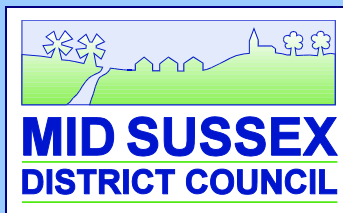


Statement of Accounts for the Year Ended 31st March 2010

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***Foreword and
Accounting Policies***

Foreword and Accounting Policies

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that Officer is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice)

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Head of Finance has also:

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

Foreword by the Head of Finance

1. Introduction

The purpose of this foreword is to provide a guide to the most significant matters reported in the accounts. The pages that follow are the Council's Accounts for 2009/10 and comprise:

- ***Statement of Accounting Policies*** - This explains the basis of the figures in the accounts. It enables an appreciation of the policies that have been followed in dealing with material items.
- ***Income and Expenditure Account*** – This is a summary of the resources generated and consumed by the Council in the year.
- ***Statement of Movement on the General Fund Balance*** – This is a reconciliation showing how the balance of resources generated and consumed in the year links in with the statutory requirements for raising council tax.
- ***Statement of Total Recognised Gains and Losses*** – A demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
- ***Balance Sheet*** - This is fundamental to the understanding of the Council's financial position at year end. It shows the balances and reserves at the Council's disposal, the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

- **Cash Flow Statement** - This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **Collection Fund** - This account reflects the statutory requirement for the Council to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to non-domestic rates and council tax and illustrates the way in which council tax has been distributed to West Sussex County Council, Sussex Police Authority and the General Fund. The Collection Fund is incorporated in the Balance Sheet as part of Debtors and also the Cash Flow Statement.

Once again, we will also be publishing audited summary accounts to help 'non-financial' people understand the Council's financial position. If any further information is required on any aspect of these documents please use the relevant details below to contact us.

I would now like to draw attention to the key features of these accounts and offer a brief financial overview of the year and comparison with the previous year.

2. **Outturn for 2009/10**

Revenue

The revenue and capital outturn for 2009/10 was reported to Cabinet on 7th June 2010. The report explained that during 2009/10 Members had received four full Budget Management reports, and additionally, received five interim update reports at alternate meetings. This regularity greatly assisted in the management of the budget and minimised the risk of a significant adverse variation.

This year has proved especially challenging with the slow recovery from the economic downturn still impacting on our income levels, especially for the first half of the year. However, throughout the year, the drive has been to control costs and this resulted in total savings of £2,365,000 and a net underspend of £224,000. There is now an embedded culture of seeking efficiencies, which has helped achieve this year's underspend, and which augurs well for future years.

In summary, the underspend of £224,000 is after the after the inclusion of unbudgeted retirement costs of £143,000 and the transfer of £10,000 to Specific Reserve under delegated authority. This is set out in the table that follows.

The budget for the year included £750,000 of efficiency savings relating to the Alternative Leisure Management contract which took effect from 1st July 2009. This generated significant savings for 2009/10 and exceeded the target by £103,000.

Furthermore, as was the case for previous years, budget management has continued to improve, and has met its objectives. The movement of money between budgets, otherwise known as virement, continued to be minimised.

Impairments

It is now our policy to revalue our assets on a yearly basis. The changes all show in one year instead of over a five year rolling period. This year, of the downward revaluation of £5.3m shown in the Fixed Asset Note 11, £4.3m is for Leisure Centres and Halls. The main changes relate to Clair Hall (£1.6m), and The Triangle, Burgess Hill (£1.1m). In addition, £1.3m has been charged to the Income and Expenditure Account because no surpluses relating to these assets were held in the Revaluation Reserve. In carrying out the revaluation, the life of the assets has also been assessed. This will have an effect on the depreciation charge in this year and future years. The investment assets have shown a small increase in value of £369,000.

Interest

For 2009/10, interest receipts for the year totalled £336,000 against an original budget of £269,000. Of the total received, £7,000 has been transferred to the Corporate Organisational and Development Specific Reserve for employee benefits. This is in accordance with existing practice to part-pay employees' professional qualification subscriptions. The revenue budget underspend position means that no interest was required to support the outturn. Therefore, the remaining balance of £329,000 was transferred to General Reserve.

Specific Items and Reserves

Specific items financed from the Specific Reserves and General Reserve for 2010/11 totalled £2,378,000. Details relating to expenditure of £2,378,000 are contained within the outturn report to Cabinet on 7th June 2010.

Revenue Expenditure 2009/10	Estimate 2009/10 £'000	Actual 2009/10 £'000	Variation 2009/10 £'000
Service Area			
Building & Asset maintenance	(294)	(319)	(25)
Cleansing Services	3,038	2,836	(202)
Community Services & Culture	1,720	1,548	(172)
Leisure operations, Events & Entertainments	2,383	1,867	(516)
Facility Management, Streetscene & Landscapes	2,257	2,113	(144)
Parking Services	(1,511)	(859)	652
Customer Services and Communications	(23)	(29)	(6)
Personnel & Payroll	(8)	(12)	(4)
Corporate Organisational Development	40	43	3
Legal Services	2	(1)	(3)
Land Charges	(35)	(28)	7
Property	(967)	(1,051)	(84)
Member Support & Partnerships	1,283	1,255	(28)
Building Control	115	256	141
Environmental Health	1,066	980	(86)
Housing	806	787	(19)
Finance Accountancy	(26)	(74)	(48)
Finance Corporate	502	517	15
ICT	(211)	(131)	80
Revenues & Benefits	1,497	1,342	(155)
Development Control	880	840	(40)
Planning Policy	941	786	(155)
Better Mid Sussex	30	26	(4)
Strategic Core	1,675	1,655	(20)
Drainage levies	13	13	0
Balance Unallocated	21	0	(21)
Corporate Items	73	73	0
Benefits	(224)	(224)	0
	15,043	14,209	(834)
Efficiency savings- Alternative Leisure management arrangements	(500)	0	500
Capital schemes to be financed from revenue	55	0	(55)
Payback to Reserves for Alternative Leisure Management procurement	100	95	(5)
Better Mid Sussex capitalised salaries	(17)	0	17
Total Revenue Expenditure 2009/10	14,681	14,304	(377)
less Finance Corporate -Retirement costs			
Tough Choices		143	143
less transfer to Specific Reserve requests		10	10
Total Revenue Expenditure 2009/10	14,681	14,457	(224)

Capital

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. Actual Capital Spending for the year amounted to £2,098,000. This was £837,000 less than the updated 2009/10 programme of £3,808,000 (including £205,000 for the financing of the replacement Gym Equipment for Freedom Leisure as part of the contract addendum) reported in the outturn report for 2009/10.

Of the £837,000 total variation, £727,000 relates to slippage, the majority being delays in Affordable Housing projects (£341,000), as well as delays in Major Capital Renewals (£154,000), the Bolnore Leisure Site (£50,000), improvements to Burners Close playground (£56,000), improvements to the path network at Beech Hurst Gardens (£29,000) and the computerisation of Land Charges systems (£29,000). A range of smaller schemes have yet to be completed.

The main items of expenditure in the year were:

Capital Expenditure 2009/10	2009/10
Fixed Assets	£
Land and Buildings	
Pavilions	9,157
Civic Halls and Leisure Centres	192,822
Plant / Vehicles / Equipment	
Car Park Ticket Machines	39,949
IT Hardware & Software	85,380
Skatepark Equipment	23,467
Playground Equipment	131,727
Intangible Assets	
Software licence	28,726
Revenue Expenditure funded from Capital Under Statute	
Housing - Housing Renewal Assistance	742,083
Housing - Affordable Housing	229,000
Rural Community Provision & Capital Grants	96,143
Other expenditure	314,090
	1,892,544
Freedom Gym Equipment Loan	205,000
Total	2,097,544

The capital expenditure in the year was financed by:

Usable Capital Receipts	£651,092
General Fund Balances	£171,760
Other Reserves	£30,416
Grants & capital contributions (includes Big Lottery funding of £54,480)	£494,214
Section 106 agreements	£545,062
Long Term Borrowing (PWL B Loan)	£205,000

Usable capital receipts for 2009/10 totalled £58,848, and other receipts received in 2009/10 under the heading Unapplied Capital Grants and Contributions for the year totalled £684,470. The split mainly relates to:

Section 106 agreements	£253,339
Housing renewal Assistance subsidy grant	£348,000
Other government grants and contributions	£83,133

3. Borrowing

A report to Council on 22nd July 2009 approved borrowing £205,000 from the Public Works Loans Board (PWLB) over a five year term at 2.23% pa. This was to assist the new operator of the Indoor Leisure business by providing finance for purchase of replacement gym equipment, as this sum borrowed was then lent onto Freedom Leisure at the same rate, on an equal instalment basis, which enables the Council to repay the loan.

4. Local Taxpayers

During the year, the Council collected £77.530m in Council Tax (net of council tax benefit) on behalf of West Sussex County Council, Sussex Police Authority and Mid Sussex District Council and its towns and parishes. All but £8.295m of this was passed on to the other authorities. The collection rate for the year was 98.3% of the total amount due and most of the remainder will be collected in the first few months of 2010/11.

5. Pensions

The pensions liability has increased to £45,837,000 as at 31st March 2010, from £22,470,000 as at 31st March 2009. This includes the liability of £1,037,000 for the Census Joint Committee. The real discount rate for valuing liabilities as at 31st March 2010 was 1.6 % (31st March 2009 3.7%) and this will have had the effect of substantially increasing the liabilities as at 31st March 2010. Investment returns during the year have not been as unfavourable being in the region of 30% to 40%. Full details of the movement in the liability is shown in the Consolidated Notes to the Accounts, Note 30.

6. Provisions

Previous notes to the accounts have highlighted the provision set aside to finance the interest on the Cyprus Road agreement, and a sum of £200,000 to cover any unforeseen costs associated with the Better Mid Sussex partnership. With the termination of the Framework Agreement (without cost) and the repayment of the former sum, it is no longer necessary to sustain such a provision and this has accordingly been removed from the accounts for 2009/10.

7. Other Significant items

The administration and liquidation of Thornfield Properties plc in 2010 was symptomatic of the wider economic malaise that was especially prevalent within the commercial sector of the property market. Its demise led to the Council terminating the Framework Agreement and reconsidering the future of the three town centres and its role in assisting their regeneration.

Financially, the collapse of the Thornfield group of companies has had no effect since the agreement between the parties clearly allocated all such risk to the private sector partner. There were therefore no outstanding sums due to Thornfield, and there were no sums outstanding from them that the Administrator needed to process. The Council has therefore exited from the agreement at no cost.

During the year however, the Council did repay the Cyprus Road licence fee, along with associated costs and interest, and the background to this has been the subject of an Audit Commission review and report in June 2010.

8. Changes In Accounting Policy

SORP 2009 has required a change of accounting policy for Council Tax that will require prior year adjustment to the 2008-09 corresponding amounts. The balance on the Collection Fund was a deficit for 2008-09. The Mid Sussex District Council share of £59,889, was shown separate to the General Fund Balances and will now be recognised as the Collection Fund Adjustment Account.

As the Council Tax income credited to the Income and Expenditure Account shows the accrued amount, the Statement of Movement on the General Fund Balance has been restated with the change in the Income and Expenditure Account deficit for the year of £15,625 being exactly matched by the inclusion of an additional reconciling item in respect of the transfer to the Collection Fund Adjustment Account. This change also means that the Statement of Total Recognised Gains and Losses no longer needs to show a movement on the Collection Fund Deficit.

In the restated Balance Sheet, the part of the Council Tax debtor and creditor balances and impairment allowance for doubtful debts attributable to major preceptors shall be derecognised. Major preceptors shall recognise their share in their restated 2008-09 Balance Sheets. The Prior Period Note 4 shows how these

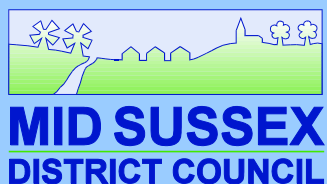
balances have been calculated. The Cash Flow Statement has been restated so that it includes only the authority's own share of Council Tax debtors or creditors net cash received in the year. The difference between the major preceptors' share of the net cash collected from Council Tax debtors or creditors and net cash paid to major preceptors as precepts and settlement of the previous year's deficit on the Collection Fund shall be included as a net increase/ decrease in liquid resources.

The other significant change in SORP 2009 is that as billing authority to collect National Non Domestic Rates (NNDR) as an agency arrangement with central government, this income shall not be included in its Income and Expenditure Account, apart from the cost of collection allowance received. In the restated Balance Sheet, the NNDR debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are derecognised, along with the overpaid amount into the national pool for 2008-09. The result is to show a debtor balance that equals the net value of the amounts derecognised, as detailed in the Prior Period Note. The Cash Flow Statement shows the movement between cash received from non-domestic rate receipts and NNDR payments to the national pool as a movement in other liquid resources.

The authority has chosen to undertake an annual revaluation of all assets from 1st April 2009, rather than have a rolling 5 year programme. This exercise will be undertaken by Mr David Waite, FRICS, Property Manager for the authority. The revaluation is shown as part of the Note on Fixed Assets.

9. Further Information

Interested members of the public have a statutory right to inspect the accounts from 21st June 2010 to 16th July 2010. The availability of the accounts for inspection was advertised in the local newspapers, Mid Sussex Times, The Mid Sussex Leader and East Grinstead Observer. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 (peters@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (cathyc@midsussex.gov.uk), at Mid Sussex District Council, Oaklands Road, Haywards Heath, RH16 1SS. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.



Statement of Accounts 2009/10

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Audit Commission Act 1998.

It presents a true and fair view of the financial position of the Council at 31st March 2010 and its income and expenditure for the year then ended.

P Stuart
Head of Finance
28 September 2010

Certification by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 28 September 2010.

Signed on behalf of the Audit Committee

Cllr A Lea
Chairman Audit Committee
28 September 2010

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowing is at a fixed rate over the life of the 15 year loan from Public Works Loan Board (PWLB).
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of meter reading each year rather than being apportioned between financial years;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing and Council Tax Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Concessionary fares, where income rail passes are accounted for in the year received although passes are valid for a year from issue.

These policies are consistently applied each year and therefore do not have a material effect on the year's accounts.

3. Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain, in accordance with FRS 12, Provisions, Contingent Liabilities and Contingent Assets. A provision is raised when a reasonable estimate of the amount can be made, and is charged to the appropriate service revenue account in the year the authority becomes aware of the obligation.

4. Reserves and Balances

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and

Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits that do not represent usable resources for the council – these reserves are explained in the relevant policies below.

The fundamental principle of capital accounting is that accounting for fixed assets is separated from accounting for their financing. There are three reserves that help to manage this separation:

- **Revaluation Reserve** – records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets.
- **Capital Adjustment Account** – provides a balancing mechanism between the different rates at which assets are depreciated under the SORP and are financed through the capital controls system. This includes the amount of capital expenditure financed from revenue and capital receipts, and the amount provided for depreciation.
- **Government Grants Deferred Account** – credited with grants and other contributions (S106) that have been used to support capital investment. The recognition of these grants/contributions as a gain to the authority is deferred until the amounts are released to the Income and Expenditure Account to match the depreciation charges on the relevant assets. The account holds the unamortised balance as deferred income.

It should be noted that the reserves detailed above are matched by fixed assets within the Balance Sheet and that they are not resources available to the authority.

- **Usable Capital Receipts** - This represents the capital receipts available to finance capital expenditure in future years.
- **Unapplied Capital Grants and Contributions** – Government Grants and contributions that are available to finance capital expenditure in future years.

The Council also maintains certain other reserves in accordance with Section 91 of the Local Government Finance Act 1988 to meet future expenditure. These reserves consist of:

- **Earmarked Specific Reserves** - These reserves comprise amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- **General Fund Balances** - This includes amounts ear-marked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance. The remainder held is a non-earmarked balance, and this amount is considered appropriate as a working balance and to provide for emergencies should they arise.

A summary of the transactions on each of these reserves is shown in the Consolidated Notes No 25 on page 36.

5. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. General Government Grants received that are not attributable to specific services, for example Revenue Support Grant, are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

6. Retirement Benefits

Employees of the council are members of the Local Government Pensions Scheme, administered by West Sussex County Council. The scheme is a defined benefit scheme.

The liabilities of the West Sussex County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is, 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, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a nominal discount rate of 5.5% (based on the indicative rate of return on a high quality corporate bond).

The assets of the West Sussex County Council pension scheme attributable to the council are included in the Balance Sheets at their fair value:

- Quoted securities - bid value
- Unquoted securities – professional estimate
- Unitised securities – average of the bid and offer rates
- Property – market value

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
- Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
- Gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
- Contributions paid to the West Sussex pension fund – cash paid as employer's contributions to the pension fund

Statutory provisions limit the council to raising council tax to cover the amounts payable by the council to the pension fund in the year. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

The council also has restricted powers to make discretionary awards of retirement benefits in the events of early retirements. It is not the council's policy to make such payments.

Financial Reporting Standard 17 (FRS 17)

The figures for pension costs have been prepared in accordance with Financial Reporting Standard 17, Retirement Benefits, (FRS 17). They include costs for both current and former employees. These costs have been determined on the basis of contributions required to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The effect on the Income and Expenditure Account as a result of adopting FRS17 is that the net cost of services and net operating expenditure has been decreased. The amounts are shown as reconciling amounts in the Statement of Movement on the General Fund Balance and are transferred into the pensions reserve. Full details are shown in the Consolidated Notes to the Accounts, Note 30. The Balance Sheet includes a pensions liability, balanced by a pensions reserve of the same value. Interested parties may contact the Head of Finance for details of these adjustments.

The Council's policy in relation to its commitments to the West Sussex Pension Fund for 2009/10 was:

- for service accounts to bear the cost of pension contributions which relate to current employment only;
- to charge the revenue account with the actuarial costs of early retirement, e.g. early payment of pension and any added years granted.

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

8. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Best Value Accounting Code of Practice 2009 (BVACOP). The total absorption costing principle is used - the full cost of over heads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation
- Non Distributed Cost – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council, for example software licences, is capitalised when it brings benefits to the council for more than one financial year. The balance is amortised on a straight-line basis over the economic life, this has been set as 5 years for the software licences.

10. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset, such as repairs and maintenance, is charged to revenue as it is incurred.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value.
- Dwellings, other land and buildings, vehicles, plant and equipment - lower of net current replacement cost or net realisable value in existing use.
- Infrastructure assets and community assets – depreciated historical cost. Open spaces (community assets) have been included at a nominal value of £1 per item. Works of art (community assets) have been included on the basis of an insurance valuation undertaken during 1998.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value.
- Specialised operational properties – depreciated replacement cost.
- Investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value. As from April 2009 all assets are re-valued on an annual basis. This replaces the rolling revaluation process of its assets over a five-year period which was previously undertaken. The asset valuations, as at 1st April 2009, were carried out by Mr David Waite, FRICS, Property Manager for the council.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Where attributable to the clear consumption of economic benefits- the loss is charged to the relevant service revenue account.
- Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the net book value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for all assets with a determinable finite life (except for investment properties), by allocating the value in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Newly acquired assets are depreciated from the day of acquisition until the end of their useful life or the day of disposal. Assets in the course of construction are not depreciated until they are brought into use.
- Depreciation on buildings is calculated using the straight line method over the useful life which is determined at the time of the valuation. Computer equipment and new playground equipment is calculated using the straight- line method over 5 years. Other equipment is depreciated using a 10% reducing balance method, with 10 year straight line for the Wheeley Bins and Skate Park Equipment, and 7 year straight line for the Car Parking Machines.
- Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Grants and Contributions from Developers (S106): where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

11. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisation. These costs are reversed out of the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

12. Revenue Expenditure Funded from Capital under Statute

The 2008 SORP introduced a new category of expenditure - Revenue expenditure funded from capital under statute which effectively replaces Deferred Charges. Legislation in England allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority incurred during the year and have been written off as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of the expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

13. Leases

Finance Leases: Payments are apportioned between the principal element – the liability is written down as payments are made - and a finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account).

Operating Leases: Rentals payable are charged to the relevant service revenue account on an accruals basis.

14. Financial Liabilities

Annual charges to the Income and Expenditure Account for interest payable on borrowing are at a fixed rate over the life of a 15 year loan, and a 5 year loan from Public Works Loan Board (PWLB). The amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

15. Financial Assets

Financial assets are classified into two types:

- Loans and receivables- assets that have fixed or determinable payments but are not quoted on an active market.
- Available-for-sale assets - assets that have a quoted market price and/or do not have affixed or determinable payments.

Investments are shown in the Balance Sheet at cost. Short Term Investments are those that have a maturity of up to 364 days and Long Term Investments are those that will mature in one year or more.

16. Stocks and Work in Progress

Stocks are valued at actual cost. This is a departure from the requirements of SORP 2009 and SSAP 9, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

17. Officer Personal Loan Scheme

Balances held are shown as long term debtors in the Balance Sheet. Loans in their last year are still shown as long term debtors with the exception of season ticket loans which are included as sundry debtors in the Balance Sheet as the maximum period allowed is twelve months.

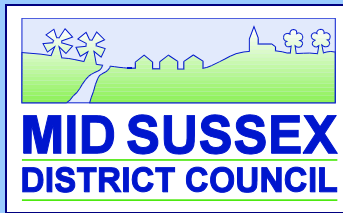
18. Changes in Accounting Policy

The SORP 2009 has required a change of accounting policy for Council Tax that will require prior year adjustment to the 2008-09 corresponding amounts. The Collection Fund Adjustment Account reflects the difference between the Collection Fund surplus or deficit included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund.

Also, there are changes for reporting the agency arrangement the authority has for collecting Non Domestic Rates for central government. Further details are shown in Note 4 Prior Period Adjustments on page 26.

In addition, the authority has chosen to undertake annual revaluations of its Fixed Assets rather than have a 5 year rolling programme.

These changes have been detailed in paragraph 8 of the Foreword.



Core Financial Statements

Income and Expenditure Account

	2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £	* restated 2008/09 Net Expenditure £
Service Net Expenditure	1			
Central Services to the Public	9,619,801	(8,716,819)	902,982	944,673
Culture, Environmental, Regulatory and Planning Services	18,940,325	(6,817,365)	12,122,960	11,787,634
Highways and Transport Services	2,546,017	(2,524,879)	21,138	(331,502)
Housing Services	31,383,480	(29,640,954)	1,742,526	1,645,568
Social Services	0	0	0	65,279
Exceptional Items	3	275,943	(1,127,837)	0
Corporate and Democratic Core	2,565,134	(173,984)	2,391,150	2,931,183
Non Distributed Costs	1,961,236	0	1,961,236	3,150,591
Net Cost of Services	67,291,936	(49,277,781)	18,014,155	20,193,426
(Gain)/ loss on disposal of fixed assets			12,387	56,548
Town & Parish Precepts, & Drainage Levies			3,054,225	2,890,084
Interest Payable			294,974	75,438
Contribution of housing capital receipts to government pool			63,155	46,697
Interest and Investment Income			(336,258)	(1,009,283)
Pensions interest cost & expected return on pension assets			2,548,000	860,000
			30	
Net Operating Expenditure			23,650,638	23,112,910
Income from Collection Fund			(11,315,587)	(10,809,172)
General Government Grants	5		(6,668,860)	(6,585,522)
(Surplus) / Deficit for the Year			5,666,191	5,718,216

This account summarises the resources that have been generated and consumed in providing services and managing the council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

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

The Income and Expenditure Account has been restated for 2008/09 in accordance with SORP 2009. The income from the Collection Fund has been adjusted by (£15,625), the movement on the MSDC share of the Collection Fund Deficit that was shown in the Statement of Total Recognised Gains and Losses in 2008/09. Refer to Prior Period Note 4 on page 26.

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2009/10 £	<i>restated**</i> 2008/09 £
(Surplus) / deficit for the year on the Income and Expenditure Account	5,666,191	5,718,216
Net additional amount required by statute and non-statutory proper practices to be debited / (credited) to the General Fund Balance for the year	(6,701,299) *	(5,928,604)
(Increase) / Decrease in General Fund Balance for the year	(1,035,108)	(210,388)
General Fund Balance brought forward (excluding CollectionFund)	(3,865,487)	(3,655,099)
General Fund Balance carried forward	(4,900,595)	(3,865,487)

*this figure is the total of the reconciling items that are shown in note 2 on page 25.

** refer to Prior Period Note 4 on page 26. Changes are required by SORP 2009.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the (surplus) / deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2009/10 £	<i>restated**</i> 2008/09 £
(Surplus) / Deficit for the year on the Income & Expenditure Account	5,666,191	5,718,216
Surplus arising on revaluation of fixed assets	(625,530)	(11,299,201)
Actuarial (gains) / losses on pension fund assets and liabilities	20,181,000	8,010,000
Total recognised (gains) and losses	25,221,661 *	2,429,015

*The total recognised gains and losses is showing the total movement in the Balance Sheet in the year to 31st March 2010.

**refer to Prior Period Note 4 on page 26. Changes are required by SORP 2009.

Balance Sheet

	Note(s)	As at 31st March 2010	As at 31st March 2009
		£	£
Intangible Assets	12	124,358	178,787
Fixed Assets	11		
Operational Assets			
Land and Buildings		59,653,277	63,339,717
Vehicles, Plant and Equipment		2,538,159	2,774,517
Infrastructure Assets		3,683,026	3,912,103
Community Assets		99,677	99,677
Non-Operational Assets			
Investment Properties		16,959,167	15,674,230
Assets Under Construction		0	0
		83,057,664	85,979,031
Long Term Investments	15	0	0
Long Term Debtors	16	487,415	383,661
		83,545,079	86,362,692
Current Assets			
Stocks	17	5,392	77,773
Debtors	18	9,199,183	8,241,063 **
less Provision for Doubtful Debts		(1,655,242)	(1,459,833)
Investments	20	8,000,000	8,000,000
Bank		188,123	1,353,124
		15,737,456	
Current Liabilities			
Creditors	19	(3,827,725)	(4,452,506) **
Borrowing Payable Less Than One Year	31	(134,447)	(90,156)
		(3,962,172)	
		95,320,363	98,032,157
Long Term Liabilities			
Government Grants Deferred	13	(466,508)	(664,191)
Capital Grants & Contributions Unapplied	14	(5,735,385)	(6,090,191)
Provision	22	0	(361,698)
Borrowing Payable Longer Than One Year	31	(1,590,972)	(1,533,918)
Liability related to Defined Benefit Pension Scheme	30	(45,837,000)	(22,470,000)
		41,690,498	66,912,159
Revaluation Reserve	26	13,998,545	13,769,498
Capital Adjustment Account	27	66,730,481	69,598,303
Deferred Credits	21	264,537	290,979
Usable Capital Receipts Reserve	28	148,036	776,993
Earmarked Specific Reserves	29	1,516,723	1,140,788
Pension Reserve	30	(45,837,000)	(22,470,000)
General Fund Balances	29	4,900,595	3,865,487
Collection Fund Adjustment Account		(31,419)	(59,889)
Total Reserves and Balances		41,690,498 *	66,912,159

* The movement in the year of (£25,221,661) is shown on the previous page on the Statement of Total Recognised Gains and Losses.

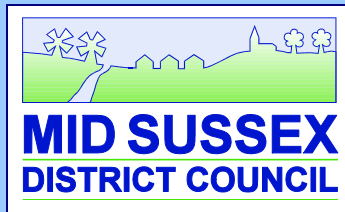
**refer to Prior Period Note 4 on page 26. Changes are required by SORP 2009.

Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions between the Council and external bodies and individuals for both revenue and capital purposes.

		2009/10		2008/09
	Note	£	£	£
Revenue Activities -				
Net Cash (Inflow)/Outflow	34		(1,433,636)	(2,681,749) *
Servicing of Finance				
Cash Outflows				
Interest Paid		294,229		75,701
Interest Element of Finance Lease Rental Payments		0		0
			294,229	75,701
Cash Inflows				
Interest Received		(491,843)		(901,094)
			(491,843)	(825,393)
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets		437,616		1,261,252
Purchase of Long Term Investments		0		0
Other Capital Cash Payments		131,190		45,382
			568,806	1,306,634
Cash Inflows				
Sale of Fixed Assets		(58,848)		(63,505)
Capital Grants Received	36	(5,300)		(99,483)
Other Capital Cash Receipts		(304,689)		(875,705)
			(368,837)	(1,038,693)
			199,969	267,941
Net cash (Inflow)/Outflow before financing	37	C/Fwd	(1,431,281)	(3,239,201)
Management of liquid resources				
Net increase / (decrease) in short-term deposits	35		0	(1,800,001)
Net increase / (decrease) in other liquid resources			2,696,881	4,501,468 *
			2,696,881	2,701,467
			1,265,600	(537,734)
Financing				
Cash Outflows				
Repayment of amounts borrowed		104,401		81,173
Capital element of finance lease rental repayments		0		0
			104,401	81,173
Cash Inflows				
New loans raised		(205,000)		0
New short-term loans		0		0
			(205,000)	0
			(100,599)	81,173
	37		1,165,001	(456,561)
(Increase) / decrease in cash and cash equivalents			1,165,001	(456,561)

*refer to Prior Period Note 4 on page 26. Changes are required by SORP 2009.



***Consolidated Notes
to the
Core Financial Statements***

Consolidated Notes to the Core Financial Statements

1. Service Net Expenditure

This note provides a more detailed BVACOP service expenditure analysis of the headings shown on the Income and Expenditure Account. Further analysis is detailed on page 5 of the foreword by the Head of Finance which shows the net expenditure breakdown for the year across each Head of Service area compared to the Corporate Plan and Budget Report 2009/10.

2008/09 Net Expenditure £	Expenditure on Services	2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £
	Central Services to the Public			
567,632	Local Tax Collection	8,970,716	(8,486,142)	484,574
170,747	Elections	197,022	(4,680)	192,342
46,945	Emergency Planning	70,525	0	70,525
46,800	Local Land Charges	198,374	(225,997)	(27,623)
177,828	General Grants and Donations	183,163	0	183,163
	Culture, Environmental, Regulatory & Planning Services			
981,672	Culture and Heritage	2,013,489	(182,118)	1,831,371
3,590,018	Recreation & Sport	4,705,134	(2,034,192)	2,670,942
1,962,414	Open Spaces	2,520,836	(361,780)	2,159,056
29,930	Tourism	28,085	0	28,085
9,714	Cemetery, Cremation & Mortuary	9,946	0	9,946
1,149,259	Environmental Health	1,434,431	(368,913)	1,065,518
103,630	Community Safety	256,580	(142,429)	114,151
232,639	Flood Defence & Land Drainage	259,927	0	259,927
1,008,043	Street Cleansing	1,183,601	(19,624)	1,163,977
2,057,794	Waste Collection	2,677,815	(591,038)	2,086,777
(494,214)	Recycling	202,678	(669,958)	(467,280)
199,527	Building Control	666,336	(465,741)	200,595
591,557	Development Control	1,397,673	(629,757)	767,916
738,783	Planning Policy	673,680	(21,801)	651,879
64,399	Environmental Initiatives	55,052	0	55,052
(501,326)	Economic Development	795,111	(1,330,015)	(534,904)
63,795	Community Development	59,952	0	59,952
	Highways & Transport Services			
32,504	Environmental, Safety & Routine Maintenance	156,413	(121,752)	34,661
(863,137)	Parking Services	1,401,091	(2,048,004)	(646,913)
499,131	Public Transport	988,513	(355,123)	633,390
	Housing Services			
14,913	Housing Strategy	10,994	0	10,994
554,836	Housing Advice	615,187	(9,766)	605,421
(317)	Housing Advances	4,111	(169)	3,942
496,408	Private Sector Housing Renewal	945,918	(374,483)	571,435
104,087	Homelessness	553,725	(453,026)	100,699
(93,400)	Housing Benefits Payments	27,560,976	(27,635,762)	(74,786)
590,680	Housing Benefits Admin	1,669,090	(1,113,797)	555,293
(21,639)	Other Council Property	23,479	(53,949)	(30,470)
	Corporate & Democratic Core			
515,643	Democratic Representation & Management	582,335	(4,501)	577,834
2,415,540	Corporate Management	1,982,799	(169,484)	1,813,315
3,150,591	Non Distributed Costs	1,961,236	0	1,961,236
0	Exceptional Items	275,943	(1,403,780)	(1,127,837)
20,193,426	Net Cost of Services	67,291,936	(49,277,781)	18,014,155

1a. Benefits

Benefits represent a local contribution to a national scheme. It is demand led and has particular significance within the total Net Cost of Services. For 2009/10, Gross Expenditure of £32,235,242 less Gross Income of (£32,397,393) equals (£162,151), (2008/09 (£125,354)), comprising Council Tax Benefits and Housing Benefits payable, net of government grant and excluding the cost of administration.

2. Note of reconciling items for the Statement of Movement on the General Fund Balance

Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year

	2009/10	<i>restated</i> 2008/09
	£	£
Amortisation of intangible fixed assets	(71,249)	(86,183)
Depreciation and impairment of fixed assets	(3,915,640)	(5,907,220)
Government Grants Deferred amortisation	1,236,959	815,638
Revenue expenditure funded from capital under statute	(1,381,316)	(1,476,723)
Net gain / (loss) on sale of fixed assets *	(12,387)	(56,548)
Net charges made for retirement benefits in accordance with FRS 17	(5,286,000)	(2,610,000)
Collection Fund Adjustment Account	28,470	15,625 **
	(9,401,163)	(9,305,411)

Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year

Statutory provision for the repayment of debt	84,909	81,173
Capital expenditure charged in year to the General Fund Balance	202,175	643,474
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(63,155)	(46,697)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	2,100,000	2,300,000
	2,323,929	2,977,950

Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year

Net transfer to/ (from) earmarked reserves	375,935	398,857
	375,935	398,857

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

	(6,701,299)	(5,928,604)
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*This is made up from the disposal of fixed assets, refer to note 11, and the receipts from mortgages where mortgage debt has been repaid for shared ownership sales of formerly owned Council dwellings, refer to note 28.

** This amount was included in the Statement of Recognised Gains and Losses in 2008/09.

3. Exceptional Items

These are material items in terms of the authority's overall net expenditure, which derive from events or transactions that are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

In 2009/10 the authority successfully reclaimed a substantial refund of VAT originally paid over to HMRC as part of Leisure and Cultural activities for which VAT had been added on top of the core charge. Following a successful appeal elsewhere which set a precedent, a retrospective VAT claim dating back over 20 years was approved, together with simple interest. This was reported to Members as part of Budget Management reports and within the Corporate Plan 2010-11. The sums received were then transferred to General Reserve.

4. Prior Period Adjustments

SORP 2009 requires that the change to agency accounting be treated as a prior period adjustment, as detailed in the Foreword Note 8 on page 8. In 2008/09 accounts the Collection Fund Balance was allocated within Debtors and Creditors for major precepting authorities, WSCC and SPA. The balances that have been adjusted on the Balance Sheet to recognise the agency relationship as at 31st March 2009 are shown below:

	West Sussex County Council	Sussex Police Authority	Total
	£	£	£
Council Tax arrears	2,618,741	311,238	2,929,979
Impairment allowance for doubtful debts	(1,662,268)	(197,561)	(1,859,829)
Council Tax overpayments and prepayments	(1,035,890)	(123,116)	(1,159,006)
Collection Fund Deficit	342,643	40,163	382,806
Restated Consolidated Balance 31st March 2009 shown in Debtors Note 18	263,226	30,724	293,950

The Cash Flow Statement for 2008-09 has been adjusted by extracting the cash collected on behalf of the major precepting authorities from Revenue Activities and the precepts paid out of the Collection Fund, and showing them instead as a net increase / decrease in other liquid resources in the Management of Liquid Resources section.

The agency accounting treatment has also been required to show the consolidated position for Non Domestic Rates Collection with Central Government.

	£
Non Domestic Rates Arrears	2,184,427
Impairments allowance for doubtful debts	(1,469,908)
Amounts due from the national pool for instalments paid in excess of final amount payable	1,123,710
Creditor Overpayments	(105,533)
Creditor Prepayments	(298,465)
New Debtor Balance NDR Central Government	1,434,231

The prior period adjustment is effected by deleting all of the above balances and replacing them with a debtor for central government of £1,434,231.

The Cash Flow Statement for 2008-09 has been adjusted by extracting the cash received from ratepayers and payments to the central government pool from the Revenue Activities section, so that only the cost of collection allowance is recorded as part of other operating receipts. The net amount extracted from Revenue Activities is shown as a net movement in other liquid resources in the Management of Liquid Resources section.

The 2008/09 Income and Expenditure Account is restated by £15,625 and an adjustment line included in the Statement of Movement on the General Fund Balance. The Statement of Recognised Gains and Losses no longer shows a line 'Movement on MSDC share of Collection Fund deficit of £15,625.

The 2008/09 Income Expenditure Deficit for the year of £5,733,841 restated by (£15,625) to £5,718,216.

The Statement of Movement on the General Fund Balance total (£5,944,229) restated by £15,625 to (£5,928,604).

5. General Government Grants

The breakdown by type of grants received that are not attributable to specific services are shown below.

	2009/10	2008/09
	£	£
Redistributed Non Domestic Rates	5,228,636	5,620,971
Revenue Support Grant	1,206,837	782,485
Local Authority Business Growth Incentive Grant	64,276	159,566
Housing Planning Delivery Grant	146,300	0
Area Based Grant	22,811	22,500
	6,668,860	6,585,522

6. Operating and Finance Leases

The Council has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, dog wardens, car parking and leisure). The amounts paid under these arrangements in 2009/10 were £86,278 (£104,089 in 2008/09) and the total commitments at 31st March 2010 amounted to £164,000 (£184,000 in 2008/09).

Commitments under Operating Leases – the authority was committed at 31 March 2010 to making payments of £164,000 in future years as detailed below:

	Leases to be paid in 2010/11	Total value of operational leases
	£	£
Lease finishing in 2010/11	9,000	9,000
Value of Operational Leases due to be paid in 2010/11 that will expire in 2 - 5 years	47,000	155,000
Value of Operational Leases due to be paid in 2010/11 that will expire after 31st March 2015	0	0
	56,000	164,000

No new finance lease agreements have been entered into for a number of years. All existing finance leases are now in the secondary rental period, none of which are above the de minimis level of £10,000.

7. Members Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 2003 require authorities to make public the total sum paid, but did not specify arrangements for publication. SORP 2009 requires the disclosure of the amount of Members' allowances paid. In 2009/10 the Council paid Members' allowances totalling £405,343 (£405,350 in 2008/09).

8. Officers' Emoluments

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	Number of Employees	
	2009/10	2008/09
£160,000 - £164,999	1	0
£150,000 - £154,999	0	1
£95,000 - £99,999	0	0
£90,000 - £94,999	1	1
£85,000 - £89,999	0	0
£80,000 - £84,999	0	0
£75,000 - £79,999	0	0
£70,000 - £74,999	1	1
£65,000 - £69,999	3	3
£60,000 - £64,999	3	2
£55,000 - £59,999	1	2
£50,000 - £54,999	8	5

2009-10 Senior Officers Emoluments - Salary is over £50,000

	Salary			Total	Pension	Total
	(including	Bonuses	Benefits	Remuneration	contributio	Remuneration
	fees & Allowances)			excluding employer's pensions contributions	ns	including pension contributions 2009-10
	£	£	£	£	£	£
Chief Executive - J Jory *	149,950	12,598	1,543	164,091	31,668	195,759
Deputy Chief Executive	93,438	0	1,311	94,749	21,413	116,162
Head of Finance	72,932	0	1,049	73,981	16,720	90,701
Head of Corporate Improvement	68,163	0	524	68,687	15,523	84,210
Head of Organisational Development	66,871	0	0	66,871	15,113	81,984
Solicitor to the Council	65,586	0	0	65,586	14,822	80,408
Head of Leisure & Sustainability	64,056	0	908	64,964	14,682	79,646
Head of Revenues & Benefits (CenSus)	64,056	0	764	64,820	14,303	79,123
Better Mid Sussex Planning Leader	64,176	0	0	64,176	14,504	78,680
Head of Housing Services	59,394	0	0	59,394	13,400	72,794
Chief Building Control Officer	54,859	0	0	54,859	12,398	67,257
Development Control Manager	54,536	0	0	54,536	12,325	66,861
Corporate Projects Manager	52,732	0	0	52,732	11,917	64,649
Environmental Health Manager	52,678	0	0	52,678	11,905	64,583
Events & Entertainments Manager	52,259	0	0	52,259	11,811	64,070
Principal Building Control Officer	50,524	0	0	50,524	11,418	61,942
Principal Building Control Officer	50,524	0	0	50,524	11,418	61,942
Member Support & Elections Leader***	50,729	0	0	50,729	11,166	61,895
Head of Economic Promotion & Planning **	49,092	0	862	49,954	11,290	61,244
	1,236,555	12,598	6,961	1,256,114	277,796	1,533,910

*A sum of £11,369 is included in Salaries and Fees in respect of Returning Officer Fees for the 2009 Elections

**This employee works 30 hours per week from 01-08-09. The whole time equivalent salary is £57,221.

This employee is excluded from the Remuneration Band note above.

***This employee retired from the Council's employment on 30th March 2010.

2008-09 Senior Officers Emoluments - Salary is over £50,000

	Salary			Total	Pension	Total
	(including	Bonuses	Benefits	Remuneration	contributio	Remuneration
	fees & Allowances)			excluding employer's pensions contributions	ns	including pension contributions 2008-09
	£	£	£	£	£	£
Chief Executive - J Jory*	128,070	24,594	1,190	153,854	28,741	182,595
Deputy Chief Executive	93,438	0	1,011	94,449	21,345	115,794
Head of Finance	71,091	0	809	71,900	16,341	88,241
Head of Revenues & Benefits (CenSus)	64,056	5,000	0	69,056	14,477	83,533
Head of Corporate Improvement	66,871	0	404	67,275	15,204	82,479
Head of Organisational Development	65,586	0	0	65,586	14,822	80,408
Solicitor to the Council	64,292	0	0	64,292	14,530	78,822
Better Mid Sussex Planning Leader	64,176	0	0	64,176	14,504	78,680
Head of Housing Services	59,444	0	0	59,444	13,400	72,844
Head of Economic Promotion & Planning	55,140	0	145	55,285	12,494	67,779
Chief Building Control Officer	53,842	0	0	53,842	12,168	66,010
Development Control Manager	52,744	0	0	52,744	11,948	64,692
Events & Entertainments Manager	51,363	0	0	51,363	11,626	62,989
Environmental Health Manager	51,047	100	0	51,147	11,537	62,684
Corporate Projects Manager	51,013	0	0	51,013	11,550	62,563
Principal Building Control Officer	48,789	1,155	0	49,944	11,026	60,970
Head of Leisure & Sustainability	36,120	0	152	36,272	8,198	44,470
	1,077,082	30,849	3,711	1,111,642	243,911	1,355,553

* A sum of £2,181 is included in Salaries and Fees in respect of Returning Officer Fees for Elections

9. Related Party Transactions

SORP 2009 requires disclosure of transactions with 'related parties'. Related Parties are defined as: central government, local authorities and other bodies precepting or levying demands on the council tax, subsidiary and associated companies, joint venture and joint venture partners, council members and chief officers and the pension fund.

Disclosure within this note will only occur where the transaction is material and is not disclosed elsewhere within the accounts. During the year transactions with related parties arose as follows:

	Gross Expenditure £	Gross Income £
Chief Officers		
Personal loans made available under the Council scheme	0	19,109

Other transactions

The Council has entered into transactions with a number of charities, where members of the Council act as directors.

	£
Age Concern East Grinstead	36,068
Age Concern Burgess Hill	15,071

Census Partnership

As a result of the Census Partnership between Adur, Horsham and Mid Sussex District Council, there is an agreement to share certain costs of the partnership. As at 31st March 2010, the following amounts were due in respect of expenditure in that year:

	£		£
Mid Sussex liability to Horsham	118,154	Horsham liability to Mid Sussex	349,323
Mid Sussex liability to Adur	0	Adur liability to Mid Sussex	488,807

10. Audit Costs

In 2009/10 the council incurred the following fees relating to external audit and inspection:

	2009/10 £	2008/09 £
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	134,358	125,487
Fees payable to the Audit Commission in respect of statutory inspection	9,152	6,600
Fees payable to the Audit Commission for the certification of grant claims and returns	30,664	29,438
Fees payable in respect of other services provided by the appointed auditor	(8,700)	13,350
	<u>165,474</u>	<u>174,875</u>

11. Movements in Fixed Assets

Fixed assets are included in the balance sheet at their current value, except for infrastructure and community assets which are included at historical cost or £1 value.

Operational Assets	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2009	66,914,290	4,526,586	4,020,008	99,677	75,560,561
Additions	201,981	280,522	3	0	482,506
Donations	0	0	0	0	0
Disposals	(500)	(280,921)	(34,947)	0	(316,368)
Reclassifications	(939,997)	0	7	0	(939,990)
Impairment (Downward Revaluations)	(5,325,963)	0	0	0	(5,325,963)
Revaluations	680,248	0	0	0	680,248
At 31 March 2010	61,530,059	4,526,187	3,985,071	99,677	70,140,994
Depreciation					
At 1 April 2009	(3,574,573)	(1,752,069)	(107,905)	0	(5,434,547)
Charge for current year	(1,881,664)	(491,734)	(195,305)	0	(2,568,703)
Disposals	100	255,775	1,165	0	257,040
Revaluations	3,579,355	0	0	0	3,579,355
At 31 March 2010	(1,876,782)	(1,988,028)	(302,045)	0	(4,166,855)
Balance Sheet amount at 31 March 2010	59,653,277	2,538,159	3,683,026	99,677	65,974,139
Balance Sheet amount at 31 March 2009	63,339,717	2,774,517	3,912,103	99,677	70,126,014

Non Operational Assets	Investment Properties	Assets Under Construction	Surplus Assets Awaiting Disposal	Total
	£	£	£	£
Cost or valuation				
At 1 April 2009	15,674,230	0	0	15,674,230
Additions	0	0	0	0
Donations	0	0	0	0
Disposals	0	0	0	0
Reclassifications	939,990	0	0	939,990
Impairment (Downward revaluations)	(24,250)	0	0	(24,250)
Revaluations	369,197	0	0	369,197
At 31 March 2010	16,959,167	0	0	16,959,167
Depreciation				
At 1 April 2009	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Revaluations	0	0	0	0
At 31 March 2010	0	0	0	0
Balance Sheet amount at 31 March 2010	16,959,167	0	0	16,959,167
Balance Sheet amount at 31 March 2009	15,674,230	0	0	15,674,230

11. Movements in Fixed Assets (cont'd)

The following statement shows the annual revaluation of fixed assets. As detailed in the Foreword as a change in accounting policy, all the fixed assets have been re-valued. The valuations are carried out by Mr David Waite, FRICS, Mid Sussex District Council Property Manager. The sources of information and assumptions made in producing the various valuations for 1 April 2009 are set out in a valuation certificate and report. Operational assets are defined as being held, occupied and used by the Council in the direct delivery of services for which there is a statutory or discretionary responsibility, and valued as Existing Use Value (EUV). For specialised operational properties, depreciated replacement cost (DRC) is used. Further information is in the Statement of Accounting Policies Note 10. Fixed Assets.

Operational Assets	Land and Buildings	Vehicles, Plant, Equipment	Infrastructure	Community Assets	Total
	£	£	£	£	£
Valued at historical cost		2,538,159	3,683,026	99,677	6,320,862
Valued at current value in:					
	2009/10	59,653,277	0	0	59,653,277
		<u>59,653,277</u>	<u>2,538,159</u>	<u>99,677</u>	<u>65,974,139</u>

The table below shows the non-operational asset valuations for the year. As a change to the accounting policy, all assets will be revalued on an annual basis, replacing a rolling revaluation programme. Non-operational assets, which are assets held but not directly occupied or used in the delivery of services, are valued to Market Value (MV). The change of category from Operational to Investment Property for Market Place Car Park, £939,990 is shown in the re-classification line in the detailed tables for each class of asset, and is now included in the valuation total for Investment Properties. A further impairment assessment was made for 31st March 2010. This was completed by the Council's Property Manager, and has not resulted in any further adjustments.

Non Operational Assets	Investment Properties	Assets Under Construction	Surplus Assets Awaiting Disposal	Total
	£	£	£	£
Valued at historical cost				0
Valued at current value in:				
	2009/10	16,959,167	0	16,959,167
		<u>16,959,167</u>	<u>0</u>	<u>16,959,167</u>

The main items of capital expenditure during the year were reported to Cabinet on 7th June 2010 and are detailed in note 2 of the Foreword by the Head of Finance.

Commitments under Capital Contracts

After taking account of the capital expenditure in 2009/10, the Council has authorised expenditure of £7.06million in future years to 2013/14. Expenditure of £199,000 related to contracts entered into prior to 31st March 2010.

11. Movements in Fixed Assets (cont'd)

Capital Expenditure was financed as follows:

	2009/10 £	2008/09 £
Opening Capital Financing Requirement	1,618,827	1,609,066
Capital Investment		
Operational Assets	482,506	796,019
Investment Assets	0	363,520
Intangible Assets	28,726	55,999
Revenue expenditure funded from capital under statute / De minimis Assets	1,381,316	1,476,723
Freedom Gym Equipment Loan	205,000	0
Source of Finance		
Capital Receipts	(651,092)	(948,291)
Government Grants and Other Contributions	(1,039,276)	(1,009,559)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(306,576)	(724,650)
Closing Capital Financing Requirement	1,719,431	1,618,827
Explanation of Movement in Year		
Increase / Decrease in underlying need to borrow (supported by Government financial assistance)	0	0
Increase / Decrease in underlying need to borrow (unsupported by Government financial assistance)	100,604	9,761
Increase/ (Decrease) in Capital Financing Requirement	100,604	9,761

The fixed assets owned by the Council included in the Balance Sheet are shown in the following table.

	Number as at 31st March 10	Number as at 31st March 09
Land and Buildings		
Car Parks	33	33
Parks and Recreation Grounds (with sports pitches)	39	39
Housing Properties	2	2
Halls, Community Centres and Day Centres	8	8
Leisure Centres	3	3
Pavilions	23	23
Public Conveniences	9	9
Office Buildings	3	3
Depots and Workshops	1	1
Other Operational Assets *	26	26
Vehicles, Plant and Equipment		
Computer	31	33
Equipment (items over £10,000)	20	14
Infrastructure Assets		
Drainage Assets	57	53
Highway Land	73	73
Permanent Ways	11	11
Community Assets		
Parks and Open Spaces (without sports pitches)	255	255
Cemeteries	2	2
Allotment Sites	4	4
Historic Buildings	2	2
Works of Art	17	17
Other Community Assets (includes Footpaths, Ponds & Woods)	14	14
Investment Properties		
Industrial and Other Estate Sites	5	5
Central Development Area Sites	12	12
Shops	5	5
Car Park - Central Development Area Site	1	-
Other Non-Operational Assets	32	43

* Other operational assets consist mainly of areas of land where third parties have been given permission to build assets (pavilions, club houses etc). In these cases Mid Sussex District Council is the freeholder.

12. Intangible Assets

Software licences are held for various IT systems. The cost of each licences is written off over five years.

	<i>Purchased Software Licences</i> £	<i>Less Amortised</i> £	<i>Net Book Value</i> £
Balances B/Fwd	525,947	(347,160)	178,787
Expenditure in Year	28,726		28,726
Disposals	(141,170)	129,264	(11,906)
Written off to revenue in year		(71,249)	(71,249)
Balance at 31st March	413,503	(289,145)	124,358

13. Government Grant Deferred and Capital Contributions Account

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited to the Government Grants Deferred Account. The grant is then released to the Income and Expenditure Account over the useful life of the asset, matching the depreciation charge made for that asset. The movements for Government Grant Deferred and capital contributions were as follows:

	<i>2009/10</i> £	<i>2008/09</i> £
Balance brought forward at 1st April	(664,191)	(470,270)
Capital Grants and Contributions applied	(1,039,276)	(1,009,559)
Capital Contributions credited to Income & Expenditure account	1,236,959	815,638
Balance carried forward at 31st March	(466,508)	(664,191)

14. Capital Grants and Contributions Unapplied

All unapplied capital grants and contributions including Section 106s are held in this account. Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (eg playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

	<i>2009/10</i> £	<i>2008/09</i> £
Balance brought forward at 1st April	(6,090,191)	(5,751,199)
Received in year	(684,470)	(1,348,551)
Applied to Government Grant Deferred Account	1,039,276	1,009,559
Balance carried forward at 31st March	(5,735,385)	(6,090,191)

The £5,735,385 year-end balance comprises of £5,687,154 Section 106 receipts and £48,231 Government Grants.

15. Long Term Investments

There are no long term Treasury Management Investments at 31 March 2010.

16. Long Term Debtors

	Balance at 1st April 2009 £	Advances in year £	Repayments in year £	Balance at 31st March 2010 £
Mortgages	217,918		(26,442)	191,476
Loan to Freedom GLL	0	164,335	(26,612)	137,723
Personal Loan Scheme	165,743	44,999	(52,526)	158,216
	<u>383,661</u>	<u>209,334</u>	<u>(105,580)</u>	<u>487,415</u>

17. Stocks

	31st March 2010 £	31st March 2009 £
Catering - Bar Supplies etc	290	41,290
Sports Shop - Goods	0	6,479
Leisure Centre Maintenance Stock	0	16,934
ICT - Computer Consumables	3,886	9,669
ICT - Telephones	1,216	3,401
	<u>5,392</u>	<u>77,773</u>

18. Debtors

	31st March 2010 £	restated 31st March 2009 £
Amounts falling due within one year		
Government Departments	4,992,459	3,954,832*
Other Local Authorities **	1,153,392	14,165
Collection Fund (WSCC & SPA)*	75,916	293,950
Council Taxpayers (incl.costs)	723,455	687,760
Non-Domestic Ratepayers Costs	57,428	48,975
Payments In Advance	176,854	214,367
Sundry Debtors	2,019,679	3,027,013
	<u>9,199,183</u>	<u>8,241,062</u>
Provision for Doubtful Debts	(1,655,242)	(1,459,833)
	<u>7,543,941</u>	<u>6,781,229</u>

* refer to Prior Period Note 4 regarding Collection Fund Accounting

** includes £825,000 for CenSus Revenues & Benefits Partnership

19. Creditors

	31st March 2010 £	restated 31st March 2009 £
Government Departments	(647,559)	(298,223)
Other Local Authorities	(587,173)	(543,735)
Council Taxpayers *	(180,336)	(283,144)
Other Receipts In Advance	(286,850)	(642,814)
Sundry Creditors	(2,125,807)	(2,684,590)
	<u>(3,827,725)</u>	<u>(4,452,506)</u>

* refer to Prior Period Note 4 regarding Collection Fund Accounting

The 31st March 2009 Non-Domestic Ratepayers Creditor Balance of £(403,998) has been consolidated within the restated Debtor balance as detailed in Note 4

20. Investments

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

	<i>31st March 2010 at Cost £</i>	<i>31st March 2009 at Cost £</i>
Treasury Management Investments	8,000,000	8,000,000

21. Deferred Credits

Deferred Credits represent capital income still to be received. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans.

22. Provisions

At 31st March 2010 the level of provision has been reduced to nil. Further detail is set out in the Foreword Note 6 on page 8.

23. Contingent Liabilities

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31st March 2010 the amount guaranteed was £44,527 (£32,169 as at 31st March 2009). It is not usual for deposits to be for longer than one year and the whole of the liability will have expired by 31st March 2011.

In the accounts for the year ended 31st March 2009, there was a disclosure of a potential liability, but at Thornfield Properties' risk, to recover the costs of master planning and other associated costs incurred within the partnership framework agreement. The liability for the Council was that its potential 'gain' from a scheme would be reduced by the allocation of these costs. This liability no longer exists as the Thornfield framework agreement was terminated on 25th March 2010.

As at 31st March 2010 Crest Nicholson (South) Limited were seeking permission to challenge our small room sizes supplementary planning document. This has been referred to an oral hearing which has been set for 27th October 2010. If this case were to proceed to a full hearing and the Council lost, all costs may be payable by the Council. An estimate of this is £100,000.

24. Contingent Assets

There are no contingent assets as at 31 March 2010.

25. Summary of Movements on Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	<i>Balance at 1st April</i>	<i>Net Movement in Year</i>	<i>Balance at 31st March</i>	<i>Purpose of Reserve</i>	<i>Further Detail of Movements</i>
Revaluation Reserve	13,769,498	229,047	13,998,545	Represents gains on revaluation of fixed assets since 1.4.07	Note 26
Capital Adjustment Account	69,598,303	(2,867,822)	66,730,481	Represents timing differences between consumption of fixed assets and financing of capital expenditure	Note 27
Deferred Credits	290,979	(26,442)	264,537	Amounts of capital income still to be received	Note 21
Usable Capital Receipts	776,993	(628,957)	148,036	Proceeds of fixed asset sales available to meet future capital investment	Note 28
Earmarked Specific Reserve	1,140,788	375,935	1,516,723	Amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.	Note 29
Pensions Reserve	(22,470,000)	(23,367,000)	(45,837,000)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 30
General Fund	3,865,487	1,035,108	4,900,595	Resources available to meet future running costs for services	Statement of Movement on the General Fund Balance page 19
MSDC Part of Collection Fund Deficit	(59,889)	28,470	(31,419)	Balance due to or from Mid Sussex for (Deficit) / Surplus	Collection Fund Statement, Section 4
Total Reserves and Balances	66,912,159	(25,221,661)	41,690,498		

26. Revaluation Reserve

The Revaluation Reserve replaced the Fixed Asset Restatement Account (FARA) with a zero opening balance on 1 April 2007. The closing position on the Reserve at 31 March 2010 therefore only shows revaluation gains accumulated since 1 April 2007.

	Year to 31.3.10 £	Year to 31.3.09 £
Balance brought forward at 1st April	13,769,498	2,956,944
Surplus on Revaluation of Fixed Assets	625,530	11,299,201
Adjustment Current Value Depreciation to Historical Cost	(396,482)	(486,647)
Written out revaluation gain on disposal	(1)	0
Balance carried forward at 31st March	<u>13,998,545</u>	<u>13,769,498</u>

27. Capital Adjustment Account

The Capital Adjustment Account has been created due to the implementation of the Revaluation Reserve on 1 April 2007. It is an amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account, the opening balance effectively consolidated revaluation gains accumulated up to 31 March 2007. This account records the write down of the historical cost of fixed assets due to depreciation, impairment or disposal. It also accumulates the resources that have been set aside to finance capital expenditure. The balance therefore represents timing differences between the consumption of fixed assets and the financing of capital expenditure.

	Year to 31.3.10 £	Year to 31.3.09 £
Balance brought forward at 1st April	69,598,303	74,185,882
Resources set aside to finance capital expenditure:		
Revenue Reserves	202,175	643,474
Capital Receipts Reserve	651,092	948,291
Government Grant & Capital Contributions used in year	1,236,959	815,638
Minimum revenue provision	84,909	81,173
Revenue expenditure funded from capital under statute	(1,381,316)	(1,476,723)
Historical Cost of Expenditure on Fixed Assets over the life of those assets:		
- Disposal of Fixed Assets at Net Book Value	(71,234)	(92,676)
- Depreciation Provision	(2,568,703)	(2,763,592)
- Amortisation Intangible Assets	(71,249)	(86,183)
- Impairment	(1,346,937)	(3,143,628)
- Revaluation gains for assets written out on disposal	0	0
- Adjustment from Revaluation Reserve to convert current value depreciation to historical cost	396,482	486,647
Balance carried forward at 31st March	<u>66,730,481</u>	<u>69,598,303</u>

28. Usable Capital Receipts Reserve

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

	Year to 2010 £	Year to 2009 £
Balance brought forward at 1st April	776,993	1,708,477
Capital Receipts during Year	58,848	36,128
Mortgage Principal Repaid	26,442	27,376
	862,283	1,771,981
less payment of Pooling of Housing Capital Receipts	(63,155)	(46,697)
less applied for capital financing	(651,092)	(948,291)
Balance carried forward at 31st March	<u>148,036</u>	<u>776,993</u>

29. Earmarked Specific Reserves and General Fund Balances

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2009-10, to Cabinet on 7th June 2010.

	<i>Balance at 1st April</i>	<i>Contributions</i>	<i>Financing</i>	<i>Balance at 31st March</i>
	£	£	£	£
Specific Reserve				
Member Support & Partnerships	3,312	40,000	0	43,312
Development Control	124,552	0	0	124,552
Planning Policy	248,603	60,000	0	308,603
Finance Corporate	87,135	189,000	(9,130)	267,005
Revenues and Benefits	237,966	51,626	(61,849)	227,743
Housing	681	47,500	0	48,181
Environmental Health	836	0	0	836
Community Services & Culture	193,320	58,745	(39,168)	212,897
Leisure Operations	153,811	11,280	(59,797)	105,294
Building & Asset Maintenance	0	66,500	(22,694)	43,806
Personnel & Payroll	6,150	0	(6,150)	0
Corporate Organisational Development	2,922	7,178	(4,637)	5,463
Better Mid Sussex	81,500	50,000	(2,469)	129,031
Specific Reserve Total	1,140,788	581,829	(205,894)	1,516,723
General Fund Balances	3,865,487	2,988,237	(1,953,129)	4,900,595
	5,006,275	3,570,066	(2,159,023)	6,417,318

- Earmarked Specific Reserve – This reserve comprises amounts for particular purposes and for which Member authorisation has been obtained as to how these may be applied.
- General Fund Balances – This includes amounts earmarked for the Capital Programme and amounts provided by developers as commuted sums in lieu of future maintenance.

30. Pensions Reserve

The Council is a participating employer in the West Sussex Pension Fund which is a Local Government Pension Scheme administered by West Sussex County Council. This Fund provides pension fund members with defined benefits related to pay and service. We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. Under Pension Regulations, contributions are required to meet 100% of the overall liabilities of the Fund.

In 2009/10, the Council paid an employer's contribution of £1,772,724 (£2,013,356 in 2008/09) into the West Sussex Pension Fund, representing 19% (17% in 2008/09) of employees' pensionable pay. The contribution rate was determined by the Fund's Actuary, based on triennial actuarial valuations. The actuary has estimated that the employer's contribution for the year ended 31st March 2011 will be approximately £1,814,000.

At the last review in 2007, the Actuary valued the Mid Sussex share of the Pension Fund as 79% funded, giving rise to a deficit of £13 million with liabilities of £62 million. No additional lump sums were made to the Pension Fund in 2009/10 (2008/09 Nil). During 2009/10, payments totalling £142,713 (1.5% of pensionable pay) were made into the Pension Fund in respect of the actuarial costs relating to early retirements.

The Council is responsible for all pension payments relating to added years benefits it has awarded and is responsible for other pension costs payable to the East Sussex Pension Fund in respect of pre 1974 pensioners. In 2009/10 payments to both funds totalled £239,030 (2.6% of pensionable pay) and were met by amounts set aside for this purpose in the Specific Reserve.

30. Pensions (cont'd)

On 1st February 2010 Census Revenues and Benefits shared service staff were transferred within the Local Government Pension Scheme to Mid Sussex. The figures for the year ended 31st March 2010 reflect this transaction. The fair value of employer assets transferred was £6,383,000 and the present value of funded liabilities was £7,201,000. All sums payable to the pension fund now or at any future date arising out of or in connection with any service occurring prior to the commencement date shall be borne by the Participating Authority by whom that employee was employed immediately prior to that date.

The Council is a participating employer in the West Sussex Pension Fund which is a Local Government Pension

In the 2007 valuation, the actuary proposed that 20 years would again be a prudent period over which to recover the fund deficit. This would give rise to an increased employers' contribution rate of 22.6% for each of the three years to 2010/11. The actuary has used the projected unit method as a basis for calculating the service cost. This is in accordance with FRS 17.

Financial Assumptions

The assumptions used by the Actuary in preparing the pensions information are:

Year ended:	31.3.10	31.3.09
	% pa	% pa
Inflation /Pension Increase Rate	3.80%	3.10%
Salary Increase Rate	5.30%	4.60%
Expected Return on Assets	7.20%	6.40%
Discount Rate	5.50%	6.90%

Breakdown of expected return on assets by category

Year ended:	31.3.10	31.3.09
	% pa	% pa
Equities	7.80%	7.00%
Bonds	5.00%	5.40%
Property	5.80%	4.90%
Cash	4.80%	4.00%

Mortality

Life expectancy is based on actuarial tables, which now show an improvement over earlier years' assumptions. The average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.7 years	26.1 years
Future Pensioners	24.8 years	28.3 years

Historic mortality

Life expectancy for all previous years is based on actuarial tables. The allowance for future life expectancy is:

Year ended	Prospective Pensioners	Pensioners
31st March 2010	year of birth, medium cohort and 1% p.a minimum improvements from 2007	year of birth, medium cohort and 1% p.a minimum improvements from 2007
31st March 2009	calendar year 2033	calendar year 2017
31st March 2008	calendar year 2033	calendar year 2017
31st March 2007	calendar year 2017	calendar year 2009
31st March 2006	calendar year 2017	calendar year 2009

Age ratings are applied to the above tables based on membership profile

30. Pensions (cont'd)

The effects on the Income and Expenditure Account of incorporating FRS17 are as follows:

Income and Expenditure Account Costs for the year to 31st March 2010

Analysis of amount charged :	2009/10		2008/09	
	£'000	% of pay	£'000	% of pay
Current Service Cost	838	10.0%	1,110	12.2%
Past Service Cost/ Gain	160	2.1%	480	5.3%
Losses/(Gains on Curtailment and Settlements)	1,740	23.0%	160	1.8%
Expected return on Employer assets	(2,300)	(30.2%)	(3,440)	(37.9%)
Interest cost	4,102	53.1%	4,300	47.4%
Net Charge to Income and Expenditure Account Cost	4,540	58.0%	2,610	28.8%

Statement of Movement in the General Fund Balance

Reversal of net charges made for retirement benefits in accordance with FRS 17	(4,540)	(2,610)
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	1,773	2,013
Actual Return on Plan Assets	14,979	(10,080)

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

	2009/10	2008/09	2007/08	2006/07	2005/06:
	£'000	£'000	£'000	£'000	£'000
Actuarial Gains/(Losses)	(20,181)	(8,010)	5,050	4,770	(1,530)
Increase/(Decrease) in Irrecoverable Surplus from Membership	0	0	0	0	0
Actuarial Gains/(Losses) recognised in STRGL	(20,181)	(8,010)	5,050	4,770	(1,530)
Cumulative Actuarial Gains and Losses	(23,941)	(3,760)	4,250	(800)	(5,570)

The following amounts were measured in accordance with the requirements of FRS 17 "Retirement Benefits" by the actuary, and show the proportion in respect of the Mid Sussex District Council element of the Pension Fund as at 31 March 2010.

Scheme History

Amounts for the current and previous accounting periods

Year ended:	31.3.10	31.3.09	31.3.08	31.3.07	31.3.06
	£ 000	£ 000	£ 000	£ 000	£ 000
Fair Value of Employer Assets	53,978	38,480	48,200	48,470	45,610
Present Value of Defined Benefit Obligation	(99,815)	(60,950)	(62,350)	(68,160)	(69,750)
Surplus/(Deficit)	(45,837)	(22,470)	(14,150)	(19,690)	(24,140)
Experience Gains/(Losses) on Assets	12,588	(13,690)	(4,210)	(900)	6,350
Experience Gains/(Losses) on Liabilities	0	(60)	(2,400)	(10)	10

30. Pensions (cont'd)

Assets and liabilities in relation to retirement benefits

Reconciliation of defined benefit obligation

Year ended:	31.3.10 £ 000	31.3.09 £ 000
Opening Defined Benefit Obligation	60,950	62,350
Current service Cost	838	1,110
Interest Cost	4,102	4,300
Contributions by Members	535	610
Actuarial Losses / (gains)	32,769	(5,680)
Past Service Costs / (Gains)	160	480
Losses/ (Gains) on Curtailments	0	160
Liabilities Extinguished on Settlements	(4,100)	0
Liabilities Assumed in a Business Combination	7,201	0
Exchange Differences	0	0
Estimated Unfunded Benefits Paid	(130)	(120)
Estimated Benefits Paid	(2,510)	(2,260)
Closing Defined Benefit Obligation	99,815	60,950

Reconciliation of fair value of employer assets

Year ended:	31.3.10 £ 000	31.3.09 £ 000
Opening Fair Value of Employer Assets	38,480	48,200
Expected Return on Assets	2,372	3,440
Contributions by Members	535	610
Contributions by the Employer	1,970	2,180
Contributions in respect of Unfunded Benefits	130	120
Actuarial Losses / (gains)	12,588	(13,690)
Assets Distributed on Settlements	(5,840)	0
Assets Acquired in a Business Combination	6,383	0
Exchange Differences	0	0
Unfunded Benefits Paid	(130)	(120)
Benefits Paid	(2,510)	(2,260)
Closing Fair Value of Employer Assets	53,978	38,480

The asset values below as at 31st March 2010 and 31st March 2009 are at bid value as required under FRS17.

Fair value of employer assets

Year ended:	31.3.10 £ 000	31.3.09 £ 000
Equities	41,023	26,940
Bonds	8,093	7,310
Property	3,241	3,080
Cash	1,621	1,150
Total	53,978	38,480

30. Pensions (cont'd)**Balance Sheet**

Year ended:	31.3.10	31.3.09
	£ 000	£ 000
Fair Value of Employer Assets	53,978	38,480
Present Value of Funded Liabilities *	(97,835)	(59,370)
Net (Under) / Overfunding in Funded Plans	(43,857)	(20,890)
Present Value of Unfunded Liabilities **	(1,980)	(1,580)
Unrecognised Past Service Cost	0	0
Net Asset /(Liability)	(45,837)	(22,470)
Amount in the Balance Sheet		
Liabilities	(45,837)	(22,470)
Net Asset /(Liability)	(45,837)	(22,470)

*An estimate of this liability is comprised of approximately: £49,935,000, £16,510,000 and £31,390,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31st March 2010. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer.

** For unfunded liabilities as at 31st March 2010, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabitating) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pensions as at the date of the member's death.

The liabilities as at 31st March 2010 are based on the current benefit structure of the LGPS.

Further information can be found in the West Sussex County Council Pension Fund's Annual Report, which is available on request from County Hall, Chichester, West Sussex.

31. Financial Instruments Balances

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

	Long Term		Short Term	
	31.3.10	31.3.09	31.3.10	31.3.09
	£ 000	£ 000	£ 000	£ 000
Financial Liabilities at amortised cost	1,591	1,534	134	90
Total Borrowings *	1,591	1,534	134	90
Loans and receivables	8,000	0	8,000	8,000
Total Investments **	8,000	0	8,000	8,000

* Borrowing was arranged with Public Works Loan Board (PWLB) on 4 March 2008 at a fixed interest rate of 4.55% with repayments of £157,610 per year for 15 years. An additional loan was arranged on 27 July 2009 at a fixed rate of 2.23%. Yearly payments are £43,556 for 5 years. Further information is detailed in note 20 on Investments.

Fair Value of assets and liabilities carried at amortised cost

Financial assets and liabilities represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments, using the following assumptions:

- For Public Works Loans Board (PWLB) loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount

31. Financial Instruments Balances (cont'd)

The fair values are calculated as follows:

Financial Liabilities	Amortised		restated	restated
	Cost 31.3.10 £000	Fair Value 31.3.10 £000	Amortised Cost 31.3.09 £000	Fair Value 31.3.09 £000
PWLB debt	1,591	1,850	1,534	1,823
Other liabilities	3,647	3,647	4,169	4,169
Money market investments less than 1 year	8,000	8,000	8,000	8,000
Other assets	2,958	2,958	4,885	4,885

Debtor and Creditor amounts relating to such things as council tax, non-domestic rates, general rates etc are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts.

Disclosure of nature and extent of Risk Arising from Financial Instruments

Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments and payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interests rates movements

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing strategies and policies to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the code of Practice
- By approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.

By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counter-parties in compliance with the Government Guidance;

These are required and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members by the end of September following the year that it refers to. These policies are implemented by the treasury manager. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposure to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above and set out in detail in the Treasury Management Policy.

31. Financial Instruments Balances (cont'd)

Mid Sussex District Council has traditionally lent to UK clearing banks and their subsidiaries, this has now been extended to include some major European banking groups, and the twenty-five largest UK Building Societies, using their total asset base as guidance.

The Council does not formally allow credit for its trade debtors. The total due can be analysed by age as follows:

	31.3.10 £ 000
Less than three months	175
Three to six months	8
Six months to one year	220
Greater than one year	36
Total	439

Liquidity risk

The Council manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

The Council has ready access to borrowing from the Money Markets to cover any day-to-day cash flow need, and whilst the PWLB provides access to longer- term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no real risk that it will be unable to raise finance to meet its commitments under financial instruments. As stated earlier in the Statement, reserves from a key part of risk management and help ensure liquidity, as they are cash backed.

Refinancing and Maturity Risk

The costs and benefits of any proposals for borrowing, private financing, or partnership arrangements will be evaluated against alternative methods of finance and provision.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments that are for one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury manager addresses the operational risks within the approved parameters. This includes monitoring the financial liability and monitoring the maturity profile of investments to insure sufficient liquidity is available for the Council's day-to-day cash flow needs.

The investments of £8,000,000 shown in the balance sheet all mature within one year, and all trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

In terms of exposure to interest rate changes on amounts borrowed, the Council has no direct exposure as all of its borrowing is at a fixed rate. Falls in interest rates would increase the fair value of the borrowing but as borrowing is not carried at fair value in the balance sheet any such nominal gains and losses will not impact on the Income and Expenditure Account or the STRGL. Exposure to interest rate changes is greater for investments because the Council's investments have a much shorter maturity profile.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury manager will monitor market and forecast interest rates within the year to adjust exposures accordingly.

At 31st March 2010 the Council held no variable rate investments or borrowings and there was no impact on the STRGL resulting from movements in fair value or fixed rate investments.

Foreign exchange risk

All the Council's treasury activity is in Sterling, so there is currently no exposure to fluctuations in exchange rates.

32. Post Balance Sheet Events

Pension Fund

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the West Sussex County Council Pension Fund by around 6-8% (£5,989,000 at 6% and £7,985,000 at 8%). Please refer to the table headed Balance Sheet in the Pensions Note 30 on page 42.

	<i>reduction in liabilities</i>		
	<i>Actual</i>	<i>6%</i>	<i>8%</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Gross liabilities	(99,815)	(93,826)	(91,830)
Fair value of employer assets	53,978	53,978	53,978
Net liabilities 31.3.10	(45,837)	(39,848)	(37,852)

33. Trust Funds

The Council is the sole trustee of and administers a number of Trust Funds which have been consolidated within Service Net Expenditure as follows. The accounts for these charities are subject to independent examination. The Trust Fund Assets are not consolidated within the Council's Assets.

<i>Net Current Assets</i>		<i>2009/10</i>	<i>2009/10</i>	<i>2009/10</i>	<i>2008/09</i>
<i>31 March 10</i>		<i>Gross Expenditure</i>	<i>Gross Income Charitable Trading</i>	<i>Net Expenditure</i>	<i>Net Expenditure</i>
<i>£</i>		<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
1,747,422	Beech Hurst Gardens	91,316	(108,787)	(17,471)	11,496
453,818	St.Johns Park	34,441	(8,722)	25,719	13,786
57,500	Fairfield Road Recreation Ground	7,602	(3,493)	4,109	2,305
58,429	Richard Worsley Recreation Ground	33,032	(7,577)	25,455	32,655
2	Lucastes Avenue Open Space	360	0	360	531
1	West Common Open Space	618	0	618	2,101
156,333	Ashurst Wood Recreation Ground	19,587	(6,142)	13,445	17,364
2,473,505		186,956	(134,721)	52,235	80,238

34. Cash Flow Statement - Reconciliation to Income and Expenditure Account

	<i>Net Expenditure 2009/10</i>	<i>Net Expenditure 2008/09</i>
	<i>£</i>	<i>£</i>
(Surplus) / Deficit On Income and Expenditure Account	5,666,191	5,718,216
Adjustments for non-cash transactions		
Depreciation, impairment and amortisation charges	(3,986,889)	(5,993,403)
FRS17 Entries	(3,186,000)	(310,000)
Interest Received	336,259	1,009,283
Interest Paid	(294,974)	(75,438)
Movement on provision	361,698	(44,698)
Government Grant Deferred Credits	1,236,959	815,638
Fixed asset disposals	(12,387)	(56,548)
Other transactions	(2,332)	277,714
Adjustments for accruals and prepayments		
Increase / (Decrease) in Stocks	(72,381)	20,749
Increase / (Decrease) in Debtors	762,711	1,709,170
(Increase) / Decrease in Creditors	624,781	(388,934)
Net Cash Flow on Revenue Activities	1,433,636	2,681,749

35. Cash Flow Statement - Reconciliation of Management of Liquid Resources

The liquid resources shown in this statement are current asset investments that are readily disposable by the Council without disrupting its business and are either: readily convertible to known amounts of cash, or are traded in an active market.

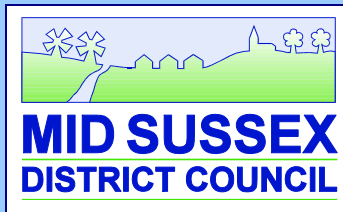
	2009/10 £	2008/09 £
Opening balance 1st April	12,501,468	9,800,001
New short-term investments	105,250,000	118,910,000
Repayment of short-term investments	(105,250,000)	(120,710,001)
Other liquid resources	2,696,881	4,501,468
	15,198,349	12,501,468

36. Cash Flow Statement - Government and Other Grants

	2009/10 £	2008/09 £
Revenue		
Housing Benefits Administration	672,671	660,612
Housing Renewal Assistance	348,000	348,000
Other	860,073	1,245,912
DWP Grants for Benefits	34,693,247	24,979,887
Revenue Support Grant	1,206,837	782,485
	37,780,828	28,016,896
Capital		
Capital Grants	5,300	99,483
	37,786,128	28,116,379

37. Cash Flow Statement - Reconciliation of Movement in Cash to the Movement in Net Debt

	2009/10 £	2008/09 £
Long Term Investments balance 1st April	0	0
Long Term Investments balance 31st March	0	0
Net movement on Long Term Investments	0	0
Net movement on Short Term Investments	0	(1,800,001)
Net movement on other liquid resources	2,696,881	4,501,468
	2,696,881	2,701,467
Repayments of amounts borrowed	104,401	81,173
New Loans Raised	(205,000)	0
	2,596,282	2,782,640
Net cash (inflow)/outflow before financing	(1,431,281)	(3,239,201)
	1,165,001	(456,561)
Movement in Cash		
Cash and bank balance 1st April	1,353,124	896,563
Cash and bank balance 31st March	188,123	1,353,124
Increase/(Decrease) in Cash	(1,165,001)	456,561



***Collection
Fund***

Collection Fund

Income and Expenditure Account

This account details all monies due from Council Tax and National Non Domestic Rates (NNDR/Business Rates), and payments made to West Sussex County Council, Sussex Police Authority, Town and Parish Councils, and the District Council. All Business Rates, less a deduction for collection costs, are paid to a Central Government pool and redistributed to local authorities by formula. The costs of administering the collection of this income are accounted for in the General Fund.

	Note	2009/10 £	2008/09 £
Income			
Council Tax			
	1		
Income receivable from Taxpayers		(77,529,998)	(75,197,290)
Transfers to/(from) General Fund			
Council Tax Benefits		(5,877,349)	(5,084,396)
Transitional Relief from previous years		11,443	5,763
		(83,395,904)	(80,275,923)
National Non-Domestic Rates			
Income collectable from Business Ratepayers	2	(37,993,554)	(38,308,424)
Contributions			
Contribution to/from Previous Year's (Deficit)/Surplus	4	(364,000)	(293,000)
		(121,753,458)	(118,877,347)
Expenditure			
Demand and Precepts			
West Sussex County Council		64,452,875	61,978,806
Sussex Police Authority		7,660,047	7,264,729
Mid Sussex District Council		11,336,357	10,833,140
National Non-Domestic Rates			
	2		
Payment to National Pool		37,817,910	38,133,642
Cost of Collection Allowance		175,644	174,782
Bad and Doubtful Debts (Council Tax only)			
	3		
Write Offs		71,702	333,073
Provisions		27,851	43,043
		121,542,386	118,761,215
Movement on Fund Balance Deficit/(Surplus)		(211,072)	(116,132)
Collection Fund Balance			
Balance at the Beginning of the Year		442,695	558,827
Movement on Fund Balance		(211,072)	(116,132)
Balance at Year End Deficit/(Surplus)	5	231,623	442,695

Notes to the Income and Expenditure Account

1. Council Tax

The council is required to calculate a tax base each year and this is divided into the total precept requirement to produce the band D council tax figure.

The tax base is calculated by estimating the number of dwellings in the district in each tax band, taking into account an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions and discounts where applicable.

Each band total is then adjusted to give band D equivalents. Finally, an adjustment is made to cover non-collection of arrears.

A summary of the calculation, as agreed by council on 4th March 2009, is shown below.

<i>Band</i>	<i>Property Value</i>	<i>Number of Net Dwellings</i>	<i>Ratio to Band D</i>	<i>No of Band D Equivalents</i>
A	up to £40,000	1,452.40	6/9	968.3
B	between £40,001 & £52,000	4,621.10	7/9	3,594.2
C	between £52,001 & £68,000	10,804.30	8/9	9,603.8
D	between £68,001 & £88,000	14,186.75	1	14,186.7
E	between £88,001 & £120,000	9,435.50	11/9	11,532.3
F	between £120,001 & £160,000	7,179.20	13/9	10,370.0
G	between £161,001 & £320,000	3,813.85	15/9	6,356.4
H	over £320,000	293.15	18/9	586.3
				57,198.0
Less adjustment for non-collection (0.6%)				(343.2)
Council Tax Base				56,854.8

The average band D Council Tax can be calculated by estimating the amount of income required to be taken from the Collection Fund by West Sussex County Council, Sussex Police Authority and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the Council Tax Base as below.

<i>Authority</i>	<i>Demand or Precept £</i>	<i>÷</i>	<i>Council Tax Base</i>	<i>=</i>	<i>Band D Council Tax £</i>
West Sussex County Council	64,452,875	÷	56,854.8	=	1,133.64
Sussex Police Authority	7,660,047	÷	56,854.8	=	134.73
Mid Sussex District Council	11,336,357	÷	56,854.8	=	199.39 (average)
Average Band D Council Tax Charge For 2009/10					1,467.76

To calculate the Council Tax for each band, the band D Council Tax is then multiplied by the ratio specified above for the particular band. There were 24 actual Council Taxes levied for band D properties for each parish area in the district and these ranged from £1,418.68 to £1,524.66.

2. National Non-Domestic Rates (NNDR)

National Non Domestic Rates (Business Rates) are collected by Mid Sussex District Council on behalf of the Government. It pays the proceeds, less an allowance for costs of collection, into the NNDR Pool administered by the Government. It is subsequently redistributed to local authorities on the basis of population.

The rates are calculated by multiplying assessed rateable value by a fixed multiplier set by Central Government. The Rateable Value of Non Domestic Properties as at 31 March 2010 was £94.369m (£95.098m in 2008/09). The standard multiplier for the year was 48.5p, an increase from 46.2p in 2008/09. The Small Business Rate Relief Multiplier for the year was 48.1p, an increase from 45.8p in 2007/08.

In the year 2009-10, uncollectable rates of £317,578 have been written off. A total of £1,683,545 has been provided against debts of £2,524,382.

3. Bad and Doubtful Debts

Provision has been made for Council Taxpayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31st March 2010. A total of £2,345,777 has been provided against debts of £3,773,146 outstanding as at 31st March 2010.

4. Contribution to Previous Year's Surplus/Deficit

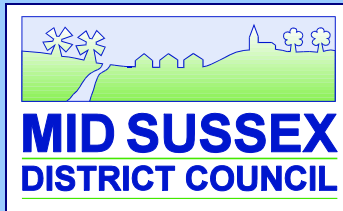
In accordance with legislation, the estimated balance as at 31st March 2009 on the Collection Fund was £364,000 deficit and this was notified to both the County Council and Police Authority. This deficit has been deducted from the contribution to each of these principal authorities in proportion to their Council Tax for the year 2008/09, as follows:

<i>Authority</i>	Estimated Deficit	
	31.3.09 £	%
West Sussex County Council	281,740	77.40
Sussex Police Authority	33,020	9.07
Mid Sussex District Council	49,240	13.53
Estimated Deficit at year end	364,000	100.00

5. Year End Surplus / Deficit

At 31st March 2010, the fund has a deficit of £231,623. The contributions required from West Sussex County Council and Sussex Police Authority are included as part of Debtors on the Balance Sheet, page 20, detailed in Core Financial Statements Note 18. The Mid Sussex District Council contribution is shown as Collection Fund Adjustment Account on the Balance Sheet. There has been a change in SORP 2009 to consolidated Debtor or Creditor position with the major precepting authorities. More details are given in the Foreword to the Accounts and in the Core Financial Statement Note 4 detailing prior period adjustments.

<i>Authority</i>	31.3.10		31.3.09
	£	%	£
West Sussex County Council	179,049	77.21	342,643
Sussex Police Authority	21,155	9.20	40,163
Mid Sussex District Council	31,419	13.59	59,889
Actual Deficit at year end	231,623	100.00	442,695



Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT

Scope of responsibility

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

In July 2007 the Council set up a Constitutional Review Group, which considered the Council’s entire Constitution. The recommendations of this Group were approved by Council in May 2008. The Group continued its work in 2009 and Council agreed further changes to the Constitution in April 2009 including provision for the independent Chairman of the Standards Committee to present reports to full Council up to 4 times per year. The Group continued its work in 2010 and on 21st April 2010 Council agreed to apply the 3 hour cut off time that has applied at Council since 2008 to all meetings of Committees and Groups save for those of planning and licensing, to clarify arrangements for cancelling and postponing meetings and updating the contract procedure rules in the light of joint procurement with Horsham District Council and Crawley Borough Council and the E.U.Remedies Directive.

In April 2008 the Council set up a District Planning Committee of 18 members taking into account previous Audit Commission advice and an advice paper from the Department of Communities and Local Government. The delegation levels to the District Planning Committee were reduced by Council on 21st April 2010, these changes taking effect from 1st July 2010.

The Standards Committee increased in size to 12 members in 2007 in preparation for the local filtering of Code of Conduct complaints against District council members and Town/Parish members serving in Mid Sussex. From the 1st April 2009 to 31st March 2010 there were 5 complaints one of which went to a review and one of which was investigated by Standards for England with no breach being identified.

The purpose of the governance framework

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

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

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

The governance framework

The key elements of the systems and processes that comprise the authority's governance arrangements are summarised below:

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

Council agreed a Corporate Plan and Budget for 2009/2010 on 4th March 2009. This is available on the Council's web site. This reviews the authority's vision and its implications for the authority's governance arrangements.

Progress on achievement of the Council's Corporate Plan and Budget has been monitored throughout the year through reports to Cabinet, Performance and Scrutiny and Audit Committees.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources

2009/10 is the second year of the combined four-year service development and financial planning framework and this has been prepared in line with the Council's Constitution and ensures that resources are matched with corporate priorities. In order to provide an independent assessment of this, a market research company was commissioned to conduct interviews with a sample of local residents. The outcome of this showed overwhelming support of the Council's priorities. The Corporate plan recognises two key principles for 2009/10: The importance of protecting key services; and, the need to address the capital reserves position.

The Council's activities have an important impact on the lives of local people, whether it is services that all residents use, such as waste collection or those targeted at vulnerable groups such as benefits services. Mid Sussex also works in partnership with others to deliver services to the community. Overall, the District was ranked 16th best place to live in the UK in the 2008 Halifax Quality of Life Survey. Taking into account resident's expectations of services, the service and budgets plans for 2009/10 did not require service cuts or compulsory redundancies to be achieved.

To address the capital reserves position, the plan identified actions to increase reserves by reducing future capital expenditure and to finance items from the revenue budget.

The Council, through its budget monitoring and control processes, ensures that financial resources are being used to their best advantage and in accordance with the Corporate Plan and Budget. Regular reports have been made on budget monitoring throughout the year to Cabinet.

A crucial role in performance management is played by the Performance and Scrutiny Committee to ensure that the Council's performance is continually being improved. Each quarter a report is produced for this Committee on the performance against key indicators. This report shows the current status or whether the performance is above, on or below target. An explanation is given where there is non-achievement and members are asked to consider the corrective action proposed or agree additional action. This performance management system will also assist in identifying and managing risk on an ongoing basis.

In December 2009, the Audit Commission published the outcome of the Comprehensive Area Assessment (CAA), which is comprised of an assessment of the area of West Sussex and an Organisational Assessment based on the Council's performance. The overall score for Mid Sussex was 3 out of 4, 'Performs well' – which demonstrates that performance has improved. This is the same score that had been achieved in previous Use of Resources assessments, although the CAA assessment is a 'harder test' than previous assessments thus making a comparison more difficult.

The Organisational Assessment acknowledges that the Council is tackling the issues that local people recognise as priorities. These are recycling, keeping streets clean and improving the lives of disadvantaged people.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Section 151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of financial regulations, management information and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability. Ongoing development and maintenance of the various processes may be the responsibility of other managers within the Council.

In particular, the process in 2009/2010 included:

- The setting of annual budgets;
- Management of actual income and expenditure against the annual budget;
- Regular budget management
- A mid-year review of the annual budget
- Setting of financial and performance targets
- Clearly defined capital expenditure guidelines
- The management of finances against a Medium Term Financial Plan
- Managing risk in key financial service areas
- Bringing the budget in on target against a fall in interest rates and adverse economic changes in year

Effectiveness of Internal Audit

The Internal Audit Section reports to the Head of Finance, who is also the section 151 officer. The main responsibility of the Internal Audit Team is to provide assurance and advice on the internal control system of the Council to the Corporate Management Team and Members. Internal Audit reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement. It also supports management in developing systems, providing advice on matters pertaining to risk and control. The controls created by management are evaluated to ensure:

- Council objectives are being achieved;
- Economic and efficient use of resources;
- Compliance with policies, procedures, laws and regulations;
- The safeguarding of Council assets; and
- The integrity and reliability of information and data.

Each year an Internal Audit Plan is prepared, and considered by Audit Committee. The Plan responds to the continuing changes within the organisation, its structure and how its services are delivered. The work of Internal Audit is managed through a risk based planning process. The plan allows for examination of the main financial systems to ensure that the Council's finances remain properly controlled whilst also undertaking strategic and some service based work. In addition, Internal Audit supports the Audit Commission in their year-end work.

External Audit have given their opinion on the service of Internal Audit and stated that it is adequate and effective.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local

people. Councillors have to agree to follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Standards Committee supports and advises them on this Code. When major decisions are to be discussed or made, these are published in the Cabinet's forward plan. If these major decisions are to be discussed with Council officers at a meeting of the Cabinet, this will generally be open to the public, unless of a confidential or personal nature. The Cabinet must make its decisions in line with the overall Council strategic framework and budget. If the decision is outside the budget or policy framework, this decision must be referred to the Council as a whole to decide.

There is one Performance and Scrutiny Committee and three Better Advisory Groups who support the work of the Cabinet and the Council as a whole through their Scrutiny role. Performance and Scrutiny Committee also monitor the decisions of the Cabinet and can 'call in' a decision which has not yet been implemented. The Committee may recommend that the Cabinet reconsider the decision or refer the matter to Council. The Committee also reviews a summary of complaints about the Council and its officers. Finally, Cabinet members have regular briefing sessions with Heads of Service and other officers to enable them to appreciate the issues that the service is facing.

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

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

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

The Council adopted a Member Development Strategy in October 2009, which demonstrated that there is a wide range of ways to support the role of Councillor. Leading up to this, a Member Development Working Group was established to advise on and oversee the development programme and ensure that the standards set out in the South East Employers Member Development Charter were met.

The strategy gives Members the option to develop their own personal development plan, similar to the plans that Officers have, and which has helped towards the successful re-accreditation of the Investors in People award in 2010

The Council has had a comprehensive training programme in 2009/10 which has included training for Members on both the Code of Conduct with particular emphasis on personal and prejudicial interests and on the legal concept of bias and predetermination, and mandatory training on the complex areas of planning and licensing for those who sit on these committees.

The Council, in July 2009, adopted a Single Equalities and Diversity Scheme, which brought together and replaces the Council's three separate schemes: race, gender and disability and Equalities Service Delivery Policy. The new scheme reflects developments made at national level with the formation of the Equality and Human Rights Commission in 2007. In planning its services, the Council recognises that equality and diversity are key to the main purpose of working in partnership of the well being of all in the community. A programme is in place for 2007-2010 so that all services and policies are assessed as to their impact on different individuals and this has been completed. Issues arising from these assessments are then reflected in future service plans and performance targets.

Reviewing risk management controls

The Constitutional Review Group's work in 2009/10 was:

- a) To review the work of the Performance and Scrutiny Committee in the light of recent legislation, and the work of the Better Groups as part of the council's Overview and Scrutiny structure.
- b) To update Committee procedure rules following updates to Council Procedure rules
- c) To updating Contract Procedure rules in light of remedies directive
- d) To consider matters referred to the Group by other bodies. For example, planning committee structure and Members' participation on the Employment Forum.
- e) To consider membership of the Cabinet Grants Panel
- f) To consider the level of delegation to officers
- g) Licensing Act 2003 implications

Council, in April 2010 agreed changes to the Constitution to include a full list of powers in section 21 of the Local Government Act 2000, that The Better Lives Group be the scrutiny body of the Mid Sussex Crime and Disorder Reduction Partnership, Committee and Contract procedure rules were updated and the number of Elected Members on the Employment Forum should remain as is.

In addition, planning applications showing a net gain of more than three dwellings to be referred to a Planning Committee as a clarification of the existing delegations.

In order to provide further reassurance in the management of risks and controls, the Council has an independent Audit Committee whose role is set out in Article 10 of the Council's Constitution. It is composed of 11 members and considers the annual Statement of Accounts, reports of the external auditors and all other work outlined in the CIPFA Code of Practice. The Committee reports directly to Council.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Mid Sussex District Council has a duty to ensure that it acts in accordance with the law and various regulations in the performance of its functions. It has developed policies and procedures for its officers to ensure that, as far as is possible, all officers understand their responsibilities both to the Council and to the public. Two key documents are the Financial Procedure Rules and the Contract Procedure Rules, which are available to all officers via the Council's Intranet, as well as available to the public as part of the Constitution, which is published on the Council's website.

Other documentation includes corporate policies on a range of topics such as Dignity at Work, Diversity, and Anti-Fraud and Corruption. All policies are subject to internal review to ensure these are adequately maintained. The Council keeps all staff aware of changes in policy, or new documentation following new legislation by means of alerting them in regular team meetings, on the intranet and where appropriate, arranging training for all or key members of staff.

The Council identifies its key strategic risks at the start of each year. There is an annual workshop for Cabinet and Management Team to review existing strategic risks and identify and prioritise new risks. The management of risks are reported on a quarterly basis and an annual report of progress is made to Cabinet. The Council's Performance & Scrutiny Committee contributes to the process of identifying and prioritising risks.

Whistle-blowing and for receiving and investigating complaints from the public

There is a policy on whistle blowing which enables anyone who works or has worked for the Council to raise serious concerns about the Council. On our website there is information about reporting suspected benefit fraud and information about how to make a complaint about the Council's services, actions or inactions or about a potential breach of the Members' Code of Conduct.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

Following the successful induction of members in May 2007, further workshops and training sessions have been held for members to develop their skills and to increase their knowledge about the Council's services. The identification of training needs is made by a training member working group and senior members then agree a training work programme. This group is seeking formal accreditation.

Specialist officers have continued with their personal development through a specially developed programme (Spark) in 2009, which will enable them to enhance service delivery and perform more effectively.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council consults widely with residents, service users and others about existing and planned service initiatives. A market research consultancy exercise was carried out in September 2009 to gather views about residents preferences on a range of service areas. The outcome of this was fed into the budget preparation for 2010/11. All respondents were asked at the outset of their interviews to assess how satisfied they were with the current level of service provision offered by the Council. A rating of 71% satisfaction was achieved, with only 11% dissatisfaction. This level of dissatisfaction is one of the 3 lowest measured by Research for Today in over 80 SIMALTO modelling studies carried out for councils since 2003.

It has policies on both external and internal communications. A magazine 'Mid Sussex Matters' is published 3 times a year to inform residents about the Council's core aims and responsibilities and how it is working with other agencies and partners to deliver those aims and is delivered to all householders.

Work continues on integrating a new Customer Services Strategy which will underpin all service areas and help promote the delivery of a customer focused Corporate Plan. By using the website the aim is to make available more e-forms to provide another form of interaction. Partnership working will be enhanced with greater sharing of information between Town and Parish councils and relevant public sector organisations. In 2009 the Council has established a Gypsy and Traveller Strategy and a comprehensive Equalities and Diversity policy in accordance with the Equality Act 2010.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

Three partnerships were classified as strategic in 2009: The CenSus partnership, Better Mid Sussex and the Local Strategic Partnership. A detailed focus is given in the quarterly strategic risk management report. The administration of Thornfield properties PLC heralded the end of the BMS partnership in March 2010.

The CenSus Partnership between Mid Sussex, Adur and Horsham Councils has returned to a Joint Committee structure in 2009, following resolutions by Council in all three authorities. This will bring about improved governance and reporting performance.

Review of effectiveness

Report to the Corporate Governance and Audit Committee

Mid Sussex District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- The work of the Internal Audit Service and the Internal Audit Annual Report
- The work of Heads of Service and managers at the Council who have responsibility for the development and maintenance of the governance environment
- The external auditors in their Annual Audit and Inspection Letter and other reports: CPA, Use of Resources and Direction of Travel Statements.

Improvements in the year

In the period covered by this Annual Governance Assurance Statement, improvements have been made to the Council's arrangements in respect of the following areas, previously identified as areas in which we could improve:

- A succession plan is now in place for all managerial and specialist roles across the Council (46 posts)
- The Council has continued its impressive track record of cost control. It is in the bottom 10% of councils nationally in terms of spend on services per head of population.
- A robust medium term financial plan has been prepared
- The Standards Committee has delivered its responsibilities effectively
- Council has provided for the Chairman of the Standards Committee to report to full Council up to 4 times a year

Significant governance issues

- A Member raised a concern about the Cyprus Road Agreement, This has been dealt with by an Audit Commission review and report to the Audit Committee. The Council will need to ensure the learning points are taken forward and sustained.
- With regard to the Census partnership joint committee, the TUPE transfer of Revenues and Benefits staff to Mid Sussex District Council took effect from 1st February 2010 and the TUPE transfer of ICT staff from Mid Sussex District Council to Horsham District Council took place on 1st April 2010. The joint committee formalises the agreement and will enhance accountability and transparency.
- Following the administration of Thornfield Properties PLC, the Better Mid Sussex partnership came to an end in March 2010. This is described in more detail in the foreword to the accounts.
- Ensure that any further changes to the responsibilities of the Standards Committee are fully implemented and the filtering of complaints is effectively monitored
- As there is now increased reliance on partnership working, there could be significant risks associated with working with other partners or raising expectations that are not deliverable. This can be mitigated by showing strong leadership and influence over the partners and by developing a performance management system.

The Constitutional Review Group has been retained for 2009/10 to consider how the Constitution of the Council is working, to update the Constitution to reflect statutory changes and to make recommendations to Full Council accordingly.

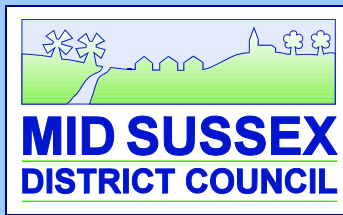
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as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



Cllr Garry Wall
Leader of Council
21 June 2010



John Jory
Chief Executive
21 June 2010



***Auditor's Opinion
And Certificate***

Auditor's Opinion and Certificate

Independent auditor's report to the Members of Mid Sussex District Council

Opinion on the financial statements

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

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

Respective responsibilities of the Head of Finance and auditor

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

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

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

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting

statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

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

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

Authority's Responsibilities

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

Auditor's Responsibilities

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

Conclusion

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

Certificate

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

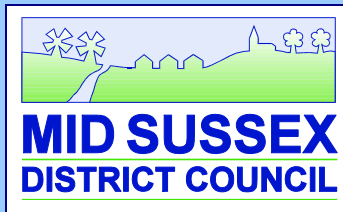
Helen Thompson

District Auditor

Audit Commission

Suite 2, Ground Floor
Bicentennial Building
Southern Gate
Chichester
West Sussex
PO19 8EZ

30 September 2010



***Glossary
of Terms***

Glossary of Terms

Accounting Standards - These are issued by the Consultative Committee of Accountancy Bodies (CCAB) and comprise Financial Reporting Standards (FRSs) developed by the Accounting Standards Board (ASB) and Statements of Standard Accounting Practice (SSAPs) developed by the Accounting Standards Committee (ASC) but now adopted by the ASB. Auditors could expect the guidance to be complied with, and any departure must be disclosed in the published accounts.

Accruals - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses (Pensions FRS17)- The changes in actuarial deficits or surpluses that arise because:

Events have not coincided with actuarial assumptions made for the last revaluation (experience gains or losses) or

The actuarial assumptions have changed.

These are recognised by appropriation from the pensions reserve and have no impact on the Consolidated Revenue Account.

Agency Services - Services which are performed by or for another authority or public body, where the principal reimburses the agent for the cost of the work carried out.

Amortisation – An annual charge made in the Council's revenue account to reduce the value of an asset held on the balance sheet over a period of years.

BACS (Bank Automated Credit System) - The system of processing transactions to an individual bank account.

Balances - In general, the accumulated surplus of income over expenditure, on any account, at the end of the financial year. Balances form part of the Council's reserves, and the authority may use its revenue balances to reduce the requirement from the council tax.

Band D Equivalent - The weighted number of properties subject to council tax in a local authority's area, calculated on the basis of prescribed proportions in relation to band D.

Best Value Accounting Code of Practice (BVACOP) – This code is issued by CIPFA and provides guidance on financial reporting to stakeholders. The code ensures accounts are consistent and comparable across all local

authorities. It is updated annually to reflect the latest correct accounting practice.

Billing Authority - The local authority responsible for the billing and collection of the council tax from all properties in their area. In shire areas the district councils are the billing authorities.

Capital Accounting - The recording in local authority balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

Capital Charge - A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure – On the acquisition or construction of assets which have a long-term value to the authority in the provision of its services (e.g. land; purchasing existing buildings or erecting new ones; purchasing furniture or equipment etc).

Capital Expenditure Charged to Revenue Account - The financing of capital expenditure from revenue.

Capital Programme - an authority's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

Capital Receipts - Income received from the sale of land or other assets, which is available to finance other items of capital (but not revenue) spending, or to repay outstanding debt on assets originally financed from loan.

Chargeable Dwelling – A dwelling which is subject to council tax.

CIPFA (The Chartered Institute of Public Finance and Accountancy) - This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accountancy Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

Collection Fund - A fund administered by each billing authority (the District Council in shire areas). The council tax, business rate income and the community charge are paid into the fund whilst the net revenue spending of the county, district and police authority are met from the fund.

Community Assets - Assets that the local authority intends to hold in perpetuity, that have

no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Communities and Local Government CLG

Contingent Liability and Asset - A contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

Costs Payable to the Pension Fund and any Payments to Pensioners (Pensions FRS17) - These are appropriated to the Consolidated Revenue Account from the Pensions Reserve, to replace all FRS 17 debits and credits, so that they remain, as previously, the actual amount to be met from government grants and local taxation.

Council Tax - The local tax payable on most residential properties in a local authority's area, in the year. Properties are valued within eight valuation bands (A-H), which determines the amount of council tax payable. See band D equivalents.

Current Assets - An asset which will be consumed or realised in the next accounting period e.g. debtors, stocks, cash at bank, short-term investments.

Current Liabilities - An amount which will be payable or could be called in within the next accounting period e.g. creditors, cash overdrawn, temporary loans.

Current Service Cost (Pensions FRS17) This represents the increase in present value of the scheme's liabilities expected to arise from employee service in the current period.

Discount Rate – A calculation using a specified discount rate to estimate the present value of a future liability.

Depreciated Replacement Cost (DRC)

This is based on the economic theory of substitution and is used where there is no active market for the asset. It is the current cost of replacing an asset with its modern equivalent, less deductions for physical deterioration, all relevant forms of obsolescence and optimisation.

Depreciation - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

DWP – Department for Work and Pensions (formerly DSS - Department for Social Security)

Exceptional Items – These are material items in terms of the authority's overall net expenditure which derive from events or transactions which are not expected to recur frequently or regularly that fall within the ordinary activities of the authority. They are disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets (Pensions FRS17)- The average rate of return, based on actuarial advice, including both income and changes in the fair value, but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items - Material items which derive from events or transactions that fall outside the ordinary activities of the authority. It would be rare for an item to be classified as extraordinary and would only be likely where ultra vires transactions occur.

External Audit - The independent examination of the accounts of local authorities. The Mid Sussex audit is carried by the Audit Commission.

Finance Lease - A lease usually of land, or land and buildings, which is treated in the government's capital control system as a credit arrangement as if it was similar to borrowing. Other types of lease are termed "operating leases".

Fixed Assets - Tangible assets that yield benefits to the local authority and the services it provides for more than one accounting year, e.g. land buildings, vehicles, plant and equipment.

FRS – Financial Reporting Standards. These are accounting standards which are gradually replacing Statements of Standard Accounting Practice (SSAPs) (See Accounting Standards).

Gains and Losses on Settlements (Pensions FRS17) - An irrecoverable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. This also is charged to Non Distributed Costs.

General Fund - The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

Impairment – Impairment occurs when an asset has been revalued and the valuation is downward. It is caused by a consumption of economic benefits (e.g. physical damage, or deterioration in the quality of service provided by the asset) or a general fall in prices.

Infrastructure Assets - Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and culverts.

Intangible Assets – Intangible fixed assets are defined in FRS10 as “non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights”.

Interest Cost (Pensions FRS17) The expected increase during the year in the present value of the schemes liabilities because the benefits are one year closer to settlement.

National Non-Domestic Rates (NDR) - Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the ODPM. The proceeds are pooled nationally and redistributed as a fixed amount per head of resident population.

Net Current Assets - Current assets less current liabilities.

Net Current Replacement Cost - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value - The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NDR – See National Non Domestic Rates.

Non-Operational Assets - Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, buildings under construction and assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets - Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Operating Lease - A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting and which does not come within the government's capital control system. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Past Service Costs (Pensions FRS17) - The increase in the present value of the scheme liabilities related to employee service in prior periods, as a result of the introduction of or

improvement to retirement benefits. This is charged within the net cost of services under Non Distributed costs in the Consolidated Revenue Account. Discretionary Pension benefits awarded on early retirement are treated as past service costs.

Pension Fund - An employees' pension fund maintained by an authority, or group of authorities, to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

Precept - The levy made by West Sussex County Council and Sussex Police Authority on the Collection Fund, and Parish and Town Councils on the General Fund, for their net expenditure requirements.

Provisions and Reserves - Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence. This Council has established the General Reserve, and the Specific Reserve. These are further described in the Statement of Accounts.

Provision for Bad and Doubtful Debts - The amount set aside in the Council's accounts to cover debts which may be un-collectable and written off.

Rateable Value (RV) - A value of all non-domestic properties subject to rating, to which rate poundages are applied to arrive at a rate payable. The value is based on a notional rent that the property could be expected to yield after deducting the cost of repairs.

Reserves - See Provisions and Reserves.

SORP- Statement of Recommended Practice.

SSAP - Statements of Standard Accounting Practice (See Accounting Standards).

Transitional Relief - Scheme whereby the Council Tax is reduced for properties which would otherwise have seen a large increase in the Council Tax bill in comparison with the actual 1992/93 community charge bill for the particular property.