at the end of the reporting period	20	3,910	1,743

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2014/15

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in United Kingdom – 2014/15 Accounts, which is based on International Reporting Standards (IFRS).

As outlined in the Foreword, there are no significant changes to the CIPFA Code of Practice for 2014/15 which affect this Council.

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 has been prepared with the overriding requirement that it is a 'true and fair' representation of the financial position, performance and cash flows of the Council.

The Council 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

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. The current de minimis is £250.

Tax Income (Council Tax, Non-Domestic Rates (NDR) And Rates)

The Council is a billing authority and follows the principles in IPSAS 23 Revenue from Non Exchange transactions (Taxes and Transfers) in respect of accounting for tax income collected except where adaptations to fit the public sector are detailed in the Code.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

Tax Income (Council Tax, Non-Domestic Rates (NDR) And Rates)

Retained Business Rate income, Top Up income and Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

NDR, Top Up Income and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Revenue relating to such things as council tax, general rates, etc. shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

UNDERLYING ASSUMPTION TO THE STATEMENT OF ACCOUNTS

Going Concern

The accounts have been prepared on the assumption that the Council 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 Council's stewardship of public funds and for making economic decisions. It is intended to be complete, neutral and free from error.

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 Council 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 Council does not set fixed monetary limits or rules for materiality, but has taken a view upon what would provide a proper understanding of the Council's overall financial position. Where appropriate, such a view has been reached in consultation with the Council's auditors.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ENHANCED QUALITATIVE CHARACTERISTICS

Comparability

A consistent approach to accounting policies is used in preparing the accounts to ensure that it 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.

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.

The elements directly related to the measurements of the 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.

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.

Primacy of Legislative Requirements

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INCOME AND EXPENDITURE

Revenue Recognition

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

COSTS OF SUPPORT SERVICES

The CIPFA Service Reporting Code of Practice (SeRCOP) 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	Headcount
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	Number of Vehicles

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

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.

GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The de minimis for grants and contributions to be subject to this accounting treatment is £5,000.

LEASES

IAS 17 requires leases 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".

The core tests which collectively or individually may provide evidence of finance leases are:

- the lease transfers ownership of the asset from the lessor (supplier) to the lessee (the user) by the end of the lease term;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value;
- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

The Council as Lessee – Finance Leases:

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a corresponding liability on the balance sheet for the obligation to pay the lessor (asset provider) the amounts due in respect of the capital cost of acquiring the asset. This is because the transaction is considered to be the same as if the Council had purchased the asset and financed it through taking out a loan. The lease payments from lessee to lessor are therefore apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment, which is applied to write down the lease liability held on the balance sheet, and
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

However, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses, and revaluation gains and losses are therefore reversed by way of a revenue contribution in the General Fund Balance via an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council as Lessor – Finance Leases:

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, which is applied to write down the lease debtor (together with any premiums received), and
- finance income (that is credited to the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessee – Operating Lease:

Under an operating lease the property so acquired is not required to be recognised as an asset in the Council's balance sheet, and the payments due under the lease will be a charge to revenue.

These payments are in effect rentals and are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor – Operating Lease:

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet of the Council. Rental income is credited to revenue within the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

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 Council 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 and operating leases which are charged directly to service revenue accounts.

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 surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve. The exception to this is where previous revaluation losses have been debited to the Comprehensive Income and Expenditure Account. Where this has occurred the surplus on revaluation is credited to the Comprehensive Income and Expenditure Account up to the value of the previous revaluation loss, less the value of depreciation that would have been charged had there been no revaluation loss. Surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Revaluation Reserve only includes gains since its inception from 1st April, 2007, prior gains were incorporated into the Capital Adjustment Account. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and 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. Community assets and infrastructure assets are stated at cost. Assets under construction are stated at cost. Donated assets are revalued at fair value.
- Investment properties, are included in the balance sheet at market value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- 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.
- Assets reclassified as Held for Sale when the following criteria are met:
 - i) The asset is available for sale in its present condition subject only to terms that are customary for sales of such assets (or disposal groups).

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

- ii) The sale must be highly probable.
- iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
- iv) An active programme to locate a buyer and complete the sale must have been initiated.
- v) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the current value.
- vi) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale, or that significant changes to the plan will be made or that the plan will be withdrawn.

For 2014/15 the Council's values of land and buildings have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract 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.

Disposals

Assets are disposed of in the year of sale and the profit or loss on disposal is charged to the Comprehensive Income and Expenditure Account.

Charges to Revenue for non-current Assets

Service revenue accounts, central support services, and trading accounts are charged with a depreciation charge, profit or loss on disposal and any impairment loss for all non-current assets used in the provision of services. (An impairment loss is only charged to revenue, if there is no balance on the Revaluation Reserve.) The depreciation charge is credited out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement on the General Fund Balance so that there is no impact on the amount required to be raised from local taxation for the provision of Council services.

Asset lives are established by reference to the expected timespan over which the Council expects to get economic benefits from that asset. This could be a valuer or the officer using the asset.

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Charges to Revenue for non-current Assets

Buildings	8-68 years except when impairment has occurred.
Vehicles	7-10 years
Equipment	from over 1 to 25 years
Intangible Assets, Software	from over 1 to 7 years
Infrastructure Assets	25 years
Community Assets	Held in perpetuity
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 were there to be reason to believe that the value had reduced materially in the period due to impairment, the valuation would be adjusted accordingly. Further information is supplied in Note 44.

Depreciation

Depreciation is charged to service revenue accounts for most non-current assets:

- newly acquired assets are depreciated on asset values at 1st April in the year following their confirmation as fully operational assets, except where the acquisition is material when depreciation is calculated at the date of acquisition. 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, based on asset values at 1st April except where there are material acquisitions or disposals in any year where depreciation is calculated at date of acquisition or disposal.
- assets acquired under Finance Leases are depreciated over the asset life, or the lease term if shorter.
- assets held for sale, investment properties, assets under construction and community assets are not depreciated.

Componentisation of Assets

Where an item of Property, Plant and Equipment has major components, the cost of which is significant in relation to the total cost, the components are depreciated separately. The Council uses the straight line method of depreciation over the useful life (UEL) of the component.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Componentisation of Assets

In accordance with the Code, significant components are recognised as assets are acquired, enhanced or revalued from 1 April 2010 onwards, and not retrospectively of this date. When a component is replaced or restored, the carrying amount of the old component is de-recognised by indexing the cost of the replacement back to the estimated inception date and adjusting for subsequent depreciation and impairment. When replaced components are written out, this does not result in a loss on either asset values or asset sales.

For Property, Plant and Equipment the accounting policy is to componentise all land and property assets valued at £50,000 or more in total where there has been a revaluation or enhancement since 1st April 2010. The following component categories are used:

Land

Main building structures

Replaceable building structures

Services

External works

Any Revaluation Reserve balances associated with componentised assets are attributed firstly to land and then to the main building structures, as it is considered unlikely that component replacements will give rise to revaluation gains and losses independently of the structure of a building. The exception would be if the Revaluation Reserve balance exceeded the valuation of the land and main building structure, when the remaining balance would be attributed to the other categories.

INTANGIBLE ASSETS

The following criteria need to be met before an asset is classified as an intangible asset:

1. The asset must be identifiable
2. The asset must lack physical substance.
3. The asset is controlled by the Authority and benefit from future economic benefits. Intangible assets are measured at cost.
4. Intangible assets are amortised over their useful lives.

Intangible assets are either internally generated or purchased. The Council 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Heritage Assets are a new classification of assets following the adoption of FRS 30.

Definition of Heritage Assets

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is defined as an intangible asset with cultural, environmental or historical significance.

Recognition of Heritage Assets

The Council recognises heritage assets when the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the Council does not recognise the asset on the Balance Sheet. Assets which are not recognised in the Balance Sheet are included in a separate Disclosure Note 52.

Valuation of Heritage Assets

The Council's heritage assets are normally measured at valuation except where it is not possible to establish a valuation; for example if there is no market for a particular heritage asset or where it is not possible to provide a reliable estimate of the replacement cost of the asset due to the lack of comparative information. The unique nature of many heritage assets makes reliable valuation complex. Therefore where it is not practicable to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the financial statements) and cost information is available, the asset is carried at historical cost (less any accumulated depreciation, amortisation and impairment losses).

Valuations may be made by any method that is appropriate and relevant and include:

- (i) Insurance valuations based on current estimations of market values which are updated annually.
- (ii) External valuations.
- (iii) Valuations by reference to recent auctions for similar assets.
- (iv) Valuations by reference to antique and other industry journals and reference materials.

Valuations are reviewed with sufficient regularity to ensure they remain current.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Depreciation, Amortisation and Impairment of Heritage Assets

Tangible heritage assets are not depreciated as the assets are considered to have very long or infinite lives. Amortisation on intangible assets is considered on an individual asset basis. Assets are reviewed for impairment where an asset has suffered physical deterioration or breakage, or where doubts arise as to the authenticity of the heritage asset.

Accounting for Heritage Assets

Heritage assets are accounted for in the same way as property, plant and equipment and intangible assets.

INVESTMENT PROPERTIES

Investment Properties are property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both rather than for:

- a) use in the production or supply of goods or services or for administration purposes, or
- b) sale in the ordinary course of operations.

CAPITALISATION OF BORROWING COSTS

IAS 23 requires borrowing costs, such as interest payments and other financing charges, to be capitalised in respect of assets that take a substantial period of time to get ready for use or sale. Capitalisation of borrowing costs is required to continue until the point at which the related assets become operational or are sold.

However, the Code of Practice allows borrowing costs to be charged to revenue expenditure as they are incurred. The Council's policy is to apply the discretion permitted under the Code to expense borrowing costs as they are incurred. Accordingly, borrowing costs expensed are disclosed within Interest Payable in the Comprehensive Income and Expenditure Statement.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure, such as improvement grants for which no non-current assets exist, is classified as Revenue Expenditure Funded from Capital Under Statute. Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INVENTORIES

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

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

WORK IN PROGRESS

Any rechargeable works are shown at the actual cost incurred (excluding overheads allocation) at 31st March.

PROVISIONS

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

Non Domestic Rates Appeals

A provision is made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The amount provided for is based on advice received from an external consultant and is assessed on the likely change to rateable value.

DEBTORS AND CREDITORS

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Financial Instruments are broadly defined in the Code of Practice as contracts that give rise to a financial asset in one entity and a financial liability in another entity.

FINANCIAL LIABILITY	FINANCIAL ASSET
<p>A financial liability is an obligation to transfer economic benefits controlled by the authority that is represented by:</p> <ul style="list-style-type: none">- a contractual obligation to deliver cash (or another financial asset) to another entity.- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.	<p>A financial asset is a right to future economic benefits controlled by the authority that is represented by:</p> <ul style="list-style-type: none">- cash- a contractual right to receive cash (or another financial asset) from another entity.- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

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

The accounting treatment of any particular financial instrument (i.e. how its carrying value is measured, and gains and losses recognised) depends on its classification on initial recognition

Table removed

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

The Code also requires that each class of financial assets and financial liabilities be disclosed at "fair value" in a way that permits it to be compared with the carrying amount in the statement of accounts. Comparisons of fair value with the carrying amounts are shown where required within the Notes to Core Financial Statements. The Code specifies that all financial instruments should be recognised on the basis of fair value adjusted for transaction costs except where the transaction costs are immaterial. Consequently, in practice, transaction costs are charged directly to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

In making such disclosures, 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ACCOUNTING FOR FINANCIAL INSTRUMENTS

Soft Loans

The Code requires specific accounting requirements in respect of “soft loans”, being loans made to or from third parties at preferential rates of interest below market rates. The Code requires the fair value of soft loans to be estimated as the present value of future cash receipts attributable to the loans discounted using the prevailing market rate for a similar financial instrument. This results in a different measure of fair value than what is derived from the actual cash lent and the cash flows that will take place under contract.

The council issues soft loans to employees in respect of car loans, and is in receipt of interest free loans to finance energy efficiency capital projects. No adjustment in respect of these loans is made to the accounts to reflect the requirements of the Code on the grounds that the adjustment would be immaterial or impractical.

INVESTMENTS

Investments comprise cash deposits placed with financial institutions for fixed term or notice periods, and are shown on the balance sheet at amortised cost, being the value of principal and accrued interest outstanding at the balance sheet date.

DEBT REDEMPTION

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 (SI 2008/414 as amended by SI 2012/265) place a duty on local authorities to make a prudent provision for debt redemption.

The provisions are made each year from the General Fund Revenue Accounts, which is then held in the Capital Adjustment Account (CAA). The accumulated provision held in the CAA is used to repay the principal amounts borrowed to finance capital investment.

In accordance with statutory guidance and the Council's statement for Minimum Revenue Provisions (MRP) an amount is charged annually to revenue and set aside for the repayment of debt. (MOVED)

The provision is made over the estimated life of the asset for which the borrowing is undertaken.

INTERNAL INTEREST

A contribution is made to some Reserve Account balances based upon the average rate of return on the Council's investments for the year.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

Paragraph 7 of International Accounting Standard (IAS) 7 suggests that for short term investments to fall within the definition of cash equivalents they be no longer than 3 months duration, as any longer period would increase the risk of a change in value of the investments. For the purpose of classifying cash equivalents within Financial Instruments (Note 16), the Council’s accounting policy is to categorise all fixed term deposits as investments, not cash equivalents (irrespective of the duration of the investments). This is because in practice, such deposits would not satisfy the requirement to be readily convertible to cash and would incur a penalty (loss in value) for early redemption. Therefore, in practice the Council’s policy restricts the composition of cash and cash equivalents to notes and coin, current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions, that would be returnable without penalty within 24 hours notice.

EXCEPTIONAL ITEMS

Where exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council’s financial performance.

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 Council’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.

RESERVES

The Council sets aside specific amounts as reserves to meet future spending need or to cover contingencies.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

RESERVES

Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from reserves is incurred, it is charged to the appropriate service within the Income and Expenditure Statement. The amount so charged is funded by transferring from the Reserves to the General Fund Balance an equivalent amount via the Movement in Reserves Statement.

EMPLOYEE BENEFITS

Pension Costs

The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund, which provides Council employees with defined benefits relating to pay and service. This accounting treatment complies fully with the requirements of IAS 19 and presentational revisions reflect the 2014/15 Code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS 19.

Employees of the Council are members of a pension scheme:

- The Local Government Pensions Scheme, administered by West Sussex County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bonds.
- The assets of West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value which is the bid value as required by FRS17.
- The change in the net pensions liability is derived from two components:
 - Present Value of the defined benefit obligation which represents the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This is calculated from several factors including:
 - The current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

- The interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - The past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - Contributions by members made into the West Sussex County Council pension fund;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
 - Estimate of benefits paid to pensioners.
- Fair value of plan assets which is calculated from several factors including:
- Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - Contributions paid to the West Sussex County Council pension fund by members and the employer – cash paid as contributions to the pension fund in settlement of liabilities; not accounted for as an expense;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
 - Estimate of benefits paid to pensioners.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Termination Benefits

Termination benefits, such as redundancy payments, are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept a voluntary redundancy offer in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits

The Code requires that a liability for a termination benefit is recognised at the earlier of the following dates:

- ◆ when the authority can no longer withdraw the offer of those benefits, and
- ◆ when the authority recognises costs for a restructuring that is within the scope of section 8.2 of the Code and IAS 37 (see Module 8, section B) and involves the payment of termination benefits.

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

A contribution is made to some Reserve Account balances based upon the average rate of return on the Council's investments for the year.

Current Employee Benefits And Accumulated Absences

The Council reviews 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Adjusting Events - Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Non-adjusting Events - Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

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 Council. 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.

CAPITAL RECEIPTS

Capital receipts are income received from the sale of land or other capital assets above £10,000, a proportion of which may be used to finance capital expenditure.

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

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

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no material changes as detailed below:

- IFRS 13 Fair Value Measurement – This standard introduces a consistent definition of fair value. This standard may affect how some types of property, plant and equipment are valued. However this is unlikely to have a material affect upon Worthing Borough Council.
- IFRIC 21 Levies – This standard provides guidance on the recognition of liabilities to pay levies imposed by Governments. The Worthing Borough Council is unlikely to pay any such levy.

NOTES TO THE ACCOUNTS

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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 Council 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 the Council's Balance Sheet at 31 March 2015 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 and 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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S.</p> <p>There would also be a corresponding decrease in the carrying amount of the assets.</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>

NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>During 2014/15, the Council's actuaries advised that the net pension liability has increased by a net £3.3m. £1.81m increase as a result of estimates being corrected as a result of experience and an increase of £1.49m attributable to updating of the assumptions.</p>
Arrears	<p>At 31st March 2015 the Council had a net balance of debtors due (excluding government departments) of £6.69m. A review of significant balances suggested that an impairment of doubtful debt of £1.69m was appropriate.</p>	<p>Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.</p>
Non-Domestic Rate Appeals Provision	<p>At March 2015 the Council had made a provision of £2,726k for the impact of appeals on business rate income. The provision is based on the appeals lodged with the Valuation Office which is then reviewed by an external consultant to establish the likely impact of the appeals on the business rate income.</p>	<p>The appeals provision is reviewed each year and adjusted for the likely impact of any increase or decrease in the level appeals.</p>

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

Last year, the Council settled a long-running legal dispute with the contractor managing the Car Parks. There is a legally binding confidentiality clause as part of the settlement agreement. This required the Council to use a provision of £262,000 specifically set aside for this purpose. The remainder of the cost was funded from the Special and Other Emergency Expenditure Reserve.

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 2015 and the date when the Statement of Accounts is authorised for issue, 29th September 2015.

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.

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice and to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/15 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement				
Charges for depreciation and impairment of non current assets (note 12 & 25)	(2,756)			2,756
Revaluation losses on Property Plant and Equipment (note 12 & 25)	2,213			(2,213)
Movements in the market value of investment Properties (note 25)	638			(638)
Amortisation of intangible assets (note 15 & 25)	(34)			34
Capital grants and contributions applied (note 25)	634			(634)
Movement in the Donated Assets Account (note 13)	5			(5)
Revenue Expenditure funded from capital under statute (note 25)	(1,237)			1,237
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 12)	(1,289)			1,289
Insertion of items not debited or credited to the Comprehensive Income & Exp'iture Statement				
Statutory provision for the financing of capital investment (note 25)	1,078			(1,078)
Capital expenditure charged against the General Fund (note 25)	341		-	(341)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income & Exp'iture A/c	171		(171)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)			79	(79)
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	1,401	(1,401)		-

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/15 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustment primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new and historic capital expenditure (note 41)	-	1,343		(1,343)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash (note 25)		-		-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(6,332)			6,332
Employers Pension Contributions and direct payments to pensioners payable in the year (note 48)	4,516			(4,516)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax and non domestic rating income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non domestic rating income calculated for the year in accordance with statutory requirements (note 25)	(205)			205
TOTAL ADJUSTMENTS 2014/15	(856)	(58)	(92)	1,006

2013/14 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation and impairment of non current assets (note 25)	(2,580)			2,580
Revaluation losses on Property Plant and Equipment (note 25)	(9,477)			9,477
Movements in the market value of investment Properties (note 25)	(128)			128
Amortisation of intangible assets (note 25)	(14)			14

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2013/14 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Capital grants and contributions applied (note 25)	527		-	(527)
Movement in the Donated Assets Account	13			(13)
Revenue Expenditure funded from capital under statute (note 25)	(828)			828
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 25)	(2,731)			2,731
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	884			(884)
Capital expenditure charged against the General Fund (note 25)	148			(148)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive income and Expenditure Account	(63)		63	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)			32	(32)
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	327	(327)		-
Use of the Capital Receipts Reserve to finance new capital expenditure (note 41)		230		(230)
Contribution from Capital Receipts Reserve towards administrative costs of non current asset disposals				-

NOTES TO THE ACCOUNTS

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2013/14 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000
Adjustment primarily involving the Capital Receipts Reserve:				
Contribution from Capital Receipts Reserve to finance the payments to the Government capital receipts pool				-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash (note 25)		(1)		1
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(6,268)			6,268
Employers Pension Contributions & direct payments to pensioners payable in year (note 48)	4,328			(4,328)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements (note 25)	(222)			222
TOTAL ADJUSTMENTS 2013-2014	(16,084)	(98)	95	16,087

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund in 2014/15.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

The Council holds a number of specific reserves. Movements during the year were as follows:

Movement in Earmarked Reserves	Balance at 01.04.13	Decrease 2013/14	Increase 2013/14	Balance at 31.03.14	Decrease 2014/15	Increase 2014/15	Balance at 31.03.15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves							
Capacity Issues Fund	2,702	(903)	216	2,015	(1,555)	430	890
Cremator Abatement	60	(60)	-	-	-	-	-
Crematorium Improvement	-	(46)	46	-	-	-	-
Insurance	491	(86)	31	436	(6)	31	461
Joint Health Promotion	30	(8)	-	22	-	-	22
Leisure Lottery & Other Partnerships	78	-	-	78	-	-	78
Grants & Contributions	590	(55)	10	545	(131)	63	477
Museum Reserve	110	-	2	112	(14)	9	107
Theatres Ticket Levy	-	(43)	70	27	(8)	16	35
Planning Delivery Grant	134	(10)	-	124	(26)	-	98
Special & Other Emergency Expenditure	642	(493)	-	149	(107)	-	42
VAT Partial Exemption*	212	-	-	212	(212)	-	-
Vehicle Repair and Renewal*	97	-	-	97	(97)	-	-
* Consolidated into Capacity Issues Reserve							
Total General Fund	5,146	(1,704)	375	3,817	(2,156)	549	2,210
Capital Expenditure Reserve	73	-	-	73	-	-	73
Total Earmarked Reserves	5,219	(1,704)	375	3,890	(2,156)	549	2,283

- (i) The Capacity Issues Reserve was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise in future years.
- (ii) The Cremator Abatement Reserve and Crematorium Improvement Reserve were established in November 2005 and consist of funds set aside from increases in fees and charges. They are designed to provide funds towards the cost of mercury emission abatement measures and crematorium infrastructure improvements respectively.
- (iii) The Insurance Reserve was established in 1993/94 to fund risk management initiatives, fund minor self-insurance and to achieve longer term revenue savings.
- (iv) The Joint Health Promotion Reserve was established in 2005 with funding received from the local teaching Primary Care Trust for health promotion projects.
- (v) The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

- (vi) The Grants and Contributions Reserve was created to comply with changes in accounting policy required by the code of practice. The reserve is used where the grant or contribution 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.
- (vii) The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.
- (viii) Theatre Tickets Levy is a new fund set up in 2013/14, specifically to fund maintenance on theatres.
- (ix) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (x) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xi) The VAT Partial Exemption Reserve was originally set up in 2000 to meet any additional costs associated with the transfer of the Council's Housing Stock. The purpose of the fund was revised in 2002 and surplus funds redistributed to other reserves leaving a balance of £212,000 to meet potential VAT liabilities. In 2014/15 this reserve has been consolidated into the Capacity Issues Reserve.
- (xii) The Vehicle Repairs and Renewal Fund was set up in 2008 to meet future maintenance costs of the Adur Worthing Council Services Fleet. In 2014/15 this reserve has been consolidated into the Capacity Issues Reserve.
- (xiii) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-15	31-Mar-14
	£'000s	£'000s
De-recognition of assets	487	2,541
Gains/losses on the disposal of non-current assets	(338)	10
TOTAL	149	2,551

NOTES TO THE ACCOUNTS

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2014/15	2013/14
	£000	£000
Interest Payable & similar charges	116	174
Net interest on net defined benefit liability (asset)	3,275	3,456
Interest Receivable & similar income	(68)	(93)
Income and expenditure in relation to investment properties	24	18
Changes in fair value to investment properties	(638)	128
Other Investment Income (Trading Operations: Note 31)	(425)	(288)
TOTAL	2,284	3,395

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2014/15	2013/14
	£'000s	£'000s
Council Tax Income	(7,688)	(7,549)
Non Domestic Rates	(1,857)	(2,432)
Non-ringfenced Government Grants	(4,600)	(4,437)
Capital Grants and Contributions	(265)	(43)
TOTAL	(14,410)	(14,461)

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2014/2015	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Constr-uction	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	54,411	10,047	4,235	4,964	1,205	121	74,983
Additions	905	641	193	-	-	46	1,785
Revaluation increases/(decreases) recognised in the Revaluation Res've	13,215	22	-	-	-	-	13,237
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(617)	-	-	-	-	-	(617)
Derecognition - Other	(510)	(394)	-	-	(2)	-	(906)
Assets reclassified (to)/from Held for Sale	-	-	-	-	(123)	-	(123)
Assets reclassified (to)/from Investment Properties	(266)	-	-	-	-	(9)	(275)
Reclassifications between asset classes, including transfers to intangible assets	18	2	38	(1)	-	(57)	-
At 31 March 2015	67,156	10,318	4,466	4,963	1,080	101	88,084

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2014/2015	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
Accu'lated Deprec'tion & Impairm't							
At 1 April 2014	(2,599)	(5,459)	(887)	-	(29)	-	(8,974)
Depreciation charge	(1,612)	(964)	(163)	-	(8)	-	(2,747)
Depreciation written out to the Revaluation Reserve	562	3	-	-	-	-	565
Deprecation written out to the Surplus/Deficit on the Provision of Services	2,830	-	-	-	-	-	2,830
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	(8)	-	(8)
Derecognition - Other	55	364	-	-	-	-	419
Derecognition - Disposals	-	-	-	-	3	-	3
At 31 March 2015	(764)	(6,056)	(1,050)	-	(42)	-	(7,912)
Net Book Value at 31 March 2015	66,392	4,262	3,416	4,963	1,038	101	80,172
Net Book Value at 31 March 2014	51,812	4,588	3,348	4,964	1,176	121	66,009

Share of the above assets used in the provision of the joint service

Movements in 2014/2015	Vehicles, Furniture and Equipment	Surplus Assets	Assets Under Construction	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000
At 1 April 2014	8,397	24	6	8,427
Additions	519	-	-	519
De-recognition - Other	(342)	-	(1)	(343)
At 31 March 2015	8,574	24	5	8,603
Accumulated Depreciation				
At 1 April 2014	(4,621)	(10)	-	(4,631)
Depreciation charge	(839)	(3)	-	(842)
Derecognition - Other	319	-	-	319
Transfer of depreciation from other asset categories	-	-	-	-
At 31 March 2015	(5,141)	(13)	-	(5,154)
Net Book Value at 31 March 2015	3,433	11	5	3,449
Net Book Value at 31 March 2014	3,776	14	6	3,796

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2013/14

Movements in 2013/2014	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2014	48,335	9,477	4,007	4,964	2,224	22,107	91,114
Additions	2,960	796	227	-	-	96	4,079
Revaluation increases/(decreases) recognised in the Revaluation Res've	(1,539)	29	-	-	(1,126)	-	(2,636)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,654)	-	-	-	(7)	-	(9,661)
Derecognition - Disposals	-	-	-	-	-	-	-
Derecognition - Other	(2,573)	(398)	-	-	(22)	-	(2,993)
Assets reclassified (to)/from Held for Sale	(4,784)	-	-	-	-	-	(4,784)
Assets reclassified (to)/from Investment Properties	17	-	-	-	(49)	-	(32)
Reclassifications between asset classes, including transfers to intangible assets	21,649	143	1	-	185	(22,082)	(104)
At 31 March 2013	54,411	10,047	4,235	4,964	1,205	121	74,983
Accumulated Depreciation and Impairment							
At 1 April 2014	(2,551)	(5,009)	(733)	-	(1)	(151)	(8,445)
Depreciation charge	(1,587)	(821)	(154)	-	(9)	-	(2,571)
Depreciation written out to the Revaluation Reserve	1,419	(13)	-	-	8	-	1,414
Deprecation written out to the Surplus/Deficit on the Provision of Services	178	-	-	-	7	-	185
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	(9)	-	(9)
Derecognition - Other	86	366	-	-	-	-	452
Reclassifications between asset classes, including transfers to Intangible Assets	(144)	18	-	-	(25)	151	-
At 31 March 2014	(2,599)	(5,459)	(887)	-	(29)	-	(8,974)
Net Book Value at 31 March 2013	51,812	4,588	3,348	4,964	1,176	121	66,009
Net Book Value at 31 March 2012	45,784	4,468	3,274	4,964	2,223	21,956	82,669

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

COMPARATIVE MOVEMENTS 2013/14

Share of the above assets used in the provision of the joint service

Movements in 2013/2014	Vehicles, Furniture & Equipment	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2013	8,029	-	242	8,271
Additions	(63)	-	-	(63)
Assets transferred to Joint Services	558	-	-	558
Derecognition - Other	(235)	-	-	(235)
Reclassifications between asset categories	108	24	(236)	(104)
At 31 March 2014	8,397	24	6	8,427
Accumulated Depreciation and Impairment				
At 1 April 2013	(4,145)	-	-	(4,145)
Depreciaton transfers to joint services	16	-	-	16
Depreciation charge	(720)	(4)	-	(724)
Derecognition - Other	222	-	-	222
Transfer of depreciation from other asset categories	6	(6)	-	-
At 31 March 2014	(4,621)	(10)	-	(4,631)
Net Book Value at 31 March 2014	3,776	14	6	3,796
Net Book Value at 31 March 2013	3,884	-	242	4,126

Depreciation

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

- **Other Land and Buildings:** 8 – 68 years
- **Vehicles, Plant, Furniture and Equipment:** 1 – 25 years
- **Infrastructure:** 25 years

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Capital Commitments

At 31 March 2015 the Council has entered into 2 significant contracts for the enhancement of property in 2015/16 estimated to cost £87,235. The significant commitments at 31 March 2014 were £477,702. The significant commitments at 31 March 2015 are:

- Multi Storey Car Parks - 2 contracts for additional equipment totalling £87,235.

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every 5 years. Valuations were either carried out by External Valuers or by the Council's Estates Office. Valuations were carried out in accordance with International Financial Reporting Standards (IFRS). The valuations were made in accordance with the RICS Valuation Standards 6th Edition as published by the Royal Institution of Chartered Surveyors. The Council uses depreciated historical cost as a valuation basis for infrastructure assets, community assets and for vehicles, plant and equipment. Assets under construction are valued at cost.

The significant assumptions applied in estimating the fair values are:

- Operational Assets - Properties valued will continue to be in the occupation of the Local Council for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra- structure Assets	Comm- unity Assets	Surplus Assets	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	4,262	3,416	4,963	11	101	12,753
Valued at fair value as at:							
31st March 2015	55,179	-	-	-	-	-	55,179
31st March 2014	6,242	-	-	-	95	-	6,337
31st March 2013	703	-	-	-	172	-	875
31st March 2012	3,331	-	-	-	760	-	4,091
31st March 2011	937	-	-	-	-	-	937
Total Cost or Valuation	66,392	4,262	3,416	4,963	1,038	101	80,172

NOTE 13: HERITAGE ASSETS

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

Movements in 2014/2015	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2014	491	3,500	3,711	1,486	1,693	623	11,504
Donated Assets	-	-	2	1	2	-	5
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	70	68	29	27	12	206
At 31 March 2015	491	3,570	3,781	1,516	1,722	635	11,715
Net Book Value at 31 March 2014	491	3,500	3,711	1,486	1,693	623	11,504

COMPARATIVE MOVEMENTS 2013/2014

Restated Movements in 2013/2014	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2013	491	3,400	3,602	1,190	1,401	410	10,494
Donated Assets	-	-	6	1	6	-	13
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	100	103	295	286	213	997
At 31 March 2014	491	3,500	3,711	1,486	1,693	623	11,504
Net Book Value at 31 March 2013	491	3,400	3,602	1,190	1,401	410	10,494

Civic Regalia

The Council's Civic Regalia is reported in the Balance Sheet at valuation by an external valuer, Heptinstalls Jewellers of Worthing.

Art and Sculpture

The Authority's collection of fine art, decorative art and sculpture is reported in the Balance Sheet at insurance valuation.

Costume and Jewellery

This collection includes textiles, costumes, costume accessories and jewellery is reported in the Balance Sheet at insurance valuation.

Toys

The collection of toys is reported in the Balance Sheet at insurance valuation.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

Social History

This collection includes books, non archaeological coins, tokens, medals, militaria, social history, agriculture, history, transport, ephemera and photography. These assets are included in the Balance Sheet at insurance valuation.

Archaeology and Geology

The artefacts in this category are included in the Balance Sheet at insurance valuation.

The museum's collections are currently being revalued by curatorial staff and specialist volunteers based on research from specialist journals, the internet, auctions and other reference materials.

NOTE 14: INVESTMENT PROPERTIES

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2014/15	2013/14
	£'000	£'000
Rental income from investment property	(786)	(707)
Direct operating expenses arising from investment property	819	725
Net (gain)/loss	33	18

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

	2014/15	2013/14
	£'000	£'000
Balance at start of the year 1st April	15,042	15,216
Additions:		
Subsequent expenditure	124	112
Disposals:	(682)	(190)
Net gains/(losses) from fair value adjustments:	638	(128)
Transfers:		
To/from Property, Plant and Equipment	275	32
Balance at end of the year	15,397	15,042

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

The Council has no internally generated assets and accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

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 Council. 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 £34,203 has been charged to the Income and Expenditure Statement.

	2014/15	2013/14
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	252	221
Accumulated amortisation	(94)	(168)
Net carrying amount at start of year	158	53
Additions:		
New assets recognised in the revaluation reserve	11	9
Purchases	83	6
Transfers from property, plant and equipment	-	104
Disposals:	(5)	(88)
Amortisation for the period:	(34)	(13)
Amortisation written off on disposal:	5	87
Net carrying amount at end of year	218	158
Comprising		
Gross carrying amounts	342	252
Accumulated amortisation	(124)	(94)
	218	158

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

Share of the above assets used in the provision of the Joint Service.

	2014/15	2013/14
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	249	217
Accumulated amortisation	(91)	(164)
Net carrying amount at start of year	158	53
Additions:		
Existing assets transferred to joint services	11	9
Purchases	69	6
Transfers from property, plant and equipment	-	104
Disposals:	(3)	-
Amortisation for the period:	(34)	(14)
Amortisation written off on disposal:	3	-
Net carrying amount at end of year	204	158
Comprising		
Gross carrying amounts	326	249
Accumulated amortisation	(122)	(91)
	204	158

NOTE 16: FINANCIAL INSTRUMENTS

A financial instrument is defined as any contract which gives rise to a financial asset in one entity and a financial liability in another. This definition therefore covers both assets and liabilities within the Council's Balance Sheet and includes items such as investments, long term and short term borrowing, trade debtors (receivables) and trade creditors (payables). The Code of Practice requires the Council to make a range of disclosures in respect of financial instruments, which follow in the tables below.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments.

	Long Term		Current		Total	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	£'000	£'000	£'000	£'000	£'000	£'000
Financial Liabilities at Amortised Cost (Borrowings)	(2,836)	(88)	(15,354)	(14,710)	(18,190)	(14,798)
Total Liabilities	(2,836)	(88)	(15,354)	(14,710)	(18,190)	(14,798)
Available-for-sale financial assets	50	-	-	-	50	-
Loans and Receivables (Investments)	25	-	6,019	2,001	6,044	2,001
Total Assets	75	-	6,019	2,001	6,094	2,001
NET TOTAL ASSETS / (LIABILITIES)	(2,761)	(88)	(9,335)	(12,709)	(12,096)	(12,797)

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The borrowing on the balance sheet is analysed by maturity structure as follows:

	31-Mar-15	31-Mar-14
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	15,354	14,710
	15,354	14,710
Maturing in 1-2 years	226	52
Maturing in 2-5 years	610	36
Maturing in 5-10 years	2,000	-
Maturing in more than 10 years	-	-
	2,836	88
TOTAL	18,190	14,798

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The composition of borrowings and investments by counterparty at the Balance Sheet date are further analysed below:

	Long Term		Current		TOTAL	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	£'000	£'000	£'000	£'000	£'000	£'000
BORROWING:						
Public Works Loan Board	(2,800)	-	(225)	(766)	(3,025)	(766)
Public Works L'n Board	(2,800)	-	(225)	(766)	(3,025)	(766)
Other Commercial Loans						
Barnsley Doncaster	-	-	(5,018)	-	(5,018)	-
Crawley Borough Council	-	-	(5,016)	(3,004)	(5,016)	(3,004)
Highdown Trust	-	-	(28)	(28)	(28)	(28)
Hyndburn Borough Council	-	-	(2,006)	(2,006)	(2,006)	(2,006)
Leicester City Council	-	-	-	(5,012)	-	(5,012)
Nottingham Police & Crime Commissioner	-	-	-	(2,003)	-	(2,003)
Salix Finance	(36)	(88)	(52)	(84)	(88)	(172)
Sth Yorkshire J'nt Secretariat	-	-	-	(1,807)	-	(1,807)
West Yorkshire Police & Crime Commissioner	-	-	(3,009)	-	(3,009)	-
Other Commercial Lenders Sub-Total	(36)	(88)	(15,129)	(13,944)	(15,165)	(14,032)
TOTAL BORROWING	(2,836)	(88)	(15,354)	(14,710)	(18,190)	(14,798)
INVESTMENTS:						
Barclays Bank PLC	-	-	3,016	-	3,016	-
Lloyds TSB Bank Plc	-	-	-	1,001	-	1,001
Local Capital Finance	50	-	-	-	50	-
Nationwide Building Society	-	-	2,003	1,000	2,003	1,000
Skipton Building Society	-	-	1,000	-	1,000	-
West Sx Credit Union	25	-	-	-	25	-
TOTAL INVESTMENTS	75	-	6,019	2,001	6,094	2,001
NET TOTAL LIABILITIES	(2,761)	(88)	(9,335)	(12,709)	(12,096)	(12,797)

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	FINANCIAL LIABILITIES Measured at Amortised Cost		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Interest Expense	(116)	(163)	-	-	(116)	(163)
Impairment Losses	-	-	-	-	-	-
Interest Payable and Similar Charges	(116)	(163)	-	-	(116)	(163)
Interest Income	-	-	64	85	64	85
Decrease/(Increase) in Impairment	-	-	31	41	31	41
Interest Income and Similar Income	-	-	95	126	95	126
Net Gain/(Loss) in Year	(116)	(163)	95	126	(21)	(37)

The losses and gains in impairment relate solely to the change in the provisions for losses on trade debtors calculated in accordance with accounting policies.

Fair Values – Financial Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost.

The fair value of the reported carrying amounts at 31st March 2015 is based upon professional evaluation by the Council's treasury management advisers.

The borrowing valuations use the net present value approach, which provides an estimate of the value of payments in the future in today's terms. The discount rate used for market loans is equal to the rate pertaining at 31st March, 2015 in relation to the same instrument from a comparable lender. The fair value includes accrued interest in the calculation to provide a comparison with the carrying value in the Balance Sheet. For loans from the PWLB the fair values have been calculated using a discount rate equivalent to the new borrowing rate in force on the last working day of the financial year. No early repayment or impairment is recognised.

The fair value of trade and other payables (creditors) is taken to be the invoiced amount.

The fair values for Financial Liabilities are compared with the carrying amounts as follows:

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Fair Values – Financial Liabilities

	31st March 2015		31st March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Borrowing PWLB	(3,025)	(3,068)	(766)	(778)
Other Loans	(15,165)	(15,168)	(14,032)	(13,998)
Total Borrowing	(18,190)	(18,236)	(14,798)	(14,776)
Finance Lease Liabilities	-	-	-	-
Trade and Other Payables	(3,923)	(3,923)	(2,765)	(2,765)
	(22,113)	(22,159)	(17,563)	(17,541)

The fair value of debt is greater than the carrying amount because the Council's portfolio is at interest rates higher than the rates available for equivalent debt at 31st March, 2015. This means that if the Council had repaid these loans at the Balance Sheet date it would have paid a premium over and above the carrying value. This shows a notional future loss (based on economic conditions at 31st March 2015) arising from a commitment to pay interest to lenders above current market rates.

Fair Values – Loans and Receivables

	31st March 2015		31st March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Investments	6,094	6,025	2,001	2,001
Trade & Other Receivables	1,749	1,749	1,292	1,292
Cash & Cash Equivalents	3,910	3,910	1,743	1,743
Loans and Receivables	11,753	11,684	5,036	5,036

The fair value for investments is lower than the carrying amount because the portfolio of investments at the 31st March includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2015) attributable to the commitment to receive interest below current market rates.

The disclosure for Loans and Receivables also includes two other elements being Trade Receivables (or trade debtors) and Cash and Cash equivalents. The carrying amount for Trade Receivables differs from the total value of Debtors shown in Note 19 and the Balance Sheet on account of the exclusion of statutory debtors that fall outside the definition of Financial Instruments because they do not constitute trade debts. The carrying value of Cash and Cash Equivalents comprises notes and coin (petty cash) held by the Authority, bank current and call accounts and Money Market Funds available on demand. The composition of cash equivalents is disclosed in Note 20.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk – the possibility that other parties might fail to pay the amounts due to the Council.

Liquidity Risk – the possibility that the Council might not have the funds available to meet its commitments to make payments.

Market risk – the possibility the Council might suffer financial loss as a result of changes in interest rates.

The Council's treasury management activities are carried out by a central team under policies approved by the Council as part of its annual treasury management strategy. This provides a written framework for overall risk management of its treasury management actions, which focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk

Credit risk arises from investments with banks and building societies as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy. The Council uses the creditworthiness service provided by Capita Treasury Solutions Limited. This service uses the credit ratings from Fitch, Moody's and Standard and Poor's combined with other market information. The Council limits lending to £4m for individual institutions rated AA+ or above and £3m for individual institutions rated AA or AA-. The Council does not invest with institutions with a rating below A-. The Council will also invest in the 5 largest building societies. The limit for the Nationwide is £4m and £2m for the other building societies, whilst these institutions are generally unrated, they operate in a highly regulated environment and so are acceptable counterparties for the Council.

The Council has not incurred any loss or default from any of its investments and is not aware of any loss being suffered on cash deposits by any other Council using similar investment criteria. However the prevailing financial climate since the banking crises of 2008 is a salient reminder that the investment of the Council's funds is not entirely without risk. The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31st March, 2015 that this is likely to crystallise

Trade and rental debts are usually payable immediately when due. Generally therefore, all amounts outstanding, (apart from those amounts raised as accruals at 31st March, 2015 as part of the final accounts process) are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and Note 19.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 5 financial years, adjusted for current market conditions. The historical default rates for trade debtors is based upon the Council's average provisions for bad debt and equates to 0.44% of all trade debt. However, the bad debt provision for 2014/15 as a percentage of total debtors was 3.57%. Considering current market conditions and expectations for the future the Historical Default rate has been adjusted from 0.44% to 3.57% to gauge the likely maximum exposure to default and uncollectability.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Credit Risk

Credit Risk Exposure	Carrying Amount at 31-Mar-15	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-15	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-15	Estimated Maximum Exposure at 31-Mar-14
	£'000	%	%	£'000	£'000
Deposit with Banks and Financial Institutions	6,094	0.00%	0.052%	3	1
Customers	1,749	0.44%	3.57%	63	94
	7,843			66	95

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed.

As the Council has ready access to borrowings from either the Public Works Loans Board or from the financial markets via brokers, there is no material risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the Council may be forced to refinance a significant proportion of its borrowings at a time of rising (therefore unfavourable) interest rates. To offset this risk, the Council sets limits on its exposure to variable rate borrowings and retains flexibility within its Prudential Limits to redeem up to 100% of the value of outstanding debt in any year should opportunities arise to reschedule or redeem debt early. This may be the case in times of rising interest rates when discounts are available on early redemption of debt, and the cost of borrowing exceeds the interest receivable from the surplus funds that would otherwise be invested if it were not used to repay debt.

Market Risk

The Council is exposed to market risk by way of interest rate movements in its investments and to a lesser extent on its borrowings. To manage this risk the Council generally invests and borrows at fixed rates in accordance with its Prudential Limits.

Movements in interest rates may have an impact on the Council. For example if interest rates were to rise this would enable the Council to invest at higher rates as previous investments mature so increasing the income credited to the Comprehensive Income and Expenditure account. However if the Council retained variable rate borrowings some of the commercial lenders might wish to exercise their option to increase the interest charged on the Council's borrowings. This would require the Council to either accept the higher interest rate or replace its loans. In either case the result would be an increase in the interest costs.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

The Council has a range of strategies for limiting interest rate risk. The policy is to minimise the amount of variable rate borrowing and to make fixed rate deposits and investments over a range of maturities ensuring that the Council's exposure to short term market fluctuations is minimised.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	32
Impact on Surplus or Deficit on the Provision of Services	32
Decrease in fair value of fixed rate investment assets	38
Impact on Other Comprehensive Income and Expenditure	38
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	65

Price Risk

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

Foreign Exchange Risk

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

NOTE 17: INVENTORIES

	2014/15	2013/14
	£'000s	£'000s
Worthing balance outstanding at start of year	89	87
Movement net of purchases/issues	(2)	2
Worthing balance outstanding at year-end	87	89
Worthing Borough Council share of the inventories from the Joint Strategic Committee (approximately 60%)	96	89
Total balance outstanding at year end	183	178

NOTES TO THE ACCOUNTS

NOTE 17: INVENTORIES

Inventories (stock) is mainly for the use of providing internal services. This is not considered a significant part of the overall assets held by the Council and is deemed not material.

NOTE 18: CONSTRUCTION CONTRACTS

The Council has not entered into any significant construction contracts to undertake construction on behalf of a third party.

NOTE 19: DEBTORS

	31-Mar-15	31-Mar-14
	£'000s	£'000s
Amounts falling due in one year net of the bad debt provision:		
Central Government Bodies	286	1,407
Other Local Authorities	2,510	2,408
NHS Bodies	2	10
Other Entities and Individuals	4,180	2,942
TOTAL	6,978	6,767
* Of which £1.88m relates to Housing Benefit overpayment arrears		

The past due amounts for trade and rent debtors can be analysed as follows:

Overall Aged Debt Analysis	31-Mar-15	31-Mar-14
	£'000	£'000
Less than 1 Year	6,937	6,652
1-2 Years	4	26
2-3 years	4	51
Over 3 years	33	38
	6,978	6,767

Long term debtors disclosed in the balance sheet comprises of:

Long Term Debtors	31-Mar-15	31-Mar-14
	£'000s	£'000s
Council house purchase	8	10
Legal Charges	2	2
TOTAL	10	12

NOTES TO THE ACCOUNTS

NOTE 20: CASH AND CASH EQUIVALENTS

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

	31-Mar-15	31-Mar-14
	£'000	£'000
The balance is made up of the following elements:		
Cash held by the Authority	763	875
Bank Current Accounts	697	138
Call accounts and Money Market Funds	2,450	730
Total Cash & Cash Equivalents	3,910	1,743

NOTE 21: ASSETS HELD FOR SALE

	Current 2014/15	Current 2013/14	Non Current 2014/15	Non Current 2013/14
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	-	-	4,784	-
Assets classified as Held for Sale:				
Property, Plant and Equipment	120	-	-	4,784
Assets sold:	(120)	-	-	-
Balance outstanding at year-end	-	-	4,784	4,784

The Authority has recognised the following assets as held for sale:

- The Aquarena Swimming Pool was recognised as a non-current asset held for sale in 2013/14 as the sale was not expected to complete within 12 months. The Authority has exchanged contracts for the sale of the property but timescales for completion of the sale are still uncertain.
- 11 North Street was recognised as a current asset held for sale in 2014/15 as the sale completed within 12 months following the Authority's decision to sell the property.

NOTES TO THE ACCOUNTS

NOTE 22: CREDITORS

	31-Mar-15	31-Mar-14
	£'000s	£'000s
Central Government Bodies	2,039	1,130
Other Local Authorities	6,127	4,154
Public Corporations and Trading Funds	18	7
Othe Entities and Individuals	3,923	3,283
TOTAL	12,107	8,574

NOTE 23: PROVISIONS

The table below identifies the movements in the year in the amounts set aside for provisions. Below the table is a brief description of the nature of each provision and any information on likely timings and uncertainties surrounding its use. All existing provisions have been utilised during 2013/14.

	Balance at 31-Mar-14	Additional provisions made in 2014/15	Amounts used in 2014/15	Unused Amounts Reversed in 2014/15	Unwinding of Discounting in 2014/15	Balance at 31-Mar-15
	£'000	£'000	£'000	£'000	£'000	£'000
HMRC Claims - Leisure Self Employed	-	29	-	-	-	29
Land Charges - Personal Search Fees	-	74	-	-	-	74
Business Rate appeals	660	781	(351)	-	-	1,090
	660	884	(351)	-	-	1,193

Business Rates Appeals: A provision has been made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The gross provision is £2,726k, Worthing Borough Council's share is £1,090k, being 40% of the total.

NOTE 24: USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement of Reserves Statement, which can be found on page 11.

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

31-Mar-15	Unusable Reserves	31-Mar-14
£'000s		£'000s
(34,940)	Revaluation Reserve	(21,121)
(53,834)	Capital Adjustment Account	(52,617)
(9)	Deferred Capital Receipts Reserve	(10)
46,991	Pension Reserve	43,689
469	Collection Fund Adjustment Account	264
(41,323)	TOTAL UNUSABLE RESERVES	(29,795)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired as the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2014/15	2013/14
	£'000	£'000
Balance at 1 April	(21,121)	(21,592)
Upward revaluation of assets	(14,435)	(1,656)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	415	1,872
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(35,141)	(21,376)
Difference between fair value depreciation and historical cost depreciation	174	217
Accumulated gains on assets sold or scrapped	14	-
Accumulated gains on assets transferred to investment properties	13	38
Amount written off to the Capital Adjustment Account	201	255
Balance at 31 March	(34,940)	(21,121)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account

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

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account

Capital Adjustment Account	2014/15	2013/14
Balance at 1 April	(52,617)	(66,286)
Charges for depreciation and impairment of non-current assets	2,756	2,580
Revaluation losses on Property, Plant and Equipment	(2,213)	9,477
Amortisation of intangible assets	34	14
Revenue expenditure funded from capital under statute	1,237	828
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,289	2,731
Net written out amount of the cost of non-current assets consumed in the year	3,103	15,630
Adjusting amounts written out of the Revaluation Reserve	(201)	(255)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(217)	(230)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(640)	(540)
Application of grants to capital financing from the Capital Grants Unapplied Account	(79)	(32)
Statutory provision for the financing of capital investment charged against the General Fund	(1,078)	(884)
Capital expenditure charged against the General Fund	(341)	(148)
	(2,556)	(2,089)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(638)	128
Use of the Capital Receipts Reserve to reduce borrowing associated with Historic Capital Expenditure	(1,126)	-
	(1,764)	128
Balance at 31 March	(53,834)	(52,617)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pension Reserve	2014/15	2013/14
	£'000	£'000
Balance at 1 April	43,689	46,953
Remeasurements of the net defined benefit liability / (asset)	1,486	(5,204)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	6,332	6,268
Employer's pension contributions and direct payments to pensioners payable in the year	(4,516)	(4,328)
Balance at 31 March	46,991	43,689

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of council tax and business rate income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Unused Collection Fund Adjustment Account	2014/15	2013/14
	£'000	£'000
Balance at 1 April	264	42
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(54)	42
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	259	180
Balance at 31 March	469	264

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March.

There is a requirement under IFRS to accrue for compensated absences (mainly cost of carried forward holiday). A substantial review has been undertaken across the Council and Joint Strategic Committee. The value of this is not deemed material to justify restatement. For consistency this is not accounted for in the current year but will be reviewed each year.

NOTE 26: CASH FLOW OPERATING ACTIVITIES

	Net 2014/15	Net 2013/14
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	50	129
Interest paid	(89)	(243)
Dividends received	-	-
Total	(39)	(114)

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW OPERATING ACTIVITIES

Net Cash flows from operating activities

	Net 2014/15	Restated Net 2013/14
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	(2,433)	(17,717)
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	2,758	2,580
Impairment and downward valuations	(2,213)	9,477
Amortisation	34	14
Increase/(Decrease) in Interest Creditors	-	(69)
Increase/(Decrease) in Creditors	3,654	(2,591)
(Increase)/Decrease in Interest and Dividend Debtors	-	36
(Increase)/Decrease in Debtors	(882)	(409)
(Increase)/Decrease in Inventories	(5)	(6)
Pension Liability	1,816	1,940
Carrying amount of non-current assets sold property plant and equipment, investment property and intangible assets	1,287	2,731
Other non-cash items charged to the net surplus or deficit on the provision of services	(105)	467
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	6,344	14,169
Capital Grants credited to surplus or deficit on the provision of services	(806)	(477)
Proceeds from the sale of short and long term investments	-	5,000
Premiums or Discounts on the repayment of financial liabilities	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,401)	(327)
	(2,207)	4,196
Net Cash Flows from Operating Activities	1,704	648

NOTES TO THE ACCOUNTS

NOTE 27: CASH FLOW INVESTING ACTIVITIES

	Net 2014/15	Restated Net 2013/14
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(1,777)	(3,175)
Purchase of short-term and long-term investments	(4,117)	-
Other payments for investing activities	4	(305)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,402	173
Proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	809	1,420
Net cash flows from investing activities	(3,679)	(1,886)

NOTE 28: CASH FLOW FINANCING ACTIVITIES

	Net 2014/15	Restated Net 2013/14
	£'000	£'000
Cash receipts of short- and long-term borrowing	24,640	13,888
Other receipts from financing activities	49	1,540
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-	-
Repayments of short- and long-term borrowing	(21,274)	(14,887)
Other payments for financing activities	727	-
Net cash flows from financing activities	4,142	541

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure except for depreciation;
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The income and expenditure of the Council's cabinet portfolios recorded in the budget reports for the year 2014/15 are as follows:

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Member Portfolio							
Leader	324	518	1	257	1,100	(82)	1,018
Environment	3,825	8,403	1,659	2,008	15,895	(11,918)	3,977
Health and Safety and Wellbeing	-	1,112	11	341	1,464	(307)	1,157
Customer Services	2,660	40,694	553	1,936	45,843	(41,747)	4,096
Regeneration	4	2,721	88	777	3,590	(1,113)	2,477
Resources	2,708	1,387	35	1,089	5,219	(1,196)	4,023
Support Services	-	-	-	-	-	-	-
Net Portfolio Expenditure	9,521	54,835	2,347	6,408	73,111	(56,363)	16,748
Credit back notional capital charges	-	-	-	(2,782)	(2,782)	-	(2,782)
Minimum Revenue Provision	-	1,078	-	-	1,078	-	1,078
Other Grants	-	-	-	-	-	(374)	(374)
Spend 2014/15	9,521	55,913	2,347	3,626	71,407	(56,737)	14,670

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

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

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

	Net 2014/15
	£'000
Cost of Services in Service Analysis	14,670
Add services not included in main analysis	-
Add amounts not reported to management	(11,159)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(1,078)
Net Cost of Services in Comprehensive Income & Expenditure Statement	2,433

RECONCILIATION TO SUBJECTIVE ANALYSIS 2014/15

This reconciliation shows how the figures in the analysis of cabinet portfolio 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.

Reconciliation to Subjective Analysis 2014/15	Service Analysis	Services not in Analysis	Not reported to management	Not included in Income & Expenditure	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(18,252)	-	-	-	-	(18,252)	(18,252)
Surplus or deficit on associates and joint ventures	(7)	-	-	-	-	(7)	(7)
Interest and investment income	(69)	-	-	-	-	(69)	(69)
Income from council tax	-	-	(7,688)	-	-	(7,688)	(7,688)
Government grants, contributions rates retention	(38,409)	30	(6,554)	-	-	(44,933)	(44,933)
Total Income carried forward	(56,737)	30	(14,242)	-	-	(70,949)	(70,949)

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2014/15

Reconciliation to Subjective Analysis 2014/15	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Total Income brought forward	(56,737)	30	(14,242)	-	-	(70,949)	(70,949)
Employee expenses	9,521	-	1,816	-	-	11,337	11,337
Other service expenses	55,797	(30)	1,237	(1,078)	-	55,926	55,926
Support Service recharges	2,347	-	-	-	-	2,347	2,347
Depreciation, amortisation and impairment	3,626	-	(61)	-	-	3,565	3,565
Interest Payments	116	-	-	-	-	116	116
Gain or Loss on Disposal of Fixed Assets	-	-	149	-	-	149	149
Other	-	-	(58)	-	-	(58)	(58)
Total operating expenses	71,407	(30)	3,083	(1,078)	-	73,382	73,382
Surplus or deficit on the provision of services	14,670	-	(11,159)	(1,078)	-	2,433	2,433

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2013/14

The income and expenditure of the Council's cabinet portfolios recorded in the budget reports for the year 2013/14 are as follows:

	Employee Expenses	Other Expenses	Support Services including Joint Strategic Committee	Depreciation	Total Expenditure	Income	Net Expenditure
Member Portfolio	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader	311	438	1	296	1,046	(103)	943
Environment	3,113	8,142	1,165	1,778	14,198	(10,098)	4,100
Health and Safety & Wellbeing	8	1,239	37	397	1,681	(262)	1,419
Improved Customer Services	2,521	40,271	538	2,067	45,397	(40,705)	4,692
Regeneration	15	2,603	90	813	3,521	(983)	2,538
Resources	2,421	1,338	317	1,135	5,211	(1,049)	4,162
Support Services	-	-	(41)	-	(41)	-	(41)
Net Portfolio Expenditure	8,389	54,031	2,107	6,486	71,013	(53,200)	17,813
Credit back notional capital charges	-	-	-	(2,585)	(2,585)	-	(2,585)
Minimum Revenue Provision	-	884	-	-	884	-	884
Other Grants	-	-	-	-	-	(384)	(384)
Spend 2013/14	8,389	54,915	2,107	3,901	69,312	(53,584)	15,728

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

This reconciliation shows how the figures in the analysis of cabinet portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement

	2013/14
	£'000
Cost of Services in Service Analysis	15,728
Add services not included in main analysis	17
Add amounts not reported to management	2,856
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(884)
Net Cost of Services in Comprehensive Income & Expenditure Statement	17,717

NOTES TO THE ACCOUNTS

NOTE 29: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

RECONCILIATION TO SUBJECTIVE ANALYSIS 2013/14

This reconciliation shows how the figures in the analysis of cabinet portfolio 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.

Reconciliation to Subjective Analysis 2013/14	Service Analysis	Services not in Analysis	Not reported to manage- ment	Not included in Income & Expend- iture	Allocation of Recharges	Net Cost of Services	Total
Fees, charges & other service income	(15,427)	-	-	-	-	(15,427)	(15,427)
Interest and investment income	(93)	-	-	-	-	(93)	(93)
Income from council tax	-	-	(7,549)	-	-	(7,549)	(7,549)
Government grants and contributions	(38,064)	-	(6,707)	-	-	(44,771)	(44,771)
Total Income	(53,584)	-	(14,256)	-	-	(67,840)	(67,840)
Employee expenses	8,389	-	6,291	-	-	14,680	14,680
Other service expenses	54,741	7	-	(884)	-	53,864	53,864
Support Service recharges	2,107	-	-	-	(468)	1,639	1,639
Depreciation, amortisation and impairment	3,901	-	8,298	-	-	12,199	12,199
Interest Payments	174	-	-	-	-	174	174
Gain/Loss on Disposal or derognition of fixed asset	-	-	2,551	-	-	2,551	2,551
Other	-	10	440	-	-	450	450
Total operating expenses	69,312	17	17,580	(884)	(468)	85,557	85,557
Surplus or deficit on the provision of services	15,728	17	3,324	(884)	(468)	17,717	17,717

NOTES TO THE ACCOUNTS

NOTE 30: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2014/15.

NOTE 31: TRADING OPERATION

The former Direct Service Organisation is designated as a trading account and a summary of trading results is shown below:

	2014/15 Gross Expenditure	2014/15 Gross Income	2014/15 Net Expenditure	2013/14 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	751	(1,175)	(424)	(287)
	751	(1,175)	(424)	(287)

The trading account has been consolidated within the Comprehensive Income and Expenditure Statement under other operating expenditure.

Through the Joint Strategic Committee, a trade waste service is provided for the collection of commercial refuse. The charges are set at a commercial rate. Surpluses are shared and credited back to the Council.

NOTE 32: AGENCY SERVICES

Worthing Borough Council entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2014/15 income collected was £3.243m (£3.333m 2013/14) and expenditure was £2.626m (£2.678m 2013/14). The surplus of £616,515 (£654,489 2013/14) is paid to West Sussex County Council.

The Council also has Agency Agreements with other Local Authorities for Treasury Management, Revenues and Benefits and insurance provision to provide Value for Money, relying on expertise within particular authorities. These Agency Agreements are deemed by Worthing Borough Council to be immaterial.

NOTE 33: ROAD CHARGING

This note is not applicable to Worthing Borough Council.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2014/15 the services that have been provided jointly are Customer Services and Waste Management, Community Safety and Housing Strategy, Planning, Regeneration and Wellbeing, Legal and Democratic Services, Financial Services, Corporate Strategy and a single senior officer structure. The Joint Strategic Committee Balance Sheet is consolidated into the Council's Balance Sheet.

	Gross Expenditure 2014/15	Gross Income 2014/15	Net Expenditure 2014/15
	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES			
Central services to the public	875	-	875
Cultural and Related Services	2,626	(1,250)	1,376
Environmental and Regulatory Services	8,471	(2,022)	6,449
Planning Services	5,266	(1,448)	3,818
Highways & Transport Services	277	-	277
Other Housing Services	584	(109)	475
Corporate & Democratic Core	342	-	342
Non-Distributed Costs	86	-	86
Net Cost of General Fund Services	18,527	(4,829)	13,698
Holding Accounts	10,675	(275)	10,400
NET COST OF SERVICES	29,202	(5,104)	24,098
Other operating expenditure			23
Financing and investment income and expenditure			2,854
Taxation & non-specific grant income			(1,073)
Funded by:			
Adur District Council			(8,700)
Worthing Borough Council			(12,956)
(Surplus) or Deficit on Provision of Services			4,246
Remeasurments of the net defined pension benefit liability			2,117
Other Comprehensive Income & Expenditure			2,117
DEFICIT/(SURPLUS) FOR YEAR			6,363

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.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Census ICT

Census ICT	Mid Sussex District Council	Horsham District Council	Adur District Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	£'000	£'000
Net Operating Expenditure for CenSus ICT Services incurred by each Council	62	2,496	23	-	2,581
Proportional Share of Costs	768	639	470	704	2,581

Census Balance Sheet as at 31st March 2015

	Revenues and Benefits	ICT	2014/15	2013/14
	£	£	£	£
Current Assets				
Debtors	560	0	560	480
Payment in Advance	172	231	403	381
Total Assets	732	231	963	861
Current Liabilities				
Creditors	(73)	(119)	(192)	(222)
Notional Cash	(659)	(112)	(771)	(639)
Total Liabilities	(732)	(231)	(963)	(861)
Net Assets	0	0	0	0
Funded by:				
Useable reserves	0	0	0	0
Total Reserves	0	0	0	0

The Census partnership Balance Sheet has not been consolidated into the Council's Balance Sheet as it not deemed to be material.

NOTES TO THE ACCOUNTS

NOTE 35: MEMBERS' ALLOWANCES

Total allowances paid to Members were as follows:

2014/15	2013/14
£	£
237,821	238,862

NOTE 36: 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:-

Remuneration Band	2014/15 Number of employees	2013/14 Number of employees
£50,000 to £54,999	-	-
£55,000 to £59,999	-	2
£60,000 to £64,999	1	-
£65,000 to £69,999	1	-
£70,000 to £74,999	-	1
£75,000 to £80,000	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999*	1	-
	3	3

* These include redundancy payments relating to 2014/15 and 2013/14. Please see the Exit Packages table at the end of this note and Note 46 Termination Benefits for further details of these payments.

NOTES TO THE ACCOUNTS

NOTE 36: OFFICERS' REMUNERATION

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are employed by Adur District Council as part of the partnership arrangement. Below is the remuneration note that appears in the accounts of the Joint Committee. These emoluments relate to the employment of senior officers by Adur District Council on behalf of both Adur District Council and Worthing Borough Council.

Remuneration Bands	Number of Employees	
	2014/15	2013/14
£50,000 to £54,999*	4	7
£55,000 to £59,999*	4	3
£60,000 to £64,999	10	8
£65,000 to £69,999*	2	-
£70,000 to £74,999	6	4
£75,000 to £79,999*	4	3
£80,000 to £84,999	1	-
£85,000 to £89,999*	-	1
£90,000 to £94,999	1	1
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	2	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999*	-	1
£125,000 to £129,999	1	-
£130,000 to £134,999	-	-
£135,000 to £139,999	1	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £155,000	-	1
£155,000 to £159,999	1	-
£195,000 to £200,000	-	1
	37	30

* These include redundancy payments relating to 2014/15 and 2013/14. Please see the Exit Packages table at the end of this note and Note 46 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 was 1 member of staff whose salary was more than £150,000 in 2014/15 and 2 for 2013/14.

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

Note 2: The Chief Executive, Directors and Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing.

There were no bonuses paid to these staff in either 2014/15 or 2013/14.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses 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. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2014/15	104,283	1,429	-	105,712	19,501	125,213	62,607	62,606
2013/14	98,653	1,019	-	99,672	18,407	118,079	59,040	59,040
Director for Customer Services								
2014/15	71,831	415	-	72,246	13,462	85,708	51,425	34,283
2013/14	-	-	-	-	-	-	-	-
Director for Communities								
2014/15	92,307	(180)	-	92,127	17,290	109,417	54,709	54,708
2013/14	-	-	-	-	-	-	-	-
Director for Digital & Resources								
2014/15	83,403	153	-	83,556	15,625	99,181	59,509	39,672
2013/14	-	-	-	-	-	-	-	-
Director for the Economy								
2014/15	79,219	776	-	79,995	14,844	94,839	47,420	47,419
2013/14	-	-	-	-	-	-	-	-

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses 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. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Growth								
2014/15	71,575	197	-	71,772	13,385	85,157	51,094	34,063
2013/14	-	-	-	-	-	-	-	-
Head of Wellbeing								
2014/15	59,803	612	-	60,415	11,297	71,712	43,027	28,685
2013/14	-	-	-	-	-	-	-	-
Head of Finance								
2014/15	71,575	310	-	71,885	13,385	85,270	51,162	34,108
2013/14	-	-	-	-	-	-	-	-
Head of Business and Technical Services								
2014/15	64,815	-	-	64,815	12,191	77,006	46,204	30,802
2013/14	-	-	-	-	-	-	-	-
Head of Legal								
2014/15	58,360	-	-	58,360	11,111	69,471	34,513	34,958
2013/14	-	-	-	-	-	-	-	-
Head of Environment								
2014/15	71,575	310	-	71,885	13,385	85,270	56,278	28,992
2013/14	-	-	-	-	-	-	-	-

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses 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. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Strategic Director 1								
2014/15	-	-	-	-	-	-	-	-
2013/14	91,721	368	-	92,089	16,235	108,324	54,162	54,162
Strategic Director 2								
Andrew Gardiner								
2014/15	-	-	-	-	-	-	-	-
2013/14	95,454	589	100,265	196,308	16,235	212,543	106,271	106,271
Executive Head of Financial Services								
2014/15	-	-	-	-	-	-	-	-
2013/14	71,885	117	-	72,002	12,669	84,671	50,803	33,868
Executive Head of Planning, Reg'ation & Wellbeing								
2014/15	-	-	-	-	-	-	-	-
2013/14	71,575	101	-	71,676	12,669	84,345	50,607	33,738
Executive Head of Corporate & Cultural Services								
2014/15	22,917	-	57,672	80,589	-	80,589	40,295	40,294
2013/14	72,437	261	-	72,698	12,673	85,371	51,223	34,148

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses 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. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Executive Head of Customer Services, Waste and Recycling								
2014/15	-	-	-	-	-	-	-	-
2013/14	74,434	4	-	74,438	12,932	87,370	52,422	34,948
Executive Head of Housing, Health and Community Safety								
Paul Spedding								
2014/15	-	-	-	-	-	-	-	-
2013/14	73,787	1,082	79,698	154,567	12,682	167,249	100,349	66,900
Executive Head of Adur Homes								
2014/15	-	-	-	-	-	-	-	-
2013/14	38,111	171	-	38,282	6,714	44,996	26,998	17,998
Executive Head of Technical Services								
2014/15	-	-	-	-	-	-	-	-
2013/14	63,107	1,040	-	64,147	7,876	72,023	43,214	28,809
Head of Productivity and Innovation:								
Kevin Masters								
2014/15	76,205	-	82,418	158,623	10,902	169,525	101,715	67,810
2013/14	-	-	-	-	-	-	-	-

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	Comp'sation 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
Head of Culture								
2014/15	67,166	503	-	67,669	11,390	79,059	79,059	-
2013/14	-	-	-	-	-	-	-	-

NOTES TO THE ACCOUNTS

NOTE 36 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}	
Exit package cost band (including special payments)	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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
							£	£
£0 £20,000	9	1	6	10	15	11	108,197	129,120
£20,000 £40,000	2	-	4	9	6	9	190,210	291,031
£40,000 £60,000	-	-	-	1	-	1	-	45,000
£60,000 £80,000	-	-	2	2	2	2	139,763	129,337
£80,000 £100,000	-	-	-	1	-	1	-	82,418
£100,000 £150,000	-	-	1	-	1	-	100,265	-
Total cost included in bandings	11	1	13	23	24	24	538,435	676,906
Add: Amounts provided for in CIES not included	-	-	-	-	-	-	-	-
Total cost included in CIES	11	1	13	23	24	24	538,435	676,906

* These redundancy costs are shared between Worthing and Adur Council's in proportion to the service allocation. The total cost of £676,906 in the table above includes **£442,302** for exit packages that have been charged to Worthing's Comprehensive Income and Expenditure Statement in the current year.

NOTE 37: EXTERNAL AUDIT COSTS

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

	2014/15	2013/14
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	63	62
Fees payable to external auditors for the certification of grant claims and returns for the year	7	14
Proportionate share of Adur and Worthing Joint Committee	10	13
	80	89
Less: Refund from the Audit Commission	(5)	-
TOTAL	75	89

NOTES TO THE ACCOUNTS

NOTE 38: SCHOOLS

This note is not applicable to Worthing Borough Council.

NOTE 39: GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15.

	2014/15	2013/14
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	12	2,507
Revenue Support	2,791	3,535
DCLG Capitalisation Grant	-	19
Council Tax Freeze Grant	85	87
Council Tax transistion	80	26
New Homes Bonus Scheme	843	685
Section 31 Grant	756	-
New Burdens Grant	33	86
	4,600	6,945
Credited to Services - Capital Grants		
Cabinet Office Elections	-	6
S106 Developer Contributions	-	-
S106 Developer Contributions: Flooding	-	10
S106 Developer Contributions: Open Spaces	42	48
S106 Developer Contributions: Transport	29	16
S106 Developer Contributions: Affordable Housing	-	89
S106 receipts returned to WSCC	(4)	(274)
West Sussex County Council	-	135
DCLG - Coastal Communities	52	-
Homes and Communities Agency	79	-
WSCC - Kickstart	135	-
DDA Group	6	-
	339	30
Donated Assets		
Museum - donated assets	4	13
	4	13
Capital Grants & Donations - Specific		
DEFRA/Environment Agency	16	28
CLG - Disabled Facilities Grant	451	437
	467	465

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2014/15	2013/14
	£'000s	£'000s
Credited to Services - General Fund Grants		
Arts Council	-	21
Crematorium	-	38
Highdown Pillar Box	-	5
Museum	-	3
Neighbourhood working	-	20
Seaconomics	-	62
Splashpoint Leisure Trust	-	35
Homes and Communities Agency	79	-
CLG - Disabled Facilities Grant	451	-
WSCC - Kickstart	86	-
DDA Group	5	-
DeFRA/EA	16	-
	637	184
TOTAL	6,047	7,637

The Council 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 might require the monies or property to be returned to the giver. The balances at the end of the year were as follows:

	2014/15	2013/14
	£'000s	£'000s
Revenue Grants Receipts in Advance		
Grants recognised in Joint Committee	480	236
Bluebell Way Public Art	10	10
Museum Donations	17	-
Local Assistance Network Grant	77	40
DoH - Smokefree implementation	9	10
Commit to Culture	11	-
Seaconomics	7	-
Kick Start	30	-
Systems Leadership	34	-
Think Family Neighbourhoods	36	-
Textile	3	-
DEFRA	10	-
Open Data Incentive	7	-
TOTAL	731	296

NOTES TO THE ACCOUNTS

NOTE 40: RELATED PARTIES

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 39.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 35. Details of all members' transactions are recorded in the Register of Members' Interest, open to public inspection on the Council's website.

During 2014/15, there were 2 different services commissioned from two companies in which 2 Worthing Members have an interest, as directors. The amounts paid were £3,771.94 to one company and £19,215 to the other. In addition, there was one Worthing Member who received £4,200 as a Worthing Homes Board Member and an organisation he supports received a one-off payment of £108 from the Community Chest. All contracts were entered into in full compliance with the Council's standing orders.

Officers

There were no related party transactions declared by officers in 2014/2015.

Other Public Bodies

The Council has a partnership arrangement with Adur District Council for the sharing of a joint officer structure.

Worthing also has a partnership arrangement with Horsham District council and Mid Sussex District Council for the delivery of ICT services.

Transactions and balances relating to these partnerships are summarised in Note 34.

NOTES TO THE ACCOUNTS

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2014/15	2013/14
	£'000	£'000
Opening Capital Financing Requirement	23,759	20,551
Adjustment for prior year roundings	-	3
Capital Investment		
Property, Plant and Equipment	1,785	4,079
Investment Properties	123	111
Intangible Assets	83	7
Revenue Expenditure Funded from Capital Under Statute	1,237	828
Share Capital	75	-
Sources of Finance		
Capital receipts	(1,343)	(230)
Government grants and other contributions	(715)	(558)
Sums set aside from revenue:		
Direct revenue contributions	(169)	-
MRP/loans fund principal	(1,078)	(884)
Revenue funding	(172)	(148)
Closing Capital Financing Requirement	23,585	23,759
Explanation of movements in year		
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(174)	3,205
Increase/(decrease) in Capital Financing Requirement	(174)	3,205

NOTE 42: LEASES

Operating Leases - Lessee

The future minimum lease payments due under non-cancellable operating leases in future years are:

	31-Mar-15	31-Mar-14
	£'000	£'000
Not later than one year	103	103
Later than one year and not later than five years	149	252
Later than five years	-	-
	252	355

NOTES TO THE ACCOUNTS

NOTE 42: LEASES

Operating Leases – Lessor

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres;
- for economic development purposes to provide suitable affordable accommodation for local businesses;

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31-Mar-15	31-Mar-14
	£'000	£'000
Not later than one year	818	729
Later than one year and not later than five years	2,073	2,024
Later than five years	28,126	27,808
	31,017	30,561

NOTE 43: PFI AND SIMILAR CONTRACTS

This is not applicable for Worthing Borough Council.

NOTE 44: IMPAIRMENT LOSSES

During 2014/15 the Authority has recognised an impairment loss of £8,068 in relation to voltage optimisation equipment at the Splashpoint Leisure Centre, which was irreparably damaged during a flood at the Leisure Centre and will have to be scrapped. The impairment loss was charged to the Culture and Related Services line in the Comprehensive Income and Expenditure Statement.

NOTE 45: CAPITALISATION OF BORROWING COSTS

This note is not applicable to Worthing Borough Council.

NOTES TO THE ACCOUNTS

NOTE 46: TERMINATION BENEFITS

	Worthing
	£
Redundancy costs	442,302
Enhanced Pension Benefits	103,540
Total termination benefit 2014/15	545,842
Termination benefits 2013/14	568,967

A total £545,842 is payable in the form of compensation for loss of office for staff working for the Joint Strategic Committee and £103,540 is the 2014/15 working cost of enhanced pension benefits which normally spread over 5 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 47: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities	31-Mar-15	31-Mar-2014
See Note No.	£'000s	£'000s
Commuted Sums	(162)	(166)
Pension Reserve Liability 48	(46,992)	(43,689)
TOTAL	(47,154)	(43,855)

NOTE 48: DEFINED BENEFIT PENSION PLAN

Participation in Pension Plans

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

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Joint Comm'tee 2014/15 £'000s	Worthing 2014/15 £'000s	Total 2014/15 £'000s	2013/14 £'000s
Cost of services				
Current service cost	(2,174)	(826)	(3,000)	(2,755)
Past service cost	-	(9)	(9)	(57)
(gain)/loss from settlements	(48)	-	(48)	-
Financing & Investment Income &				
Net Interest cost	(1,712)	(1,563)	(3,275)	(3,456)
Total post employment benefit charged to the surplus or deficit on the provision of services	(3,934)	(2,398)	(6,332)	(6,268)
Other post employment benefit charged to the CI&E Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding the amount included in the net interest expense)	2,135	4,764	6,899	5,945
Actuarial gains and losses arising on changes in demographic assumptions	3,167	-	3,167	(2,108)
Actuarial gains and losses arising on changes in financial assumptions	(6,572)	(5,762)	(12,334)	55
Other (if applicable)	-	782	782	1,312
Total remeasurements recognised in other comprehensive income	(1,270)	(216)	(1,486)	5,204
Total post-employment benefits charged to the CI&E statement	(5,204)	(2,614)	(7,818)	(1,064)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

Movement in Reserves Statement	Joint Comm'tee 2014/15	Worthing 2014/15	Total 2014/15	Restated 2013/14
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	(3,934)	(2,398)	(6,332)	(6,268)
Actual amounts charged against the General Fund balance for pensions in the year:				
Employer's contributions payable to the scheme	1,642	2,599	4,241	4,060
Retirement benefits payable to pensioners		275	275	268

Pension Assets and Liabilities

Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme	
	2014/15	2013/14
	£'000s	£'000s
Present value of the defined benefit obligation	(87,866)	(82,864)
Fair value of plan assets	48,977	43,715
Sub-total	(38,889)	(39,149)
Consolidation of Joint Committee	(8,103)	(4,540)
Net liability arising from defined benefit obligation	(46,992)	(43,689)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Pension Assets and Liabilities

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme	
	2014/15 £'000s	2013/14 £'000s
Opening fair value of scheme assets	43,715	38,750
Interest income	1,765	1,718
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	4,764	4,351
Other	-	-
Contributions from employer	2,874	2,934
Contributions from employees into the scheme	216	171
Benefits paid	(4,357)	(4,209)
Closing fair value of scheme assets	48,977	43,715

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities: LGPS	
	2014/15 £'000s	2013/14 £'000s
Opening Balance at 1 April	(82,864)	(79,580)
Current service cost	(826)	(674)
Interest cost	(3,328)	(3,504)
Contributions from scheme members	(216)	(171)
Remeasurement (gains) & losses:		
Actuarial gains / losses arising from changes in demographic assumptions	-	(3,464)
Actuarial gains / losses arising from changes in financial assumptions	(5,762)	(984)
Other experience	782	1,312
Past service cost	(9)	(8)
Losses/(Gains) on curtailment	-	-
Liabilities assumed on a entity combinations	-	-
Benefits paid	4,357	4,209
Liabilities extinguished on settlements	-	-
Closing balance at 31 March	(87,866)	(82,864)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Local Government Pension Scheme Assets Comprised:

The scheme assets listed below are valued at bid value.

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair value of scheme assets	
	2014/15 £'000s	2013/14 £'000s
Cash and cash equivalents	2,171.9	939.1
Equity instruments:		
Consumer	7,380.1	7,358.2
Manufacturing	4,298.9	3,913.8
Energy and Utilities	2,179.6	2,253.4
Financial Institutions	7,691.6	6,805.8
Health and Care	3,258.1	3,025.6
Information and Technology	6,311.0	5,117.8
Other	1,717.6	1,186.1
Sub-total equity	32,836.9	29,660.7
Debt Securities:		
UK Government	999.0	1,101.5
Bonds	6,741.0	3,929.3
Equities	-	-
Sub-total debt securities	7,740.0	5,030.8
Property:		
UK Property	3,173.7	3,407.2
Overseas Property	-	97.8
Sub-total property	3,173.7	3,505.0
Private equity	-	-
Other investment funds	360.4	1,917.5
Derivatives	-	-
Total assets	46,282.9	41,053.1

Local Government Pension Scheme assets comprised (quoted prices are not in active markets)	Fair value of scheme assets	
	2014/15 £'000s	2013/14 £'000s
Private Equity:		
All	2,667.1	2,662.4
Property:		
Overseas Property	27.0	0.0
Total assets	2,694.1	2,662.4

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March, 2015.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/15	2013/14
Mortality assumptions:		
<i>Longevity at 65 for current pensioners</i>		
Male	24.4	24.4
Female	25.8	25.8
<i>Longevity at 65 for future pensioners</i>		
Male	26.9	26.9
Female	28.5	28.5
Rate of inflation	2.4%	2.8%
Rate of increase in salaries	3.5%	3.9%
Rate of increase in pensions	2.1%	2.6%
Rate for discounting scheme liabilities	3.1%	4.1%

Scheme assets consist of the following categories by proportion of the total assets held:-

Change in assumptions at 31 March 2015	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	7%	6,236
1 year increase in member life expectancy	3%	2,636
0.5% increase in Salary Increase Rate	1%	924
0.5% increase in the Pension Increase Rate	6%	5,276

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increase or decreases for men and women. In practise, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have been assessed on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Impact on the Council's Cash Flow:

The Council anticipates paying £2,784,000 contributions to the scheme in 2015/2016.

NOTE 49: CONTINGENT LIABILITIES

There are no contingent liabilities.

NOTE 50: CONTINGENT ASSETS

There are no contingent assets.

NOTE 51: HERITAGE ASSETS: SUMMARY OF TRANSACTIONS

Value of Museum Heritage Assets Acquired by Donation	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Archaeology and Geology	3	-	-	-	-
Art and Sculpture	-	1	-	-	-
Costume and Jewellery	3	7	2	6	2
Social History	1	1	1	6	2
Toys	-	1	-	1	1
TOTAL DONATIONS	7	10	3	13	5

- The Council has not purchased or disposed of any items over £1,000 in the five year period 2010/2011 – 2014/2015.
- The 2014/2015 transactions for donated assets have been reported in the Balance Sheet at valuation based on research by curatorial staff and specialist volunteers.

NOTES TO THE ACCOUNTS

NOTE 52: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

The following assets are not reported in the balance sheets because information on the cost or value of these assets is not available due to the lack of comparative information and the unique nature of these assets; the cost of obtaining a valuation would not be commensurate with the benefits to the users of the financial statements.

Highdown Gardens

This is a public garden on English Heritage's Register of Historic Parks and Gardens. Situated in 8.52 acres of stunningly beautiful gardens on Downland countryside overlooking the sea and offers a unique collection of rare plants and trees. Originally created out of a chalk pit by Sir Frederick Stern at the beginning of the last century, the gardens are so special they have been deemed a National Collection, introduced by Sir Frederick Stern. The cultural significance of this asset cannot be valued.

War Memorial Monument

Situated outside the Town Hall. The Council does not hold cost information on this asset and the cultural and historical significance cannot be valued.

Pigeon Memorial

This is a monument situated in Steyne Gardens dedicated to the pigeons who took part in the First World War. The cultural and historical significance of this monument cannot be valued.

The Miller's Tomb

This is a famous tomb situated on a Downland site, which is now owned by the National Trust. The tomb is the grave of John Oliver who was a miller in 1709 and thought to be involved in smuggling. The site has been designated a site of nature and conservation due to the wealth of flora including orchids. It is not possible to value the cultural and historical significance of this unique asset.

Amelia Park Gateway

This is a listed building constructed between 1831 and 1833. The main archway was designed for carriages and the two side arches were designed for pedestrians. It is not possible to value the cultural and historical significance of this unique asset.

NOTE 53: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Art and Sculpture

The Museum has built up an extensive topographical collection of paintings, prints and drawings dating from 1800 to the present day. It also has a fine body of oil paintings by the British Post Impressionist painters who were members of the Camden Town Group. The watercolours include works by some of the main water-colourists working from the eighteenth century onwards.

NOTES TO THE ACCOUNTS

NOTE 53: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Costume and Jewellery

This is one of the most important costume collections of its kind in the country and since the 1960s the collection has grown to approximately 25,000 items of British clothing, accessories and ephemera, used and worn by both sexes, all ages and social levels.

Toys

The juvenilia collection is one of the museum's particular strengths and is not only one of the largest collections of its kind outside London, but also includes pieces of superb quality and interest. These include English wax dolls, early paper dolls, dolls houses, clockwork toys, cards, table and optical games as well as educational games and books.

Social History

This collection includes books, non archaeological coins, tokens, medals, militaria, social history, agricultural history, transport, ephemera and photography. The coin collection includes commemorative medals from Sussex.

The coin collection includes Iron Age and Roman coins, British coins of all periods, as well as those from British overseas territories, and a small but significant collection of tokens from Sussex as well as others from the rest of Britain.

Each of the main areas within the Social History section is supported by large holdings of printed ephemera and photographs. The collections relate primarily to English Social History and to the Worthing area in particular. There is a collection of over 6,000 topographical photographs which illustrate how the area has developed and provide a wealth of information.

Archaeology and Geology

From the 1930s to the 1970s the Worthing Archaeological Society was responsible for a number of major excavations. Since the early 1970s most excavations in the area have been carried out by professional archaeological units. Material from all this work is housed in the Worthing Museum. The collection also includes chance finds and material from field walking.

The Geology collection is a comprehensive and representative collection of rocks and minerals from South-East England and especially from Sussex.

Heritage Assets of Particular Importance

The archaeology collection is extensive and includes both excavated material and stray finds from all periods from the Palaeolithic to Post-Medieval. Notable exhibits include material from important Neolithic flint-mining sites, Bronze Age material, Iron Age material, Romano-British material, early Anglo-Saxon finds, late Saxon material and Medieval material.

The Women's Costume collection is the largest section of costume with examples of Haute Couture, dressmaker, home-made and mass-produced clothing with garments dating from 1700 and accessories dating from 1600. Other notable costume collections include jewellery, hats and handbags.

A unique collection of items that include decorative art, local history and juvenilia was bequeathed to the Museum in 1999 by a local collector.

NOTES TO THE ACCOUNTS

NOTE 53: HERITAGE ASSETS: FURTHER INFORMATION ON THE MUSEUM'S COLLECTIONS

Preservation and Management

The Council's Museum has a rolling programme of major repair and restoration of its artefacts which is charged to the Comprehensive Income and Expenditure Statement.

The Museum has a detailed Acquisitions and Disposals Policy which outlines the procedures for acquiring assets and disposing of assets.

NOTE 54: TRUST FUNDS

The Council acts as one of several trustees for the following funds:

	2014/15 Capital Value of Fund	2013/14 Capital Value of Fund
	£'000	£'000
Highdown Tower Gardens Income used to make improvements to the garden	34	34
Dr Chester's Charity Aid to people in poverty	22	21
TOTAL	56	55

In neither case do the funds represent the assets of the Council and therefore they have not been included in the balance sheet.

The Council acts as a trustee for the Highdown Tower Gardens (registered charity number 305445). Capital funds are held by the Council on behalf of the Trustees.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015

These accounts represent the transactions of the Collection Fund which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and non-domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administration costs are borne by the General Fund.

Collection Fund - Business Rates and Council Tax						
	2014/15			2013/14		
	Business Rates	Council Tax	TOTAL	Business Rates	Council Tax	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME (A)						
Council Tax Receivable	-	54,175	54,175	-	53,159	53,159
Business Rates Receivable	30,549	-	30,549	31,850	-	31,850
Transitional; Protection Payments Receivable	73	-	73	49	-	49
	30,622	54,175	84,797	31,899	53,159	85,058
Contribution Towards Previous Year Deficit						
Central Government	-	-	-	-	-	-
Worthing Borough Council	-	-	-	-	31	31
West Sussex County Council	-	-	-	-	169	169
Sussex Police and Crime Commissioner	-	-	-	-	20	20
	-	-	-	-	220	220
TOTAL INCOME (C) = (A+B)	30,622	54,175	84,797	31,899	53,379	85,278
EXPENDITURE (D)						
Payment From Previous Year Surplus						
Central Government	68	-	68	-	-	-
Worthing Borough Council	55	3	58	-	-	-
West Sussex County Council	14	17	31	-	-	-
Sussex Police and Crime Commissioner	-	2	2	-	-	-
	137	22	159	-	-	-
Precepts, Demands and Shares (E)						
Central Government	14,872	-	14,872	14,974	-	14,974
Worthing Borough Council	11,898	7,631	19,529	11,979	7,621	19,600
West Sussex County Council	2,975	41,052	44,027	2,995	40,999	43,994
Sussex Police and Crime Commissioner	-	4,986	4,986	-	4,884	4,884
	29,745	53,669	83,414	29,948	53,504	83,452
Charges to Collection Fund (F)						
Less: write offs of uncollectable amounts	115	85	200	645	78	723
Less: Incr. / Decr. (-) in Bad Debt Provision	64	24	88	(29)	88	59
Less: Incr. / Decr. (-) in Provision for Appeals	1,076	-	1,076	1,651	-	1,651
Less: Cost of Collection	133	-	133	133	-	133
	1,388	109	1,497	2,400	166	2,566
TOTAL EXPENDITURE (G) = (D+E+F)	31,270	53,800	85,070	32,348	53,670	86,018
Surpl. / Def. (-) arising during the yr (C-G)	(648)	375	(273)	(449)	(291)	(740)
Surplus / Deficit (-) b/fwd. 1st April	(449)	(589)	(1,038)	-	(298)	(298)
Surplus / Deficit (-) c/fwd. 31st March	(1,097)	(214)	(1,311)	(449)	(589)	(1,038)

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

Council Tax income is based on the value in 1991 of residential properties, which are classified into eight valuation bands as below, including a variant on Band A in respect of disabled relief. The total numbers of properties in each band are adjusted and then converted to a Band D equivalent, which when totalled and adjusted for valuation changes and losses on collection forms the Council's tax base.

	No. of Chargeable Dwellings	Less Discounts	Add New Homes Forecast	Net Dwellings	Ratio to Band D	No. of Band D Equivalents
Band A-	10.00	27.00	0.00	-17.00	5/9ths	-9.4
Band A	7,391.00	3,466.52	69.75	3,994.23	6/9ths	2,662.8
Band B	10,657.00	3,742.65	316.50	7,230.85	7/9ths	5,624.1
Band C	12,592.00	2,889.55	267.25	9,969.70	8/9ths	8,862.0
Band D	8,854.00	1,313.49	105.50	7,646.01	9/9ths	7,646.0
Band E	5,168.00	567.10	42.00	4,642.90	11/9ths	5,674.7
Band F	2,243.00	189.22	25.50	2,079.28	13/9ths	3,003.4
Band G	860.00	73.08	2.75	789.67	15/9ths	1,316.1
Band H	7.00	1.50	0.00	5.50	18/9ths	11.0
	47,782.00	12,270.11	829.25	36,341.14		34,790.7
Add : New Homes						728.3
Less : allowance for loss on collection and void properties						-190.0
						35,329.0

Individual charges per dwelling are calculated by dividing the total budget requirement of West Sussex County Council, the Sussex Police and Crime Commissioner and Worthing Borough Council by the Council Tax Base calculated above.

	Demand or Precept £	Council Tax Base	Band D Council Tax £
West Sussex County Council	41,051,945	÷ 35,329	= 1,161.98
Sussex Police & Crime Commissioner	4,985,628	÷ 35,329	= 141.12
Worthing Borough Council	7,631,060	÷ 35,329	= 216.00

NOTE 2: NON-DOMESTIC RATES (NDR)

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole which was 48.2p in 2014/15 (47.1p in 2013/14). The overall rateable value for Worthing Borough Council as at 31st March 2015 was £77,965,187 (£77,956,493 as at 31st March 2014).

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £1,418k and £865k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2014/15 in line with Worthing Borough Council's accounting policy for maintaining the provision.

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 4: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF COUNCIL TAX

This note shows the apportionment of balances into the parts attributable to the major precepting authorities.

	West Sussex County Council Closing Balance	Sussex Police and Crime Commissioner Closing Balance	Preceptors Total	Worthing Closing Balance	TOTAL
	£	£	£	£	£
Demand on Collection Fund 2015/16	42,487,467	5,261,983		7,897,910	55,647,360
Applicable proportions based on 2015/16 demand (This %age used to allocate (surplus)/deficit for 2014/15)	76.35%	9.46%		14.19%	100.00%
Council Tax arrears as at 31/03/15	2,165,991	268,373	2,434,364	402,559	2,836,923
Provision for bad debts as at 31/03/15	(1,082,751)	(134,156)	(1,216,907)	(201,234)	(1,418,141)
Receipt in advance as at 31/03/15	(707,132)	(87,616)	(794,748)	(131,424)	(926,172)
(Surplus)/Deficit as at 31/03/14	449,880	54,639	504,519	83,636	588,155
In year (Surplus)/Deficit for 2014/15	(287,967)	(34,578)	(322,545)	(53,543)	(376,088)
Balance as on 31/03/2015	538,021	66,662	604,683	99,994	704,677

NOTE 5: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF BUSINESS RATES

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	West Sussex County Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	
Business Rates Arrears	316,576	63,315	253,261	633,152
Provision for Bad Debts	(432,338)	(86,468)	(345,871)	(864,677)
Provision for Appeals	(1,801,391)	(360,278)	(1,441,113)	(3,602,782)
RV List Amendments	438,260	87,652	350,608	876,520
Receipt in Advance	(224,779)	(44,956)	(179,824)	(449,559)
(Surplus)/Deficit	548,010	109,602	438,409	1,096,021
Balance as at 31/03/2015	(1,155,662)	(231,133)	(924,530)	(2,311,325)

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SCOPE OF RESPONSIBILITY

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

In discharging this overall responsibility, the Council 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.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.adur.gov.uk or 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 Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

The governance framework has been in place at the Council for the financial year ended 31st March 2015 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

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

- identifying and communicating the 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;

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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;

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THE GOVERNANCE FRAMEWORK

- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- 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.

The operation of this authority's governance framework is described in the section below.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

The governance framework gives Managers/Directors/Members, in a number of ways, the confidence/evidence/ certainty that what needs to be done is being done. The chart below provides a high level overview of the Council's key responsibilities, how they are met and the means by which assurance is delivered.

WHAT WE NEED TO DO					
Focusing on the purpose of the Authority; deliver outcomes for the Community and create and implement a vision for the local area.	Working together to achieve a common purpose with clearly defined functions and roles	Promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour	Take informed and transparent decisions which are subject to effective scrutiny and managing risk	Develop the capacity and capability of members and officers to be effective	Engage with local people and other stakeholders to ensure robust public accountability.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE DO IT					
<ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Strategies 	<ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer 	<ul style="list-style-type: none"> • Codes of conduct • Financial management and MTFP • Bribery Act 2010 policy guidance • Whistleblowing Policy • HR Policies and procedures 	<ul style="list-style-type: none"> • Freedom of information requests • Complaints procedure • Reports considered by legal and finance experts • Equality impact assessments • Corporate risk register 	<ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management 	<ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE
<p>Joint Governance Committee function and self-assessment; Corporate Governance Group; Scrutiny Reviews; Review of progress made in addressing issues; Performance monitoring; Review of compliance with corporate governance controls; Review of accounts; Employee opinion surveys; Internal audits and external audits; Inspections and recommendations made by external agencies.</p>

The following sections look at how the Council delivers governance principles in more detail:

1. **FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA**

Joint Corporate Priorities

The Councils have agreed three priorities which set out its aspirations for the town.

- ◆ **Supporting Wealth Generators**
- ◆ **Cultivating Enterprising Communities**
- ◆ **Becoming an adaptive Council**

Further details of how these priorities will be achieved are included in a programme of work called 'Surf's Up' which can be found on the internet <http://www.adur-worthing.gov.uk/large-files/surfs-up/surfs-up-spreads.pdf>

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

1. FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £3.2m by 2019/20 in a climate of reducing funding from Central Government and rising demand for many of the Council's services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

The Constitution

The constitution sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, this Council continues with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation and with our neighbour Adur District Council, members and officers continue to improve their working relations with other organisations, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

2. MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council this is Sarah Gobey, who is also the Chief Financial Officer.

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Codes of conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Financial management

The Chief Financial Officer and s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

Financial Regulations were revised in 2013/14 by the s151 Officer so that the Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

3. PROMOTING THE VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy (revised in 2014) <http://awintranet/media/media,125134,en.pdf> sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (FoI) gives anyone the right to ask for any information held by a public authority, which includes this Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

4. TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

Transparency

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place.

Effective scrutiny

The Council operates Joint Overview and Scrutiny Committee (JOSC) governed by its own terms of reference. It is important that JOSC acts effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Cabinet or the Joint Strategic Committee. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The JOSC's findings are reported to the Joint Strategic Committee or Cabinet and may result in changes to the way in which services are delivered.

Complaints

There is a clear and transparent complaints procedure for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, and 15 working days for second-stage complaints. If complainants remain dissatisfied they have the right to refer the matter to the Local Government Ombudsman.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

5. DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers receive induction which provides information about how the organisation works, policies and health and safety. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IT, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance and Audit and Standards Committee, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Services consider workforce plans as part of the annual business planning process. Our service plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Adur District Council has developed a Community and Engagement Policy, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

6. ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

Engagement and communication

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the Council's website at www.adur-worthing.gov.uk. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and through the citizens panel.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current consultations, as well as a list of past consultations explaining how the council has used public feedback is available on the council website.

Partnership working

In addition to the partnership between Adur and Worthing (<http://www.adur-worthing.gov.uk/about-the-councils/partnership-working/>), this Council is involved in a number of different partnerships, at different levels – each with their own set of terms of reference for effective joint working.

REVIEW OF EFFECTIVENESS

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

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

- the Joint Strategic Committee, Cabinets, the Joint Governance Committee, the Joint Overview and Scrutiny Committee, the Standards Committee
- internal and external audit
- other explicit review/assurance mechanisms.

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

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

SIGNIFICANT GOVERNANCE ISSUES

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

i) Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;
- A major review of contract management; and
- A corporate review of procurement.

ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. To address this, the Council has engaged consultants to support the production of a new ICT Disaster Recovery Plan

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2014 review together with any issues which have been identified during the current review.

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 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive and the Corporate Leadership Team where necessary.

ANNUAL GOVERNANCE STATEMENT

PROPOSED ACTION

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

Signed: _____

Councillor Daniel Humphreys
Leader of the Council
Worthing Borough Council



Dated: 29th September, 2014

Signed: _____

Alex Bailey
Chief Executive of
Adur and Worthing Councils



Dated: 29th September, 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL

OPINION ON THE AUTHORITY'S FINANCIAL STATEMENTS

We have audited the financial statements of Worthing Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The Authority's financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 54 and the Collection Fund and the related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Worthing Borough Council, 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 CHIEF FINANCIAL OFFICER AND AUDITOR

As explained more fully in the Chief Financial Officer and Section 151 Officer's Responsibilities set out on page 12, the Chief Financial Officer 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 2014/15, 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 FINANCIAL 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 Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 WORTHING BOROUGH COUNCIL

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of Worthing Borough Council as at 31 March 2015 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 2014/15.

OPINION ON OTHER MATTERS

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE REPORT BY EXCEPTION

We report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- 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

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

Respective responsibilities of the Authority and auditor

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

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. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL

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

Respective responsibilities of the Authority and auditor

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

CONCLUSION

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Worthing Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

CERTIFICATE

We certify that we have completed the audit of the accounts of Worthing Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

K.L. HANDY

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

30th September, 2015

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 2014/15 which means the year commencing 1st April 2014 and ending 31st March 2015. 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.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.
ACTUARIAL GAINS AND LOSSES	Actuarial gains and losses which may result from: <ul style="list-style-type: none">(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and(b) the effects of changes in actuarial assumptions.
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.

GLOSSARY OF ACCOUNTING TERMS

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.
COMMUNITY ASSETS	Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
CURRENT SERVICE COST	Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
CURTAILMENT	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEFINED BENEFIT SCHEME	This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
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.

GLOSSARY OF ACCOUNTING TERMS

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.
INFRASTRUCTURE ASSETS	Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
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 Council 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 Council.
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.

GLOSSARY OF ACCOUNTING TERMS

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 as to the dates on which they will arise.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in a 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.
PUBLIC WORKS LOAN BOARD (PWL B)	The Public Works Loan Board (PWL B) is a statutory body operating within the Debt management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
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.
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 a Council.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

GLOSSARY OF ACCOUNTING TERMS

MAIN CHANGES IN TERMINOLOGY

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

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