

Summary of Accounts 2016-17

Introduction

The Council's accounts are an important element in demonstrating the stewardship of public money. The Head of Corporate Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with the accounting requirements. The Statement Of Accounts for year ended 31 March 2017 is approved by the Head of Corporate Resources on 16 June and submitted, after the external audit, to Audit Committee on 1 August 2017. Interested members of the public have a statutory right to inspect the accounts from 19 June 2017 to 28 July 2017. The availability of the accounts for inspection is advertised on the Council's website. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries. A copy of the statement is available on the Council's website page, Finance Publications / Year End Accounts Publications. The independent auditors provide their opinion before the end of September on the completion of their audit of the accounts. We have prepared summary accounts to provide a brief overview of the year end position, as shown below.

Council Priorities for 2016/17

The Corporate Plan and Budget Report for 2016/17 was approved by Council on 24 February 2016. It sets out the way in which the delivery of services would contribute to the achievement of the Corporate Plan. Effective service delivery relies on effective prioritisation in accordance with the Corporate Plan, and adequate resources. The primary resources are staff and money. The service plans show how each service would be delivered and measured, and through the budget, the financial resources necessary to deliver the services and corporate objectives.

The Council works with its partners to promote healthy lifestyles, attract inward investment (e.g. through town centre revitalisation), keep levels of crime low and secure other community benefits. The Council continues to ensure that our streets are clean and our parks and open spaces are well presented.

The three themes for the Council remain as:

Better Lives Healthy Lifestyles ~~ Opportunities and quality of life for all ~~Strong, safe communities

Better Environment Quality and Sustainable Environment ~~Distinctive and sustainable towns and villages

Better Services Efficient and effective service ~~ Strong community leadership

Impact of the current economic climate

The financial climate in Mid Sussex rewards careful watching although income levels were above target in a number of key areas and careful management of expenditure by budget holders resulted in a satisfactory end of year position. The level of Reserves increased during 2016/17, mainly from the receipt of New Homes Bonus (NHB) grant (£4,429k) and investment interest (£343k).

The Council's level of General Reserves held as at 31 March 2017 stands at £15.955m and Earmarked Specific Reserves at £7.476m and is considered adequate for withstanding future financial pressures arising from the continuing squeeze on local government finance.

Financial Review of the Year

The revenue and capital outturn for 2016/17 was reported to Cabinet on 8 May 2017.

Revenue Expenditure

During 2016/17 Cabinet received six Budget Management reports (including the Outturn Report). Over the year, income has exceeded targets in a number of areas. However, the budget has continued to be carefully managed in order to ensure that financial targets are met without compromising service performance. It should be noted that the Budget Outturn Report links with the Service Performance Outturn Report which is separately reported to Cabinet in July 2017.

The main change to our finances occurred in November 2016 when the Council bought back the headlease of the Orchards Shopping Centre and therefore took direct control of the investment. Financed from a combination of internal and external borrowing, this provides a yield at around 7.5% with the potential for growth in the medium term. This purchase had not been budgeted for in the year, which resulted in pro-rata income being available, increasing our underspending accordingly.

In summary, increased income levels experienced in 2016/17 and Mid Sussex's embedded culture of seeking efficiencies, have both contributed to this year's underspend of £1,378,000, the majority of which has been transferred to Earmarked Reserves, leaving a balance of £195,000 to return to General Reserve.

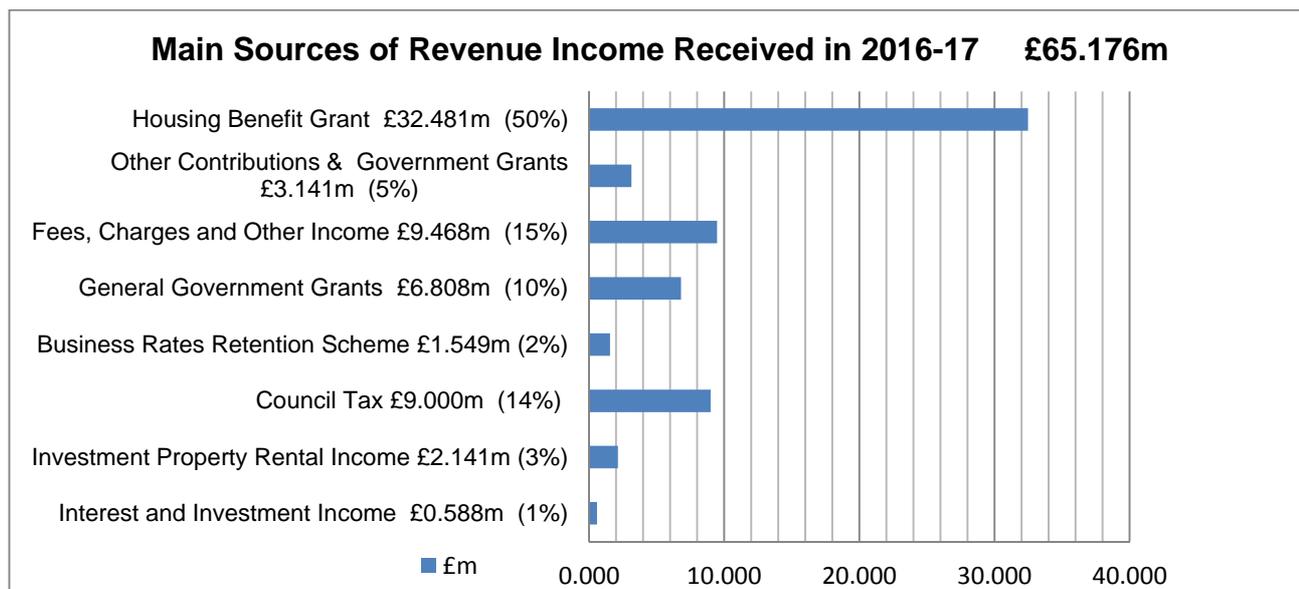
Net Cost of Services – How the money was spent

The table below shows the net cost of all Council services on the Comprehensive Income and Expenditure Statement:

<u>2016-17 Net Cost of Services £15.516m - How the money was spent</u>	£m	
Housing	1,163	7%
Planning Policy	673	4%
Development Management	427	3%
Cleansing Services	2,758	18%
Parking Services	(1,064)	-7%
Landscapes	732	5%
Leisure Partnership	(398)	-3%
Performance & Partnerships	551	4%
Community Leisure	644	4%
Corporate Estates & Facilities	1,405	9%
Emergency & Outdoor Services	1,806	12%
Finance Accountancy	(5)	0%
Finance Corporate	456	3%
Revenues & Benefits	2,026	13%
Customer Services & Communications	0	0%
ICT	589	4%
Human Resources & Payroll	174	1%
Legal Services	(13)	0%
Democratic Services	921	6%
Land Charges	192	1%
Environmental Health	1,023	7%
Building Control	292	2%
Strategic Core	1,291	8%
Benefits	(127)	-1%
Net Cost of Services	15,516	100%

Sources of Finance of the Council's Activities

The various sources of finance as shown on the Comprehensive Income and Expenditure Statement in 2016/17 are as follows:



Earmarked Specific Reserves and General Fund Balances held at 31 March 2017

Earmarked Specific Reserve	Balance at 1 April 16 £ 000s	Balance at 31 March 17 £ 000s
Housing	(199)	(237)
Planning Policy & Economic Development	(643)	(1,060)
Development Management	(90)	(80)
Cleansing Services	(24)	(53)
Leisure Partnership	(625)	(617)
Performance & Partnerships	(70)	(142)
Community Leisure	(131)	(71)
Corporate Estates & Facilities	(408)	(355)
Emergency & Outdoor Services	(97)	(38)
Finance Accountancy	(7)	(11)
Finance Corporate	(404)	(1,318)
CenSus Revenues & Benefits	(369)	(373)
CenSus ICT	(482)	(132)
Human Resources & Payroll	(12)	(4)
Democratic Services	(121)	(136)
Land Charges	(17)	(17)
Planning Service Support	(25)	(25)
Environmental Health	0	(95)
Corporate Funds	(2,643)	(2,712)
Earmarked Specific Reserves	(6,367)	(7,476)
General Fund Balances	(13,406)	(15,955)
Total Reserves	(19,773)	(23,431)

Details of all expenditure financed from the Earmarked Specific Reserves and General Fund Balances is contained within the outturn report to Cabinet on 8 May 2017.

Capital Expenditure

Local authorities are required to distinguish between revenue and capital expenditure. Revenue expenditure represents the day to day costs of running Council services. Capital expenditure represents money spent on the purchase, upgrading or improvement of assets which have a long-term value to the authority in the provision of its services.

A summary of the capital expenditure in the year 2016/17 totalling £28.631m is shown below:

Capital Expenditure 2016/17	2016/17
Property, Plant and Equipment	£000s
Land and Buildings	
Oaklands Office	1013
Leisure Centres	563
Car Parks	47
Plant / Vehicles / Equipment	
Playground Equipment	97
Green Waste Wheeled Bins	40
ICT Hardware	64
Intangible Assets	
Software and software licences	19
Investment Property	
The Orchards Shopping Centre	24,722
Industrial Estate Buildings	956
Revenue Expenditure funded from Capital Under Statute	
Housing - Disabled Facilities Grants (DFG)	677
Other expenditure	433
Total	28,631

The capital expenditure in the year was financed by:	<u>£000s</u>
Long Term & Short Term Borrowing	24,722
General Fund Balances & Earmarked Specific Reserves	2,915
Government Grants & Section 106s Receipts in Advance	920
Capital Grants Unapplied Account	74

Usable capital receipts for 2016/17 totalled £53,000 (refer Note 7). Other receipts received in 2016/17 totalled £3,102,000 (refer Note 12 Grant Income – Capital Grants and Contributions- receipts in advance). The split mainly relates to:

	<u>£000s</u>
Time Limited Section 106 agreements	2,306
Disabled Facilities Grant (contribution from WSCC)	796

The available year end balances of Usable Capital Receipts is £1,314,000 (refer Movement In Reserves Statement) Capital Grants Unapplied Account is £4,833,000 and Section 106 Contributions and Capital Grants Receipts in Advance is £7,909,000 (refer Note 12).

Balance Sheet

The Council's overall financial position for the year is represented by its balance sheet. This identifies what is owned by the Council, how much is owed and how much the Council owes.

Balance Sheet	31 March 2017	31 March 2017
	£ 000s	£ 000s
Property, Plant and Equipment		91,894
Heritage Assets		837
Investment Property		44,843
Software & Software Licences - Intangible Assets		151
Long Term Investments		10,586
Amounts due to the Council		3,749
Short Term Investments		24,146
Cash and Cash Equivalents		5,624
Long Term Assets and Current Assets		181,830
Amounts due to others	(8,589)	
Capital Grants & S106 Contributions Received	(7,909)	
Provisions	(2,765)	
Finance Lease Liability	(157)	
Borrowing	(22,871)	
Pension Fund deficit	(28,348)	
Long Term Liabilities and Current Liabilities		(70,639)
Total Net Assets		111,191
Financed by:		
General Fund Balances, Earmarked Specific Reserves and Capital Reserves		(29,578)
Pension Reserve		28,348
Capital Finance and Revaluation of Assets		(109,961)
Total Net Worth		(111,191)

Summary of Cash Flow during 2016/17

	£000s	£000s
Cash in Bank and Cash Equivalents at 1 April 2016		11,159
Net Cash Inflow / (Outflow) - Operating Activities	7,149	
Net Cash flows from Investing Activities	(35,308)	
Net Cash flows from Financing Activities	22,624	
Increase / (Decrease) in Cash and Cash Equivalents		(5,535)
Cash in Bank and Cash Equivalents at 31 March 2017		5,624