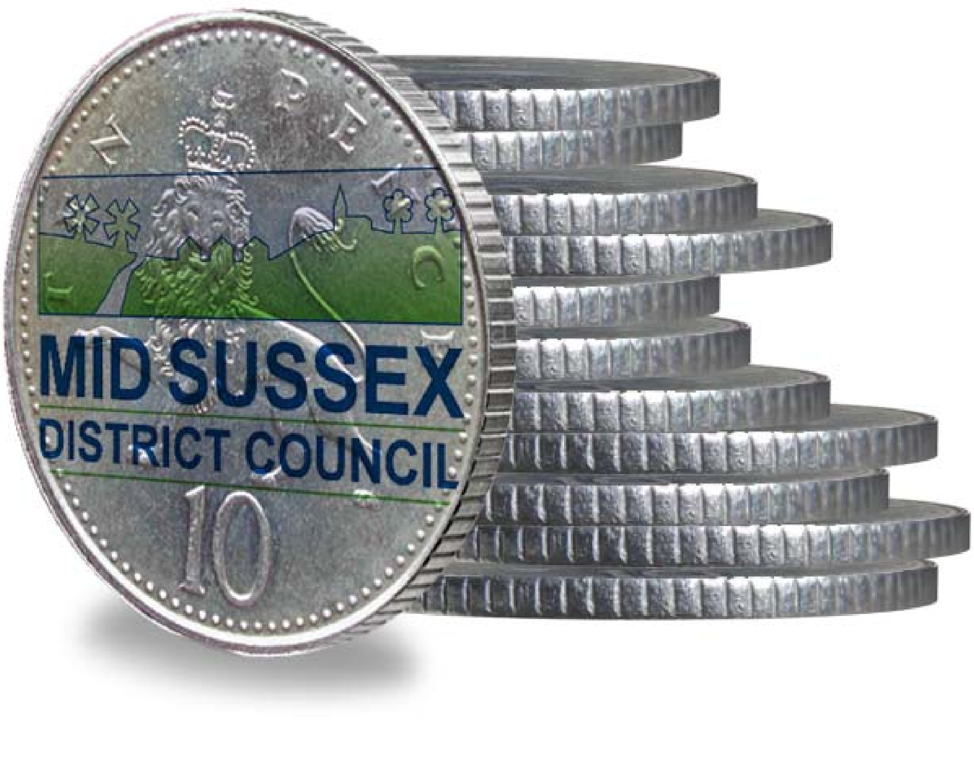
MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts 2015 – 2016



Audit Committee
20 September 2016

Statement of Accounts for the Year Ended 31 March 2016

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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 Corporate Resources;
- 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 Corporate Resources' Responsibilities

The Head of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices. These practices comprise the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority (Scotland) Accounts Advisory Committee (LASAAC), Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

In preparing this Statement of Accounts, the Head of Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Narrative Report by the Head of Corporate Resources

1. Introduction

The purpose of this report is to provide an effective guide to the most significant matters reported in the accounts. Its aim is to be fair, balanced and understandable for the users of the financial statements. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS), and are in respect of the financial year ended 31 March 2016.

The pages that follow are the Authority's Accounts for 2015/16. These comprise:

- Two statements of changes in equity (MIRS)
- Two years' statements of comprehensive income and expenditure (CIES);
- Two years' statements of financial position (Balance Sheet)
- Two statements of cash flows;
- Related notes, including comparative information

Each of the main Financial Statements are explained further below:

- **Movement in Reserves Statement (MIRS*)*** – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line within the MIRS shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
- **Comprehensive Income and Expenditure Statement (CIES)** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **Balance Sheet** – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between accounting basis and funding basis under regulations'.
- **Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period using the indirect method. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.
- **Notes to the Accounts** - These explain the basis of the figures in the accounts. In particular the first note is 'Accounting Policies', which enables an appreciation of the policies that have been followed in dealing with material items.
- **Collection Fund** - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

We appreciate that the accounts are becoming ever more complex, we will again be publishing summary accounts to help people understand the Authority's financial position. If any further information is required on any aspect of these documents please use our contact details below.

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. Performance during the year and the position at the end of the year

This section of the report is intended to offer some information on the authority's key strengths and resources

Revenue

The revenue and capital outturn for 2015/16 was reported to Cabinet on 6 June 2016.

During 2015/16 Cabinet received six full 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 tightly managed in order to ensure that financial targets are met without compromising service performance. Members should note that this Budget Outturn Report links with the Service Performance Outturn Report which is separately reported to Cabinet in July 2016.

In summary, increased income levels experienced in 2015/16 and Mid Sussex's embedded culture of seeking efficiencies, have both contributed to this year's underspend of £997,000, most of which has been fully utilised, following transfers to Earmarked Reserves, leaving a balance of £12,000 to return to General Reserve.

This outturn position is set out in the table overleaf.

Interest

Interest receipts for the year totalled £494,000; being £148,000 more than the original estimate. Of the total interest received, £1,000 has been transferred to the HR and Payroll 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, a net total of £493,000 was transferred to General Reserve.

Specific Items and Reserves

Specific items financed from the Specific Reserves and General Reserve totalled £4,754,000. The largest utilisation from General Reserve amounted to £2,234,000 to finance the Capital Programme (including the use of New Homes Bonus monies totalling £262,000).

In addition, just under £9,000,000 has been transferred into Reserves, (£4,000,000 to Specific Reserve and £4,900,000 to General Reserve). The largest contributions to General Reserve in the year include:

- £3,263,000 grant relating to New Homes Bonus allocation
- £494,000 interest receipts generated mainly from treasury management activity
- £450,000 being the annual contribution budgeted to be paid to General Reserve, to fund the Authority's Major Capital Renewals programme
- £229,000 received to fund future costs of Strategic Access Management and Monitoring (SAMM)
- £122,000 received to fund future costs of Suitable Alternative Green Space (SANG).

Overall there has been a net increase of £4,181,000 in the level of the General Fund Balance as at 31 March 2016.

Further details are contained within the Transfers to /from Earmarked Specific Reserves, Note 9 to the accounts, and are also set out in the Appendix C of the Outturn Report to Cabinet 6 June 2016.

Revenue Expenditure 2015/16	Outturn Summary				Reconciliation of Outturn to Statement of Accounts	
Service Area	Estimate* 2015/16 £'000	Actual 2015/16 £'000	Variation** 2015/16 £'000		Transfer to/from Reserves 2015/16 £'000	Total Net Expenditure (Note 31) 2015/16 £'000
Performance and Partnerships	436	**401**	**(35)**		**0**	**401**
Corporate Estates and Facilities	(705)	**(730)**	**(25)**		**(47)**	**(777)**
Customer Services and Communications	229	**217**	**(12)**		**5**	**222**
CenSus ICT	(152)	**(43)**	**109**		**361**	**318**
Planning Policy & Economic Development	678	**651**	**(27)**		**13**	**664**
Development Management	591	**200**	**(391)**		**14**	**214**
Finance Accountancy	(19)	**(32)**	**(13)**		**(4)**	**(36)**
Finance Corporate	1,491	**1,464**	**(27)**		**0**	**1,464**
Human Resources & Payroll	0	**1**	**1**		**(1)**	**0**
CenSus Revenues & Benefits	1,835	**1,860**	**25**		**(18)**	**1,842**
Housing	908	**936**	**28**		**(10)**	**926**
Environmental Health	929	**895**	**(34)**		**0**	**895**
Building Control	232	**208**	**(24)**		**0**	**208**
Leisure, Community Services & Culture	449	**406**	**(43)**		**(958)**	**(552)**
Parking Services	(1,138)	**(1,303)**	**(165)**		**(13)**	**(1,316)**
Cleansing Services	2,856	**2,770**	**(86)**		**(144)**	**2,626**
Facility Management & Streetscene	1,894	**1,886**	**(8)**		**123**	**2,009**
Legal Services	0	**(13)**	**(13)**		**0**	**(13)**
Democratic Services	850	**851**	**1**		**73**	**924**
Land Charges	149	**87**	**(62)**		**0**	**87**
Planning & Building Control Support	0	**(1)**	**(1)**		**0**	**(1)**
Strategic Core	983	**968**	**(15)**		**0**	**968**
Benefits	(145)	**(145)**	**0**		**170**	**25**
Drainage levies	13	**13**	**0**		**0**	**N/A**
Balance Unallocated	26	**0**	**(26)**		**0**	**0**
Council Net Expenditure	12,390	**11,547**	**(843)**		**(436)**	**11,098**
Contribution to Rate Retention Scheme Equalisation Reserve	38	**38**	**0**			
Contribution to ICT Reserve	665	**665**	**0**			
Total Revenue Expenditure 2015/16	13,093	**12,250**	**(843)**	***	**(436)**	**11,098**
less transfer to Specific Reserves (previously reported)	0	**560**	**560**			
	13,093	**12,810**	**(283)**		**(436)**	**11,098**
less proposed utilisation of Revenue Underspend		**271**	**271**			
Total	13,093	**13,081**	**(12)**	****	**(436)**	**11,098**

* Includes approved variations including utilisation of Balance Unallocated
** Variations are explained in the Outturn Report to Cabinet on 6 June 2016.

*** Total after requests for carry forward of budgets (£73k) and windfall income (£81k) transferred to Reserves.

**** Total underspend after previously reported (£560k) and proposed (£271k) transfers to Reserves.
Figures are subject to roundings to nearest £'000

Capital
Capital expenditure usually generates an asset that has a useful life of more than one year. Actual Capital Spending for the year amounted to £3,629,000 including £1,053,000 relating to non-programmed projects which are projects that do not form part of the planned Capital Programme, but which are authorised under delegated authority. This was £989,000 more than the updated 2015/16 programme of £2,640,000. (When excluding these non-programmed projects, the outturn total is £2,576,000, which is £64,000 less than the updated 2015/16 programme of £2,640,000). Included in this year's variation, is slippage of projects totalling £140,000. The slippage relates to delays in various Leisure projects totalling £67,000, which includes slippage of £44,000 on the Playground Improvements at Sunnyside Recreational Ground, East Grinstead. In addition, slippage on ICT Projects totalled £48,000 and slippage to the Major Capital Renewals schemes amounted to £22,000. These amounts have been rolled over and added to the Capital Programme for 2016/17.

Capital Expenditure 2015/16

Property, Plant and Equipment	**2015/16**
Land and Buildings	**£**
Oaklands Office	**67,572**
Pavilions	**24,363**
Car Parks	**337,743**
Land	**473,800**
Asset Under Construction	
Basepoint Business Centre, Bridge Road Starter Units	**1,148,000**
Plant / Vehicles / Equipment	
Playground Equipment	**87,831**
ICT Hardware	**80,052**
Total Property, Plant and Equipment (Note 13)	**2,219,361**
Intangible Assets (Note 16)	
Software and software licences	**39,748**
Revenue Expenditure funded from Capital Under Statute	
Housing - Disabled Facilities Grants (DFG)	**690,789**
Housing - Affordable Housing	**5,000**
Other expenditure	**673,678**
Total REFCUS Expenditure	**1,369,467**
Total Capital Expenditure	**3,628,576**

The capital expenditure in the year was financed by:

Usable Capital Receipts	£155,644
General Fund Balances (General Reserve £2,234,393 & Specific Reserve £133,356)	£2,367,749
Government Grants, Contributions & Section 106s Receipts in Advance	£857,480
Capital Grants Unapplied Account	£247,703

Usable capital receipts for 2015/16 totalled £203,430 (refer Note 8). Other receipts received in 2015/16 totalled £2,045,080 (refer Note 36 Grant Income – Capital Grants and Contributions Receipts in Advance), as shown below:

Time Limited Section 106 agreements & contributions	£1,610,956
Disabled Facilities Grant (contribution from WSCC)	£434,124

The available year-end balance of Usable Capital Receipts is £1,260,654 (refer MIRS), Capital Grants Unapplied Account is £3,335,328 (refer MIRS) and Section 106 Contributions and Capital Grants Receipts in Advance is £5,891,000 (refer Note 36).

3. The Performance of the Authority

Service Performance

The Scrutiny Committee for Leader and Service Delivery receive the year-end report prior to its presentation to Cabinet. This report shows that key performance indicators are broadly very good across the range with the ‘red’ indicators showing signs of improvement also.

Employees

The number of employees has remained relatively stable at 277 full time equivalents compared to 283 at the same time last year. Turnover during the year was 14% and analysis of Exit Interviews showed that there were a variety of reasons for leaving, but no trends needing intervention were established.

Strategic Risks

Each year the Cabinet agrees the risks that may prevent or slow the achievement of the strategic objectives. For 2015/16 these were:

1. The Private sector investment in our Town Centres does not deliver the anticipated improvements
2. Failure to achieve a successful examination of the District Plan and Community Infrastructure Charging Schedule
3. Changes to the ICT infrastructure
4. Changes to the operating model at West Sussex County Council.

These were monitored through the year by both Management Team and the Scrutiny Committees and controlled such that the risks did not materialise. An amended set of risks was adopted for 2016/17 by Cabinet.

4. Local Taxpayers

During the year, the Authority collected £87,776,496 in Council Tax on behalf of West Sussex County Council, the Sussex Police and Crime Commissioner and Mid Sussex District Council and its towns and parishes. All but £8,521,573 of this was passed on to the other authorities. The collection rate for the year was 98.6% of the total amount due and most of the remainder will be collected in the first few months of 2016/17.

5. Pensions

The Authority is required to show in the Statement of Accounts the costs, assets and liabilities associated with its share of the pension fund which is administered by West Sussex County Council. The surplus or deficit on the Authority’s Pension Fund is shown within the Balance Sheet.

The pension liability has reduced to £26,321,894 as at 31 March 2016, from £37,243,977 as at 31 March 2015. This is mainly a result of the financial assumptions used by the actuary at 31 March 2016 being more favourable than as at 31 March 2015. The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Authority relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Full details of the movement in the liability are shown in the Notes to the Accounts, Note 43.

6. Other Significant items

In 2015/16, there have been no material (other than those disclosed in the Notes to the Accounts, Note 5) and unusual items of expenditure or income in the accounts.

7. Changes in accounting policy

For this year’s accounts, there are no changes in accounting policy. However, additional disclosure information has been supplied relating to IFRS13 - Fair Value Measurement.

8. Borrowing

The Authority has not entered into any long term borrowing in 2015/16, and has no plans to do so in future years.

9. Provisions

NNDR Provision for Appeals

At 31 March 2016 there is a provision of £4,478,887 relating to outstanding appeals to the Rateable Value, as detailed in the Collection Fund Section 4. The Authority’s share of this is £1,791,555 (40%) as detailed in Note 24.

Employee Benefits Accrual
At 31 March 2016 there is a £174,735 provision for Employee Benefits Accrual. Employees build up an entitlement to paid holidays as they work. Under the Code, the council is required to accrue for any annual leave or flexitime earned but not taken at 31 March each year.

Termination Benefits Provision
The Statement includes a provision of £39,500 which has been agreed and is payable to 2 officers in relation to termination benefits. Further details are set out on Note 34 on Exit packages.

Municipal Mutual Insurance (MMI)
Municipal Mutual Insurance (MMI) is an insurance company established by a group of local authorities in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new, or to renew, general insurance business. MMI has been in run-off since 1992 and the Council, like many other local authorities, is a Scheme Creditor of MMI. Under the terms of MMI's Scheme of Arrangement, if MMI cannot complete a solvent runoff, Scheme Creditors may have to pay back part of all claims for which they have received settlements since 1992.

Whilst the Scheme of Arrangement has not been triggered it remains "held in reserve". However, following a recent judgement by the Supreme Court regarding Employers' Liability cover for Methoselioma claims there is the potential for the scheme of arrangement to be triggered. As at 31 March 2016, there is a remaining provision for £10,254.

10. Material Events after the reporting date

Following the referendum vote that backed the withdrawal of the United Kingdom from the European Union, we are carefully monitoring the political and economic outlook. At the time of writing it has had no significant effects upon the Authority's financial position; this will be kept under review.

11. Level of Financial Reserves

The financial climate in Mid Sussex does appear to have undergone resurgence over the last year. Income levels are up in almost every area and budgets are being exceeded particularly in the land and property-based services. This augers well for the future.

The level of reserves increased during 2015/16, mainly from the receipt of New Homes Bonus (NHB) grant (£3,263,000) and investment interest (£494,000).

The Authority's level of General Reserves held at 31 March 2016 stands at £13,406,000. Given our intention to become financially independent in the medium term, our reserves will enable us to invest in revenue generating assets to replace government grant.

12. Rates Retention Scheme (RRS)

This scheme is part of our core funding now and is showing signs of increasing slightly as the economy improves. However, our approach to this is very prudent and given the length of time that elapses between setting a budget and knowing the outturn for the year, we have been reluctant to rely on the income in advance of its receipt. We now also are preparing for full retention of business rates to the local government sector and are keeping abreast of the working groups which together are devising the new system. However, the increased level of funding will come with increased responsibilities which do have the potential to affect our financial strategy. The Council will be kept updated as the situation develops.

13. Council Tax Support Scheme (CTSS)

This has settled down well and is performing as expected and within the expenditure envelope that was set on its inception.

14. Further Information

Interested members of the public have a statutory right to inspect the accounts from 1 July 2016 to 11 August 2016. The Notice was placed on the MSDC website, under the Finance Publications section. Further information about any aspect of the accounts is available from both the Head of Finance, Peter Stuart 01444 477315 (Peter.Stuart@midsussex.gov.uk), and the Chief Accountant, Cathy Craigen 01444 477384 (Cathy.Craigen@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.

MID SUSSEX
DISTRICT COUNCIL

Statement of Accounts 2015/16

This Statement of Accounts is that upon which the auditor should enter his certificate and opinion and has been prepared under the Accounts and Audit (England) Regulations 2015.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at the reporting date and its income and expenditure for the year ended 31 March 2016.

P Stuart, CPFA
Head of Corporate Resources
20 September 2016

Certificate by Chairman

I confirm that the Statement of Accounts were approved by the Audit Committee at a meeting held on 20 September 2016.

Cllr J Belsey
Chairman Audit Committee

Financial Statements

Movement in Reserves Statement

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2015	**(10,925,411)**	**(4,666,809)**	**(1,209,288)**	**(2,813,291)**	**(19,614,799)**	**(56,557,626)**	**(76,172,425)**
(Surplus)/ deficit on provision of services (accounting basis)	(964,586)	0	0	0	(964,586)	0	**(964,586)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	(23,380,539)	**(23,380,539)**
Total Comprehensive Income and Expenditure	**(964,586)**	**0**	**0**	**0**	**(964,586)**	**(23,380,539)**	**(24,345,125)**
Adjustments between accounting basis and funding basis under regulation (refer Note 8)	(3,216,372)	0	(51,366)	(522,037)	(3,789,775)	3,789,775	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(4,180,958)	0	(51,366)	(522,037)	(4,754,361)	(19,590,764)	(24,345,125)
Transfers to /(from) Earmarked Reserves (refer Note 9)	1,699,904	(1,699,904)	0	0	0	0	0
Increase / Decrease in Year	(2,481,054)	(1,699,904)	(51,366)	(522,037)	(4,754,361)	(19,590,764)	(24,345,125)
Balance at 31 March 2016	**(13,406,465)**	**(6,366,713)**	**(1,260,654)**	**(3,335,328)**	**(24,369,160)**	**(76,148,390)**	**(100,517,550)**

	General Fund Balance	Earmarked Specific Reserve	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance at 1 April 2014	**(8,979,180)**	**(3,652,985)**	**(325,856)**	**(3,120,656)**	**(16,078,677)**	**(62,216,292)**	**(78,294,969)**
(Surplus)/ deficit on provision of services (accounting basis)	(2,654,344)	0	0	0	(2,654,344)	0	**(2,654,344)**
Other Comprehensive Expenditure and Income	0	0	0	0	0	4,776,888	**4,776,888**
Total Comprehensive Income and Expenditure	**(2,654,344)**	**0**	**0**	**0**	**(2,654,344)**	**4,776,888**	**2,122,544**
Adjustments between accounting basis and funding basis under regulation (refer Note 8)	(305,711)	0	(883,432)	307,365	(881,778)	881,778	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	(2,960,055)	0	(883,432)	307,365	(3,536,122)	5,658,666	2,122,544
Transfers to /(from) Earmarked Reserves (refer Note 9)	1,013,824	(1,013,824)	0	0	0	0	0
Increase / Decrease in Year	(1,946,231)	(1,013,824)	(883,432)	307,365	(3,536,122)	5,658,666	2,122,544
Balance at 31 March 2015	**(10,925,411)**	**(4,666,809)**	**(1,209,288)**	**(2,813,291)**	**(19,614,799)**	**(56,557,626)**	**(76,172,425)**

Comprehensive Income and Expenditure Statement

2014/15 Gross Expenditure £	2014/15 Gross Income £	2014/15 Net Expenditure £		2015/16 Gross Expenditure £	2015/16 Gross Income £	2015/16 Net Expenditure £
			Service Net Expenditure (Note 31)			
2,078,015	(720,502)	1,357,513	Central Services to the Public	2,074,162	(627,145)	**1,447,017**
4,676,732	(805,247)	3,871,485	Culture and Related Services	1,413,336	(2,052,201)	**(638,865)**
8,769,347	(2,057,115)	6,712,232	Environmental Regulatory Services	6,378,175	(2,127,818)	**4,250,357**
3,715,365	(2,190,586)	1,524,779	Planning and Development Services	6,323,351	(2,526,406)	**3,796,945**
1,717,787	(2,820,121)	(1,102,334)	Highways, Roads and Transport Services	2,020,862	(2,836,818)	**(815,956)**
37,343,893	(34,984,392)	2,359,501	Housing Services	38,254,219	(35,354,516)	**2,899,703**
447,327	(361,071)	86,256	Public Health	482,081	(378,279)	**103,802**
2,625,240	(112,636)	2,512,604	Corporate and Democratic Core	2,912,726	(140,893)	**2,771,833**
90,218	0	90,218	Non Distributed Costs	62,477	0	**62,477**
61,463,924	(44,051,670)	17,412,254	**Net Cost of Services**	59,921,389	(46,044,076)	**13,877,313**
		3,903,664	**Other Operating Expenditure (Note 10)**			**3,456,829**
		(2,750,814)	**Financing and Investment Income and Expenditure (Note 11)**			**2,527,920**
		(21,219,448)	**Taxation and Non-Specific Grant Income (Note 12)**			**(20,826,648)**
		(2,654,344)	**(Surplus) / Deficit on Provision of Services**			**(964,586)**
		(1,791,172)	(Surplus)/ Loss arising on revaluation of Property, Plant, Equipment assets (Note 26a)			**(11,702,855)**
		0	(Surplus)/ Loss arising on revaluation of Available-for-Sale Financial Assets (Note 26d)			**94,668**
		6,568,060	Actuarial (gains) / losses on pension fund assets and liabilities (Note 43)			**(11,772,352)**
		4,776,888	**Other Comprehensive Income and Expenditure**			**(23,380,539)**
		2,122,544	**Total Comprehensive Income and Expenditure**			**(24,345,125)**

Balance Sheet

31 March 2015 £		Note	31 March 2016 £
68,658,605	Land and Buildings		**84,212,619**
2,066,313	Vehicles, Plant & Equipment		**1,611,545**
2,860,013	Infrastructure Assets		**2,691,285**
20,277	Community Assets		**20,276**
18,034	Assets Under Construction		**0**
99,047	Surplus Assets		**131**
73,722,289	**Property, Plant & Equipment**	13	**88,535,856**
836,751	Heritage Assets	14	**836,751**
20,981,497	Investment Properties	15	**15,645,981**
301,113	Intangible Assets	16	**225,719**
3,000,000	Long Term Investments	17	**6,905,332**
131,963	Long Term Debtors	18	**39,588**
98,973,613	**Long Term Assets**		**112,189,227**
22,096,551	Short Term Investments	17	**16,154,940**
3,965	Inventories	19	**4,910**
3,994,197	Short Term Debtors	20	**3,687,901**
1,397,568	Cash & Cash Equivalents	21	**11,158,769**
27,492,281	**Current Assets**		**31,006,520**
(5,746,155)	Creditors	23	**(7,200,204)**
(911,928)	Provisions	24	**(2,016,044)**
(147,730)	Finance Lease Payable Less 1 Year	39	**(152,595)**
(114,614)	Borrowing Payable Less 1 Year	17	**(119,371)**
(6,920,427)	**Current Liabilities**		**(9,488,214)**
(4,883,043)	Capital Grants & Contributions Receipts In Advance	36	**(5,891,000)**
(310,196)	Finance Lease Payable Longer 1 Year	39	**(157,601)**
(935,826)	Borrowing Payable Longer 1 Year	17	**(819,488)**
(37,243,977)	Liability related to Defined Benefit Pension Scheme	43	**(26,321,894)**
(43,373,042)	**Long Term Liabilities**		**(33,189,983)**
76,172,425	**Net Assets**		**100,517,550**
(19,614,799)	**Usable Reserves**	25	**(24,369,160)**
(56,557,626)	**Unusable Reserves**	26	**(76,148,390)**
(76,172,425)	**Total Reserves**		**(100,517,550)**

Cash Flow Statement

2014/15 £		Note	2015/16 £
2,654,344	**Net surplus / (deficit) on the provision of services**	CIES	**964,586**
2,399,278	Adjustments to net surplus or deficit on the provision of services for non cash movement	28	**6,957,760**
(3,658,113)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	**6,169,350**
1,395,509	**Net cash flows from Operating Activities**		**14,091,696**
422,595	**Investing Activities**	29	**(5,322,315)**
(351,493)	**Financing Activities**	30	**991,820**
1,466,611	**Net increase / (decrease) in cash and cash equivalents**		**9,761,201**
(69,043)	Cash and cash equivalents at 1 April	21	**1,397,568**
1,397,568	Cash and cash equivalents at 31 March	21	**11,158,769**
1,466,611	Movement in year increase / (decrease)		**9,761,201**

Notes to the Accounts

Notes to the Accounts

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets, and financial instruments.

(b) 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:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Interest payable on borrowing is at a fixed rate over the life of the 15 year loan from Public Works Loan Board (PWLB) and a fixed rate over the life of a 5 year loan from PWLB.
- Where revenue 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 debts may not 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 billing each year rather than being apportioned between financial years, with allowances made to ensure a full years expenditure in any given year;
- 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 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.
- Garden Waste, where annual fee income is accounted for in the year received, although renewal dates vary throughout the year and service is provided for a year from renewal.
- Car Park Penalty Notice income is recorded as income on the date the cash is received.
- Mobile phone payments are charged monthly allowing for 12 payments each year. This covers the period March 2015 to February 2016 rather than April 2015 to March 2016.
- Refunds relating to Sports pitch bookings fee income for the year are accounted for in May of the following year, being the end of the season.
- Council tax and Non Domestic Rate billing and the associated housing benefit and CTRS notifications where although the printing and despatch of bills is carried out within the accounting year, the cost clearly relates to the billing year and is matched thereto.
- Car park income is recorded as income on the date the cash is banked, not the date it is collected by the third party.

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

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. We have applied this approach in our accounting policy since 2012/13, which ensures we are compliant with IAS7.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

(d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

(e) Charges to Revenue for Non- Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision or Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits
Employees of the council are members of the Local Government Pensions Scheme, administered by West Sussex County Council.

The West Sussex Local Government Pension Scheme

The West Sussex Local Government Pension Scheme is accounted for as a defined benefit scheme.

The liabilities of the West Sussex County Council pension scheme attributable to the Authority 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 3.5% (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 Authority are included in the Balance Sheets at their fair value:

- Quoted securities - current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year –allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - Past service costs – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - Net interest on the net defined benefit (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the West Sussex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement (MIRS) this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

(g) Events After the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(h) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable on borrowing are at a fixed rate over the life of a 15 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 Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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 fixed or determinable payments.

Investments are shown in the Balance Sheet at cost. Short Term Investments are deposits made for a fixed period, where repayment would incur the penalty of reduced interest, with maturity up to 364 days. Long Term Investments are those that will mature in one year or more.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For all the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event and payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-Sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the principle that the equity shares with no quoted market prices are valued by the independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred- these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for- Sale Reserve.

Where assets are identified as impaired because fair value falls below cost, the asset is written down and a charge is made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(i) Government Grants and Contributions

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

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

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

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

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

(j) Heritage Assets

Tangible and intangible Heritage Assets (described in this summary as heritage assets)
The Authority's Heritage Assets are held in the Council offices, and on the South Downs at Clayton, West Sussex. These heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Authority's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Authority's heritage assets are accounted for as follows:

- **Historical Buildings**

  The historic building is Jill Windmill. This item is reported in the Balance sheet at replacement cost value. The War Memorial is in Ardingly.

- **Art Collection and Civic Regalia**

  The works of art includes oil paintings and these are reported in the Balance Sheet on the basis of an insurance valuation undertaken 27 April 2012. These are valued on a 5 year basis and the items are valued by an external valuer. The assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

  Acquisitions are made by donation, which are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Heritage Assets – General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets. Eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment (see note 1(q)) in this summary of significant accounting policies. The Authority will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes 1(t) and 1(q))

(k) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, for example software and software licences, are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This has been set as 5 years. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

(l) Inventories and Long Term Contract

Inventories are valued at actual cost. This is a departure from the requirements of the code and IAS 2, which require stocks to be shown at the lower of actual cost or net realisable value, but the impact is not material.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

(m) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) the Capital Receipts Reserve.

(n) Jointly Controlled Operations and Jointly Controlled Assets

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

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

(o) Leases

Leases are classified as finance leases where the terms of the lease in substance transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases
Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between

- A charge for the acquisition of the payments made to the lessor in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).
The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

The Authority as Lessor

Finance Leases
The Authority has not granted any finance leases over a property, or item of plant or equipment.

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(p) 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 Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used - the budgeted 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 Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

(q) Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: expenditure costs of £10,000 or more, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost. Open spaces (community assets) have been included at a nominal value of £1 per item.
- Surplus assets, the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued on a five year rolling programme, to ensure that their carrying amount is not materially different from their fair value at the year-end. The asset valuations, as at 1st April 2015, were carried out by an external RICS qualified chartered surveyor employed by Wilkes Head Eve LLP. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by;

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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: assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less that the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction). Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, and equipment - Computer equipment and new playground equipment is depreciated using the straight- line method over 5 years; for Wheelie Bins and Skate Park Equipment straight line over 10 years and 7 year straight line for the Car Parking Machines.
- Infrastructure – straight line allocation over the life of the asset

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.

Componentisation: The Code required the Authority to adopt new accounting policies in respect of componentisation and de-recognition of components from 1 April 2010, and to apply these policies prospectively from that date. For the Authority, the basis of componentisation of Assets and limits are set out below:

- All assets with values of over £500,000 before depreciation have been deemed to be material and considered for componentisation. i.e. It has been considered whether any part of these assets should have a different useful life or method of depreciation.
- Each asset has been reviewed individually. The assets that are required to be componentised in line with our policy are the Leisure Centres, Civic Halls and 'Oaklands' Council Offices and Woodside Pavilion. These 7 assets have been split into the following four components:
  - Land,
  - Structure/externals with 60 year life,
  - Roof/electrical with 35 year life, and
  - Services (including boilers, heating systems, lifts) with 20 year life.

The leisure centres, halls and pavilion are valued on a Depreciated Replacement Cost (DRC) basis, and the council offices valued on Existing Use Value (EUV) basis. For the Authority, pavilions are valued individually on a DRC basis. In relation to componentisation, they have similar characteristics and have been considered collectively for their impact on depreciation calculations. (total value around £3million). To explain further, apart from Woodside Pavilion, each Pavilion is valued less than £500,000, and therefore falls below the trigger value for componentisation. In addition, examination of individual Pavilions has identified that the land value forms an insignificant part of the asset, and there are no parts of the building of a value significant enough to warrant separate componentisation.

Disposals: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held For Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged in Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow –the capital financing requirement-). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities: A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measure reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets: A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(s) Reserves and Balances

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

(t) Revenue Expenditure Funded from Capital under Statute

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

(u) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

(v) 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.

(w) Borrowing Costs

The Authority charges borrowing costs to the Comprehensive Income and Expenditure Statement in the period to which the borrowing relates. It does not capitalise any borrowing costs against its assets.

(x) Redemption of Debt

There is a legal requirement to make a charge to the Comprehensive Income and Expenditure Statement to contribute towards reducing the overall borrowing. The Authority's policy is to charge this Minimum Revenue Provision (MRP) on an annuity basis over the life of the loans.

(y) Fair Value Measurement

The Authority measures some of its assets and liabilities at fair value at the 31 March 2016. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- Without a principal market, in the most advantageous market for the asset or liability.

The Authority uses external Valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Authority's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices(unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of new or amended standards within the 2016/17 Code as follows:

- Amendment to IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. Changes to the format of the accounts in 2016/17 are required following the "Telling the Story" review of the presentation of the Local Authority financial statements and the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative. The format of the Comprehensive Income and Expenditure Statement will change requiring a new Expenditure and Funding Analysis. This new Expenditure and Funding Analysis will be supported by a streamlined Movement in Reserves Statement and will largely replace the segmental reporting requirements in the Code;
- Amendments to IAS19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual improvements to IFRSs 2010-2012 Cycle and 2012 – 2014 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

  These amendments are minor, and they are not expected to have a material impact on the Statement of Accounts.

There is no impact on the 2015/16 Statement of Accounts as the Code requires implementation from 1 April 2016.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

Leases
The Authority has examined its leases, and classified them as either operational or finance leases. The Authority uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the leases the Authority has estimated the implied interest rate within each lease to calculate the present value of the minimal lease payment.

Joint arrangements
IFRS 12 requires that the accounts disclose the judgements made to assess the type of Joint Arrangement to determine the Authority's correct accounting treatment.

The Authority is currently contracted into a shared arrangement for its ICT and Revenues and Benefits functions, called CenSus Shared Services Partnership. From September 2009, these functions were discharged to the Census Joint Committee, comprising of Members of each of the three participating authorities, each with joint control. CenSus Shared Services Partnership therefore meets the definition of a Joint Arrangement.

IFRS 11 replaced IAS 31 from 1 January 2013 and requires a Joint Arrangement to be classified as either a Joint Venture or a Joint Operation. The CenSus Shared services Partnership Joint Arrangement is not structured through a separate vehicle and therefore meets the definition of a Joint Operation. As such we recognise our proportional share of assets, liabilities, revenues and expenses of the arrangement in our accounts.

Investment Properties
Investment properties have been assessed using the identifiable criteria under the international accounting standards as being held for rental income or for capital appreciation. Properties have been assessed using this criteria, which is subject to interpretation to determine if there is operational service potential.

4 Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment: Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £40,360 if the life of the assets was reduced by one year.

Business Rates: Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in earlier financial years in their proportionate share. Therefore, a provision for the Authority's share of £1,791,555 (2014/15 £708,355) has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2016. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2016.

Pension Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £11,400,000. In addition, a 0.5% increase in the Pension Increase Rate would increase liabilities by £8,000,000. However, the assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension liability had increased by £1,800,000, as a result of estimates being corrected as a result of experience and decreased by £12,700,000 attributable to updating of the assumptions.

Pension Liability (IAS19 disclosures): In terms of the pension liability, the substance of the arrangement with Places for People (from 1 July 2014) who run our leisure services contract, is that the transferred staff are being treated as though they are employees of the Authority and are included as part of IAS19 disclosures.

Arrears: The Authority has provided within its financial statements an impairment of doubtful debts of £3,416,512 (2014/15 £3,088,049) as set out in Note 20. This allowance is considered adequate to cover future bad debts, but is by its nature an estimate. If collection rates were to deteriorate an increase in the amount of the impairment of doubtful debts would be required.

5. Material Items of Income and Expense

For the purposes of this note, the Authority considers materiality as £1,342,000, based on 2% of 2015/16 gross service expenditure. Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of these items would be separately disclosed. For 2015/16 the material items are:

- The impairment loss of £2,018,626 for Basepoint Business Centre, Bridge Road Starter Units following completion of the new build and subsequent revaluation of this property, as detailed in Note 40 Impairment Losses.
- The impairment credit for previous year revaluation in 2015/16 on Triangle Leisure Centre of £1,824,745 as detailed in Note 40 Impairment Losses.
- The receipt of Revenue Support Grant of £1,669,927 and New Homes Bonus of £3,262,709 as detailed in Note 36 Grant Income.
- The £1,558,284 income relating to the new Leisure Contract shown as part of Culture and Related Services on the CIES.

6. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Head of Corporate Resources on 20 September 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Following the referendum vote that backed the withdrawal of the United Kingdom from the European Union, we are carefully monitoring the political and economic outlook. At the time of writing it has had no significant effects upon the Authority's financial position; this will be kept under review.

7. Prior Period Adjustments

There are no prior period adjustments.

8. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance
The General Fund is a statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Account
The Capital Grants Unapplied Accounts (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment for the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and /or the financial year in which this can take place.

2015/16	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(2,229,198)	0	0	2,229,198
Revaluation losses on Property Plant and Equipment	489,316	0	0	(489,316)
Movements in the fair value of Investment Properties	(2,526,067)	0	0	2,526,067
Amortisation of intangible assets	(110,043)	0	0	110,043
Capital grants and contributions applied	857,480	0	0	(857,480)
Revenue expenditure funded from capital under statute	(1,369,467)	0	0	1,369,467
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(183,314)	0	0	183,314
	(5,071,293)	0	0	5,071,293
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	258,950	0	0	(258,950)
Capital expenditure charged against the General Fund	2,367,749	0	0	(2,367,749)
	2,626,699	0	0	(2,626,699)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	203,430	(203,430)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	155,644	0	(155,644)
Contribution from the Capital Grants Unapplied Account to finance the payments to the Government capital receipts pool	(53,571)	53,571	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	(57,151)	0	57,151
	149,859	(51,366)	0	(98,493)

2015/16	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Amount of non-current assets written off on derecognition as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(113,380)**	**0**	**0**	**113,380**
	(113,380)	**0**	**0**	**113,380**
Adjustments primarily involving the Capital Grants Unapplied Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	£	£	£	£
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**769,740**	**0**	**(769,740)**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	**0**	**0**	**247,703**	**(247,703)**
	769,740	**0**	**(522,037)**	**(247,703)**
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	**(3,452,054)**	**0**	**0**	**3,452,054**
Employer's pensions contributions and direct payments to pensioners payable in the year	**2,601,785**	**0**	**0**	**(2,601,785)**
	(850,269)	**0**	**0**	**850,269**
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**4,229**	**0**	**0**	**(4,229)**
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	**(710,878)**	**0**	**0**	**710,878**
	(706,649)	**0**	**0**	**706,649**
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(21,079)**	**0**	**0**	**21,079**
	(21,079)	**0**	**0**	**21,079**
Total Adjustments shown on Movement In Reserves Statement	**(3,216,372)**	**(51,366)**	**(522,037)**	**3,789,775**

2014/15	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Adjustment Account	£	£	£	£
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	**(2,038,895)**	**0**	**0**	**2,038,895**
Revaluation losses on Property Plant and Equipment	**(2,572,085)**	**0**	**0**	**2,572,085**
Movements in the fair value of Investment Properties	**2,217,257**	**0**	**0**	**(2,217,257)**
Amortisation of intangible assets	**(103,870)**	**0**	**0**	**103,870**
Capital grants and contributions applied	**1,917,038**	**0**	**0**	**(1,917,038)**
Revenue expenditure funded from capital under statute	**(1,591,249)**	**0**	**0**	**1,591,249**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**(1,622,726)**	**0**	**0**	**1,622,726**
	(3,794,530)	**0**	**0**	**3,794,530**
Insertions of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	**249,347**	**0**	**0**	**(249,347)**
Capital expenditure charged against the General Fund	**2,323,328**	**0**	**0**	**(2,323,328)**
	2,572,675	**0**	**0**	**(2,572,675)**
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**1,281,044**	**(1,281,044)**	**0**	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	**0**	**325,856**	**0**	**(325,856)**
Contribution from the Capital Grants Unapplied Account to finance the payments to the Government capital receipts pool	**(72,151)**	**72,151**	**0**	**0**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	**0**	**(395)**	**0**	**395**
	1,208,893	**(883,432)**	**0**	**(325,461)**

2014/15	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
Adjustments primarily involving the Capital Grants Unapplied Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	£	£	£	£
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	568,837	0	(568,837)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	876,202	(876,202)
	568,837	0	307,365	(876,202)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement:	(3,188,507)	0	0	3,188,507
Employer's pensions contributions and direct payments to pensioners payable in the year	2,563,223	0	0	(2,563,223)
	(625,284)	0	0	625,284
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	77,648	0	0	(77,648)
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(298,461)	0	0	298,461
	(220,813)	0	0	220,813
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(15,489)	0	0	15,489
	(15,489)	0	0	15,489
Total Adjustments shown on Movement In Reserves Statement	(305,711)	(883,432)	307,365	881,778

9. Transfers To/From Earmarked Specific Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked specific reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16. The net movement in the year is shown on the Movement In Reserves Statement. Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2015/16, to Cabinet on 6 June 2016.

	Balance at 1 April 2014 £	Transfers In 2014/15 £	Transfers Out 2014/15 £	Balance at 31 March 2015 £	Transfers In 2015/16 £	Transfers Out 2015/16 £	Balance at 31 March 2016 £
Specific Reserve							
Performance & Partnerships	(27,787)	(70,000)	27,787	(70,000)	0	0	**(70,000)**
Development Management	(7,131)	(88,000)	0	(95,131)	(8,350)	13,713	**(89,768)**
Planning Policy & Economic Development	(661,187)	(449,002)	543,146	(567,043)	(646,763)	570,392	**(643,414)**
Planning Service Support	0	(25,000)	0	(25,000)	0	0	**(25,000)**
Finance Accountancy	(6,000)	0	3,984	(2,016)	(4,500)	0	**(6,516)**
Finance Corporate	(201,308)	(49,000)	73,360	(176,948)	(271,000)	44,120	**(403,828)**
Human Resources & Payroll	(18,176)	(6,454)	14,202	(10,428)	(7,032)	5,605	**(11,855)**
CenSus ICT	(99,838)	(4,611)	76,441	(28,008)	(825,650)	371,446	**(482,212)**
CenSus Revenues & Benefits	(229,265)	(71,002)	0	(300,267)	(86,869)	18,000	**(369,136)**
Housing	(124,872)	(74,000)	9,678	(189,194)	(12,000)	1,927	**(199,267)**
Leisure, Community Services & Culture	(284,562)	(301,720)	269,357	(316,925)	(723,000)	284,353	**(755,572)**
Facility Management & Streetscene	(231,356)	0	91,189	(140,167)	(50,000)	92,928	**(97,239)**
Cleansing Services	0	(9,618)	0	(9,618)	(30,000)	15,699	**(23,919)**
Property & Asset Management	(207,259)	(268,045)	191,821	(283,483)	(300,000)	175,332	**(408,151)**
Member Support	(117,098)	(168,252)	86,202	(199,148)	(101,645)	179,699	**(121,094)**
Land Charges	(15,229)	(2,000)	0	(17,229)	0	0	**(17,229)**
Corporate Funds	(1,421,917)	(1,188,607)	374,320	(2,236,204)	(919,514)	513,205	**(2,642,513)**
Specific Reserve Total	(3,652,985)	(2,775,311)	1,761,487	(4,666,809)	(3,986,323)	2,286,419	**(6,366,713)**
General Fund Balances	(8,979,180)	(4,398,837)	2,452,606	(10,925,411)	(4,949,059)	2,468,005	**(13,406,465)**
	(12,632,165)	(7,174,148)	4,214,093	(15,592,220)	(8,935,382)	4,754,424	**(19,773,178)**

- 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, amounts provided by developers as commuted sums in lieu of future maintenance, and resources available to meet future running costs for services.

10. Other Operating Expenditure

2014/15 £		2015/16 £
3,312,088	Town and Parish Council precepts	**3,410,080**
12,504	Levies	**13,294**
72,151	Payments to Government Housing Capital Receipts Pool (Note 8)	**53,571**
506,921	Net (gains)/losses on the disposal of non-current assets	**(20,116)**
3,903,664	Total	**3,456,829**

11. Financing and Investment Income and Expenditure

2014/15 £		2015/16 £
69,108	Interest payable and similar charges (Note 17)	**59,446**
1,276,467	Net interest on the net defined benefit liability (asset) (Note 43)	**1,185,910**
(324,237)	Interest receivable and similar income (Note 17)	**(493,988)**
(1,389,656)	Income and expenditure for Investment Properties (Note 15)	**(749,515)**
(2,217,257)	Movement in fair value of Investment Properties (Note 15)	**2,526,067**
(165,239)	(Gain)/Loss on disposal of Investment Properties	**0**
(2,750,814)	Total	**2,527,920**

12. Taxation and Non-Specific Grant Income and Expenditure

2014/15 £		2015/16 £
(11,868,138)	Council tax income (Collection Fund Note 7)	**(12,041,372)**
(1,530,999)	Business rates income and expenditure (Collection Fund Note 7)	**(1,214,691)**
(6,408,540)	Non-ringfenced government grants (Note 36)	**(6,752,769)**
(1,411,771)	Capital grants and contributions (Note 36)	**(817,816)**
(21,219,448)	Total	**(20,826,648)**

13. Property, Plant and Equipment

Non-current assets are included in the balance sheet at their current value, determined as the amount that would be paid for the asset in its existing use (existing use value-EUV), except for infrastructure and community assets which are included at historical cost or £1 value. The current value measurement base for surplus assets is fair value, estimated at highest and best use from a market participant's perspective.

Depreciation

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

- Buildings: straight line allocation over the useful life of the property as estimated by the valuer
  Component Parts of the Leisure Centres, Council Offices and Woodside Pavilion are
  Structure-Externals 60 years life, Roof-Electrical 35 years life, Services 20 years life
- Vehicles, Plant and Equipment: straight line
  Computer equipment 5 year life, Playground equipment 5 year life, Wheelie Bins 10 year life, Car Parking Machines 7 year life, Mobile Seating Unit 10 year life
- Infrastructure: straight line over the life of the asset

2015/16	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	**Total**	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Cost or valuation								
At 1 April 2015	70,291,263	6,086,059	4,093,079	20,277	18,034	99,047	**80,607,759**	1,817,402
Additions	903,478	167,883	0	0	1,148,000	0	**2,219,361**	0
Revaluation increase/(decrease) recognised in the Revaluation Reserve	10,591,800	0	0	2	0	0	**10,591,802**	0
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	2,507,942	0	0	0	(2,018,626)	0	**489,316**	0
Derecognition - disposals	(176,512)	(50,201)	0	(3)	(18,034)	0	**(244,750)**	0
Other movements in cost or valuation	2,029,527	0	8,211	0	870,626	(98,916)	**2,809,448**	0
At 31 March 2016	86,147,498	6,203,741	4,101,290	20,276	0	131	**96,472,936**	1,817,402
Accumulated Depreciation and Impairment								
At 1 April 2015	(1,632,658)	(4,019,746)	(1,233,066)	0	0	0	**(6,885,470)**	(1,359,476)
Depreciation Charge	(1,429,608)	(622,651)	(176,939)	0	0	0	**(2,229,198)**	(147,730)
Depreciation written out to the Revaluation Reserve	1,111,053	0	0	0	0	0	**1,111,053**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	**0**	0
Derecognition - disposals	16,334	50,201	0	0	0	0	**66,535**	0
At 31 March 2016	(1,934,879)	(4,592,196)	(1,410,005)	0	0	0	**(7,937,080)**	(1,507,206)
Net Book Value At 31 March 2016	**84,212,619**	**1,611,545**	**2,691,285**	**20,276**	**0**	**131**	**88,535,856**	**310,196**
Net Book Value At 31 March 2015	**68,658,605**	**2,066,313**	**2,860,013**	**20,277**	**18,034**	**99,047**	**73,722,289**	**457,926**

2014/15	Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total	Finance Leased Assets included in Vehicles, Plant & Equipment
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2014	67,207,536	6,235,773	4,093,079	20,279	2,321,843	99,047	**79,977,557**	1,817,402
Additions	328,490	379,038	0	0	2,390,222	0	**3,097,750**	0
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,730,672	0	0	0	0	0	**1,730,672**	0
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	(2,572,085)	0	0	0	0	0	**(2,572,085)**	0
Derecognition - disposals	(648,579)	(528,752)	0	0	0	0	**(1,177,331)**	0
Other movements in cost or valuation	4,245,229	0	0	(2)	(4,694,031)	0	**(448,804)**	0
At 31 March 2015	70,291,263	6,086,059	4,093,079	20,277	18,034	99,047	**80,607,759**	1,817,402
Accumulated Depreciation and Impairment								
At 1 April 2014	(500,446)	(3,905,107)	(1,056,127)	0	0	0	**(5,461,680)**	(1,216,456)
Depreciation Charge	(1,218,565)	(643,391)	(176,939)	0	0	0	**(2,038,895)**	(143,020)
Depreciation written out to the Revaluation Reserve	60,500	0	0	0	0	0	**60,500**	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	**0**	0
Derecognition - disposals	25,853	528,752	0	0	0	0	**554,605**	0
At 31 March 2015	(1,632,658)	(4,019,746)	(1,233,066)	0	0	0	**(6,885,470)**	(1,359,476)
Net Book Value At 31 March 2015	**68,658,605**	**2,066,313**	**2,860,013**	**20,277**	**18,034**	**99,047**	**73,722,289**	**457,926**
Net Book Value At 31 March 2014	**66,707,090**	**2,330,666**	**3,036,952**	**20,279**	**2,321,843**	**99,047**	**74,515,877**	**600,946**

Capital Commitments
At 31 March 2016, the Authority has authorised expenditure for the construction or enhancement of Property, Plant and Equipment which in 2016/17 - 2019/20 is budgeted to cost £3,219,000. Similar commitments at 31 March 2015 were £4,841,000. The commitments are as follows:

Scheme	2016/17 £	2017/18 £	2018/19 £	2019/20 £	Total £
Finches Field Community Building Pavilion & Car Park	511,000	0	0	0	511,000
Expansion of Green Waste Service	40,000	40,000	0	0	80,000
Leisure Parks, Open spaces & Playgrounds	92,000	0	0	0	92,000
Major Capital Renewals	1,044,000	561,000	430,000	229,000	2,264,000
Other Schemes including ICT	197,000	25,000	25,000	25,000	272,000
Total	1,884,000	626,000	455,000	254,000	3,219,000

At 31 March 2016 the Authority's outstanding contractual commitments for the construction or enhancement of Property, Plant and Equipment totalled £582,000. This includes a major commitment of £511,000 for the Finches Field Community Pavilion & Car Park.

Effects of Changes in Estimates
In 2015/16, the Authority made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations
Since 1 April 2012, the Authority has changed from undertaking a full annual revaluation to a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value or fair value is re-valued at least every five years, as detailed in the Narrative Report. The valuations of land and buildings are carried out externally by the Chartered Surveyors at Wilkes Head & Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The sources of information and assumptions made in producing the various valuations for 1 April 2015 are set out in a valuation certificate and report. The increase in valuation of the 3 leisure centres has meant a previous year's reduction in value has been reversed out in the CIES (refer Note 40). In addition the downwards revaluation of the Basepoint Starter Units has been shown in the Asset Under Construction heading and transferred to Land and Buildings upon completion.
Operational assets are defined as being held, occupied and used by the Authority 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 1(q) Property, Plant and Equipment and Note 1(y) Fair Value Measurement.

Under a review of IFRS13 Fair Value, several assets have been transferred to Property, Plant and Equipment from Investment Property and valued to show their service potential.

An impairment review was conducted for 31 March 2016, by a RICS qualified chartered surveyor at Wilkes Head & Eve LLP, with no further adjustments needed to the asset values.

	Land and Buildings £	Vehicles, Plant, Equipment £	Infrastructure £	Community Assets £	Assets Under Construction £	Surplus Assets £	Total £
Valued at historical cost	0	**1,611,545**	**2,691,285**	**20,276**	**0**	**0**	**4,323,106**
Valued at fair value in:							
2015/16	**62,425,297**	**0**	**0**	**0**	**0**	**0**	**62,425,297**
2014/15	2,160,491	0	0	0	0	0	2,160,491
2013/14	4,288,320	0	0	0	0	131	4,288,451
2012/13	14,404,417	0	0	0	0	0	14,404,417
2011/12	934,094	0	0	0	0	0	934,094
	84,212,619	1,611,545	2,691,285	20,276	0	131	88,535,856

14. Heritage Assets

Reconciliation of the carrying Value of Heritage Assets Held by the Authority

	Historic Buildings £	Art Collection and furniture £	Civic Regalia £	**Total Assets £**
Cost or valuation				
At 1 April 2014	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2015	700,101	131,050	5,600	**836,751**
Cost or valuation				
At 1 April 2015	700,101	131,050	5,600	**836,751**
Additions	0	0	0	**0**
Disposals	0	0	0	**0**
Revaluations	0	0	0	**0**
Impairment Losses / (reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment Losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	**0**
At 31 March 2016	700,101	131,050	5,600	**836,751**

Historic Buildings
The Authority's historic building is Jill Windmill. Jill Windmill was first built in 1821 on another site on the South Downs and was moved to its present position at Clayton in 1852. It is currently a fully working, functioning windmill grinding corn. The volunteers from the Jack and Jill Windmills Society, a registered charity, www.jillwindmill.org.uk, meet on a regular basis and have carried out the vast majority of the restoration work of the timber construction, and the ongoing maintenance of Jill Windmill. The main renovation took place in 1989 after the structure suffered considerable damage in the storms of 1987.
The windmill is reported in the Balance at replacement cost value. This specialised valuation was updated on 23 January 2012 for the restated balances by an internal valuer, FRICS.

Art Collection and Furniture
The Authority's external valuer for its art work (Gorringes, Lewes) carried out a full valuation of the collection of 13 paintings as at 27 April 2012. The valuations were based on commercial markets including recent transaction information from auctions where similar types of paintings are regularly being purchased. The paintings have been dated from as early as 1831 and are a mixture of portraits, still life and views of the River Thames. In addition there is a map of Sussex dated 1795.
The Authority's collection of Heritage Assets also includes an Edwardian writing desk, which is housed in the Chairman's office at the Council Offices at Oaklands.

Civic Regalia
The Authority's external valuer for its art work (Gorringes, Lewes) carried out a full valuation of the Authority's civic regalia as at 27 April 2012. The items are the Chairman's Chain of Office, the Vice-Chairman's silver gilt chain, and a silver gilt and enamel elliptical badge.

Additions / Disposals of Heritage Assets
The Authority has not purchased or sold any Heritage assets in 2015/16.

15. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The main income received is ground rent for shopping centres and industrial estates.

	2015/16	2014/15
	£	£
Rental income from investment property	**(1,159,543)**	(1,782,068)
Direct operating expenses arising from investment property	**410,028**	392,412
Net (gain) / loss	**(749,515)**	(1,389,656)

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

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

	2015/16	2014/15
	£	£
Balance at 1 April	**20,981,497**	18,710,813
Additions:		
Purchases	**0**	0
Subsequent expenditure	**0**	604,623
Disposals	**0**	(1,000,000)
Net gains/(losses) from fair value adjustments	**(2,526,067)**	2,217,257
Transfers:		
to/from Property, Plant and Equipment	**(2,809,449)**	448,804
Balance at 31 March	**15,645,981**	20,981,497

Revaluations

All the Authority's Investment Properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes, (Accounting Policies Note 1(y) contains an explanation of the fair value levels) as detailed in the Narrative Report. The fair value of investment property has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The annual valuations are carried out by an external RICS qualified chartered surveyor from Wilkes Head Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The sources of information and assumptions made in producing the valuations for 1 April 2015 are set out in a valuation report. In estimating the fair value of the Authority's investment properties, the highest and best use is their current use. There has been no change in the valuation techniques used during the year for investment properties. The Authority's two shopping centres, The Orchards, Haywards Heath and Martlets, Burgess Hill have been revalued downwards.

Under a review of IFRS13 Fair Value, several assets have been transferred to Property, Plant and Equipment, including the Asset Under Construction of £1,053,427 for the Basepoint, Bridge Road Starter Units in Haywards Heath.

An impairment review was conducted for 31 March 2016, by Wilkes Head Eve LLP, with no further adjustments needed to the asset values.

There were no disposals recorded for 2015/16. The disposals recorded for 2014/15 were for Beacon Heights, £860,000 and Sadlers Yard, £140,000.

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a 5 year useful life. The carrying amount of intangible assets are amortised on a straight line basis. The amortisation of £110,043 charged to revenue in 2015/16 (£103,870 in 2014/15) was charged to the appropriate service headings in the Net Cost of Services.

The movement on Intangible Asset balances during the year is as follows:

Balance at 1 April	2015/16 £	2014/15 £
Gross carrying amounts	**853,500**	800,892
Accumulated amortisation	**(552,387)**	(544,711)
Net carrying amount at 1 April	**301,113**	256,181
Additions:		
Purchases	**39,748**	148,802
Disposals	**(5,099)**	0
Amortisation for the year	**(110,043)**	(103,870)
Net carrying amount at end of year	**225,719**	301,113
Comprising:		
Gross carrying amounts	**847,506**	853,500
Accumulated amortisation	**(621,787)**	(552,387)
Balance at 31 March	**225,719**	301,113

17. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet

	Long Term		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Investments	£	£	£	£
Loans and receivables	**3,000,000**	3,000,000	**16,154,940**	22,096,551
Available-for-Sale Financial Assets	**3,905,332**	0	**0**	0
Total Investments	**6,905,332**	3,000,000	**16,154,940**	22,096,551
Debtors				
Loans and receivables	**39,588**	131,963	**1,391,528**	975,782
Cash and Cash Equivalents	**0**	0	**11,158,769**	1,397,568
Total Debtors	**39,588**	131,963	**12,550,297**	2,373,350
Borrowings				
Financial Liabilties at amortised cost	**(819,488)**	(935,826)	**(119,371)**	(114,614)
Total Borrowings	**(819,488)**	(935,826)	**(119,371)**	(114,614)
Other Long Term Liabilities				
Finance lease liabilities	**(157,601)**	(310,196)		
Total Other Long Term Liabilities	**(157,601)**	(310,196)		
Creditors				
Cash (Overdraft)	**0**	0	**0**	0
Financial Liabilties	**0**	0	**(1,717,740)**	(1,730,363)
Total Creditors	**0**	0	**(1,717,740)**	(1,730,363)

Borrowings

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.

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

	Financial Liabilities measured at Amortised Cost 2015/16 £	Financial Assets: Loans and receivables 2015/16 £	Financial Assets: Available-for-Sale 2015/16 £	Total 2015/16 £
Interest expense (Note 11)	**59,446**	**0**	**0**	**59,446**
Total expense in Surplus or Deficit on the Provision of Services	**59,446**	**0**	**0**	**59,446**
Interest income, dividend income (Note 11)	**0**	**(366,911)**	**(127,077)**	**(493,988)**
Total income in Surplus or Deficit on the Provision of Services	**0**	**(366,911)**	**(127,077)**	**(493,988)**
Gains on revaluation	**0**	**0**	**0**	**0**
Losses on revaluation	**0**	**0**	**94,668**	**94,668**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**94,668**	**94,668**
Net (gain)/loss for the year	**59,446**	**(366,911)**	**(32,409)**	**(339,874)**

	Financial Liabilities measured at Amortised Cost 2014/15 £	Financial Assets: Loans and receivables 2014/15 £	Financial Assets: Available-for-Sale 2014/15 £	Total 2014/15 £
Interest expense (Note 11)	69,108	0	0	69,108
Total expense in Surplus or Deficit on the Provision of Services	69,108	0	0	69,108
Interest income (Note 11)	0	(324,237)	0	(324,237)
Total income in Surplus or Deficit on the Provision of Services	0	(324,237)	0	(324,237)
Net (gain)/loss for the year	69,108	(324,237)	0	(255,129)
Gains on revaluation	0	0	0	0
Losses on revaluation	0	0	0	0
Surplus/deficit arisng on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0
Net (gain)/loss for the year	**69,108**	**(324,237)**	**0**	**(255,129)**

Fair Value of assets and liabilities
Financial assets and liabilities represented by loans and receivables, available for sale financial assets and long-term debtors and creditors 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 an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

The fair values are calculated as follows:

	Amortised Cost 31 March 2016	Fair Value 31 March 2016	Amortised Cost 31 March 2015	Fair Value 31 March 2015
Financial Liabilities	£	£	£	£
PWLB debt	**(939,441)**	**(1,047,643)**	(1,051,092)	(1,174,592)
Other liabilities	**(2,027,936)**	**(2,027,936)**	(2,188,289)	(2,188,289)
Financial Assets				
Money market investments greater than 1 year	**3,000,000**	**3,107,729**	3,000,000	3,101,993
Available-for-sale financial assets- CCLA Property Fund	**3,905,332**	**3,905,332**	0	0
Money market investments less than 1 year	**16,154,940**	**16,116,016**	22,096,551	22,124,105
Cash Equivalents less than 1 month	**10,300,000**	**10,364,221**	0	0
Other assets	**2,289,885**	**2,289,885**	2,505,313	2,505,313

Available-for-Sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The valuation technique to measure the money market investments and the CCLA Property Fund is in the category, Level 1, as explained in the Accounting Policy Note 1 (y). There has been no change in the valuation technique used during the year for the financial instruments.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. 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.

Nature and Extent of Risks Arising From Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Adur-Worthing shared service, under policies approved by the Council in the Treasury Management Strategy Statement and Annual Investment Strategy 2015/16 to 2017/18. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Standard & Poor and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

For the Authority, the credit criteria in respect of financial assets held by the Authority are detailed below, and are set out in more detail in the Treasury Management Strategy Statement and Annual Investment Strategy 2015/16 to 2017/18. In particular, the maximum amounts to be lent to approved investment institutions are:

- Banks - £4,000,000 (up to £5,000,000 for group) for a maximum of 5 years;
- Buildings Societies - £4,000,000 for the Nationwide, Yorkshire and Coventry Building Societies and £3,000,000 for the others on the approved list. for a maximum of 3 years;
- Money Market Funds (MMF) - £3,000,000 (for any one MMF) for short term operational cash flow purposes. Total investments in MMFs shall not exceed £9,000,000 or 25% of the total investment portfolio, whichever is the higher, for more than one week at any one time;
- Local Authorities - £3,000,000 for a maximum of 5 years.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its total investments of £21,000,000 in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The use of historic default rates available for the institutions with which investments were held at the balance sheet date provide a proxy measure of potential future risk, and on this basis would indicate an overall risk to the portfolio of 0.029%, equating in value to approximately £8,000.

However, recent experience has shown that it is rare for investment counterparties with which the Council holds investments to be unable to meet their commitments. Furthermore, almost 90% of the overall portfolio was invested at the balance sheet date for periods of less than 12 months, for which the historic default rate is reduced. Although the potential risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31 March 2016 that this was likely to crystallise.

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

	Amount at 31 March 2016	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2016	Estimated maximum exposure to default and uncollectability at 31 March 2016	Estimated maximum exposure at 31 March 2015
	£	%	%	£	£
Customers	**1,019,355**	**2**	**2**	**24,964**	**8,464**
Total	**1,019,355**	**2**	**2**	**24,964**	**8,464**

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Authority does not generally allow credit for customers, such that £1,019,355 is past its due date for payment (£171,891 at 31 March 2015). The £1,019,355 past due but not impaired amount can be analysed by age as follows:

	31 March 2016	31 March 2015
	£	£
Less than three months	**818,504**	45,450
Three to six months	**94,016**	9,091
Six months to one year	**25,637**	39,893
Greater than one year	**81,198**	77,457
Total	**1,019,355**	171,891

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The Authority manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy Statement and Annual Investment Strategy report), as well as through cash flow management procedures required by the Code of Practice. If unexpected movements happen, the Authority has ready access to borrowings 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 Authority 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. Reserves form a key part of risk management and help ensure liquidity, as they are cash backed. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is as follows:

	31 March 2016 £	31 March 2015 £
Less than one year	**271,966**	262,344
Between one and two years	**279,294**	268,933
Between two and five years	**399,719**	539,736
Between five and ten years	**298,076**	437,353
Total	**1,249,055**	1,508,366

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

Market risk

a) Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Service will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus of Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasury Management Team has an active strategy for assessing rate exposure that feeds into the setting of the annual budget. The Treasury Management Strategy Statement and Annual Investment Strategy 2015/16 to 2017/18 draw together the Authority'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. This is monitored throughout the year and changes from the budgeted position are reported in the regular Budget Management reports throughout the year. In addition, a review of Treasury Management Activity is reported to Audit Committee on a six monthly basis allowing adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher with all other variable held constant, the financial effect would be:

	£
Increase in Interest payable on variable borrowings	**0**
Increase in Interest receivable on variable investments	**56,593**
Increase in Surplus or defict on the Provision of Services	**56,593**
Decrease in fair value of fixed rate investment assets	**158,851**
Impact on Other Comprehensive Income and Expenditure	**158,851**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**36,584**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

b) Price Risk

The Authority does not invest in equity shares and does not have shareholdings in joint ventures or local industry. Therefore, the Authority has no exposure to losses arising from movements in the prices of shares.

c) Foreign Exchange risk

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

18. Long Term Debtors

	1 April 2014 £	Advances in year £	Repayments £	31 March 2015 £	Advances in year £	Repayments £	31 March 2016 £
Mortgages	115,534	0	(395)	115,139	0	(97,471) *	**17,668**
Personal Loan Scheme	9,875	18,150	(11,201)	16,824	13,289	(8,193)	**21,920**
	125,409	18,150	(11,596)	131,963	13,289	(105,664)	**39,588**

* Includes a loan adjustment to the Deferred Capital Receipts Reserve, refer to Note 26 Unusable Reserves.

19. Inventories

	31 March 2016 £	31 March 2015 £
ICT - Computer Consumables	**3,857**	2,941
ICT - Telephones	**1,053**	1,024
	4,910	3,965

20. Debtors

	31 March 2016	31 March 2016	31 March 2015	31 March 2015
Amounts falling due within one year	£	£	£	£
Central Government Departments		**474,611**		1,161,471
Other Local Authorities		**284,987**		343,997
Other Entities and Individuals	**6,344,815**		5,576,778	
less Allowance for general Bad Debts	**(2,254,746)**		(1,996,886)	
less Allowance for Collection Fund Bad Debts	**(1,161,766)**		(1,091,163)	
Net Debtors for Other Entities and Individuals		**2,928,303**		2,488,729
Total		**3,687,901**		3,994,197

21. Cash and Cash Equivalents

The balance of Cash, Cash on hand and demand deposits, and Cash equivalents, short-term , highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, is made up of the following elements:

	31 March 2016 £	31 March 2015 £
Cash held by the Authority	**310**	310
Bank current accounts	**858,459**	1,397,258
Cash Equivalents	**10,300,000**	0
	11,158,769	1,397,568

22. Assets Held for Sale

The Authority has no assets held for sale at 31 March 2016 or for 31 March 2015.

23. Creditors

	31 March 2016 £	31 March 2015 £
Government Departments	**(1,752,609)**	(1,260,927)
Other Local Authorities	**(2,503,807)**	(2,135,695)
Other entities and individuals	**(2,943,788)**	(2,349,533)
	(7,200,204)	(5,746,155)

24. Provisions

The provisions held at 31 March 2016 are as follows:

- £174,735 for Employee Benefits Accrual. Employees build up an entitlement to be paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Authority is required to accrue for any annual leave earned but not taken at 31 March each year.
- £10,254 is in relation to MMI, further details are set out in the Narrative Report.
- £39,500 Termination Benefits Provision. Further details are set out in Note 34.
- £1,791,555 NNDR Appeals Outstanding Provision, MSDC share, further detail is in the Collection Fund Section 4.

	1 April 2014 £	Movement in Year £	31 March 2015 £	Movement in Year £	31 March 2016 £
Employee Benefits Provision	(138,167)	(15,489)	(153,656)	(21,079)	**(174,735)**
MMI Provision	(11,621)	0	(11,621)	1,367	**(10,254)**
Land Charges Legal Claims Provision	(178,072)	178,072	0	0	**0**
Termination Benefits Provision	(160,281)	121,985	(38,296)	(1,204)	**(39,500)**
Business Rates Appeals Provision	(553,916)	(154,439)	(708,355)	(1,083,200)	**(1,791,555)**
	(1,042,057)	130,129	(911,928)	(1,104,116)	**(2,016,044)**

25. Usable Reserves

All movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8. Also, full details of the movements in Earmarked Specific Reserve and General Fund Balances are shown in Note 9.

26. Unusable Reserves

1 April 2015 £	Unusable Reserves	Purpose of Reserve	31 March 2016 £	see below
(31,033,067)	**Revaluation Reserve**	Represents gains on revaluation of Land & Building Assets since 1 April 2007	**(41,983,337)**	(a)
(63,123,560)	**Capital Adjustment Account**	Represents timing differences between consumption of non current assets and financing of capital expenditure	**(61,834,898)**	(b)
(188,199)	**Deferred Capital Receipts Reserve**	Amounts of capital income still to be received	**(17,668)**	(c)
0	**Available-for-Sale Financial Instruments Reserve**	Amounts of gains/losses from the increase/decrease in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments.	**94,668**	(d)
37,243,977	**Pensions Reserve**	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	**26,321,894**	(e)
389,567	**Collection Fund Adjustment Account**	Balance due to or from the Authority for Deficit / (Surplus)	**1,096,216**	(f)
153,656	**Accumulated Absences Account**	Balancing account to allow inclusion of Provision for Employee Benefits Accrual	**174,735**	(g)
(56,557,626)	**Total Unusable Reserves**		**(76,148,390)**	

(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, Intangible Assets and Heritage Assets. The balance is reduced when assets with accumulated gains are:

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

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

2014/15 £	2014/15 £		2015/16 £	2015/16 £
	(29,881,483)	**Balance at 1 April**		**(31,033,067)**
(1,830,947)		Upward revaluation of assets	**(11,791,583)**	
39,775		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**88,728**	
	(1,791,172)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**(11,702,855)**
441,791		Difference between fair value depreciation and historical cost depreciation	**658,202**	
197,797		Accumulated gains on assets sold or scrapped	**94,383**	
	639,588	Amount written off to the Capital Adjustment Account		**752,585**
	(31,033,067)	**Balance at 31 March**		**(41,983,337)**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

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

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £	2014/15 £		2015/16 £	2015/16 £
	(62,503,769)	**Balance at 1 April**		**(63,123,560)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
2,038,895		Charges for depreciation and impairment of non-current assets	**2,229,198**	
2,572,085		Revaluation losses/(gains) on Property, Plant and Equipment	**(489,316)**	
103,870		Amortisation of intangible assets	**110,043**	
1,591,249		Revenue expenditure funded from capital under statute	**1,369,467**	
1,622,726		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**183,314**	
	7,928,825			**3,402,706**
	(639,588)	Adjusting amounts written out of the Revaluation Reserve		**(752,585)**
	7,289,237	Net written out amount of the cost of non-current assets consumed in the year		**2,650,121**
		Capital financing applied in the year:		
(325,856)		Use of the Capital Receipts Reserve to finance new capital expenditure	**(155,644)**	
(2,323,328)		Capital expenditure charged against the General Fund balances	**(2,367,749)**	
(1,917,038)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**(857,480)**	
(876,202)		Application of grants to capital financing from the Capital Grants Unapplied Account	**(247,703)**	
(249,347)		Statutory provision for the financing of capital investment charged against the General Fund balance	**(258,950)**	
	(5,691,771)			**(3,887,526)**
	(2,217,257)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		**2,526,067**
	(63,123,560)	**Balance at 31 March**		**(61,834,898)**

(c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans. An adjustment from Long Term Debtors, Note 18 has been made of £97,459 for the clearance of a miscellaneous loan and other adjustments to the Capital Receipts Reserve.

Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2014/15 £		2015/16 £
(188,594)	**Balance at 1 April**	**(188,199)**
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	**113,380**
395	Transfer to Capital Receipts Reserve upon receipt of cash	**57,151**
(188,199)	**Balance at 31 March**	**(17,668)**

(d) Available-for-Sale Financial Instruments Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2014/15 £	2014/15 £		2015/16 £	2015/16 £
	0	**Balance at 1 April**		**0**
0		Upward revaluation of assets	**0**	
0		Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	**94,668**	
	0			**94,668**
	0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		**0**
	0	**Balance at 31 March**		**94,668**

(e) Pensions Reserve

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

2014/15 £		2015/16 £
30,050,633	**Balance at 1 April**	**37,243,977**
6,568,060	Actuarial gains or losses on pensions assets and liabilities	**(11,772,352)**
3,188,507	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**3,452,054**
(2,563,223)	Employer's pensions contributions and direct payments to pensiors payable in the year	**(2,601,785)**
37,243,977	**Balance at 31 March**	**26,321,894**

(f) Collection Fund Adjustment Account

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

2014/15 £		2015/16 £
168,754	**Balance at 1 April**	**389,567**
(77,648)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	**(4,229)**
298,461	Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	**710,878**
389,567	**Balance at 31 March**	**1,096,216**

(g) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £	2014/15 £		2015/16 £	2015/16 £
	138,167	**Balance at 1 April**		**153,656**
(138,167)		Settlement or cancellation of accrual made at the end of the preceding year	**(153,656)**	
153,656		Amounts accrued at the end of the current year	**174,735**	
	15,489	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**21,079**
	153,656	**Balance at 31 March**		**174,735**

27. Trust Funds

The Authority 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 Authority's Assets.

Total Assets Less Current Liabilities 31 March 16 £	Trust Fund	2015/16 Gross Expenditure £	2015/16 Gross Income £	2015/16 Net Expenditure £	2014/15 Net Expenditure £
1,684,733	Beech Hurst Gardens	83,476	(105,874)	**(22,398)**	34,337
395,872	St.Johns Park	56,657	(48,667)	**7,990**	8,128
62,501	Fairfield Road Recreation Ground	10,970	(10,952)	**18**	(34)
168,037	Richard Worsley Recreation Ground	37,672	(29,239)	**8,433**	6,372
2	Lucastes Avenue Open Space	351	(351)	**0**	0
1	West Common Open Space	821	(821)	**0**	0
144,190	Ashurst Wood Recreation Ground	23,131	(20,768)	**2,363**	1,561
1	Brooklands Park	3,834	(3,834)	**0**	0
165,317	John Pears Recreation Ground	17,030	(16,447)	**583**	0
2,620,654		233,942	(236,953)	**(3,011)**	50,364

28. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2014/15 £		2015/16 £
(385,546)	Interest received	**(308,522)**
69,770	Interest paid	**60,109**
0	Dividends received	**(78,120)**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2014/15 £		2015/16 £
(2,038,895)	Depreciation	**(2,229,198)**
(2,572,085)	Impairment and downward valuations	**489,316**
(103,870)	Amortisation of Intangible Assets	**(110,043)**
(328,314)	Increase / (decrease) in impairment for bad debts	**(328,463)**
662	Increase / (decrease) in interest creditors	**663**
1,193,252	Increase / (decrease) in creditors	**(202,866)**
(61,309)	Increase / (decrease) in interest debtors	**58,389**
1,412,571	Increase / (decrease) in debtors	**27,263**
(667)	Increase / (decrease) in inventories	**945**
(625,284)	Movement in pension liability	**(850,269)**
130,130	Contributions (to)/from Provisions	**(1,104,116)**
(1,622,726)	Carrying amount of non-current assets sold or de-recognised	**(183,314)**
2,217,257	Movement in Investment Property values	**(2,526,067)**
(2,399,278)		**(6,957,760)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing or financing activities:

2014/15 £		2015/16 £
2,377,069	Capital grants credited to the surplus or deficit on the provision of services	**1,627,220**
0	Net adjustment from the sale of short and long term investments	**(8,000,000)**
1,281,044	Proceeds from the sale of non-current assets	**203,430**
3,658,113		**(6,169,350)**

29. Cash Flow Statement – Investing Activities

2014/15 £		2015/16 £
4,015,773	Puchase of property, plant and equipment, investment property and intangible assets	**2,258,393**
20,000,000	Purchase of short-term and long-term investments	**29,000,000**
(1,281,439)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(373,961)**
(21,000,000)	Proceeds from short-term and long-term investments	**(23,000,000)**
(2,156,929)	Capital grants and S106 contributions received	**(2,562,117)**
(422,595)	**Net Cashflows from investing activities**	**5,322,315**

30. Cash Flow Statement – Financing Activities

2014/15 £		2015/16 £
0	Cash receipts of short term and long term borrowing	**0**
0	Other receipts from financing activities	**0**
143,020	Cash payments for the reduction of the outstanding liabilities relating to finance leases	**147,730**
127,865	Repayments of short term and long term borrowing	**111,220**
80,608	Other payments for financing activities	**(1,250,770)**
351,493	**Net cash flows from financing activities**	**(991,820)**

31. Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice 2015/16. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across business units. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions)rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to business units.

Further analysis is detailed in the Narrative Report by the Head of Corporate Resources which shows the net expenditure breakdown for the year across each Head of Service area compared to the Corporate Plan and Budget Report 2015/16.

Business Unit Income & Expenditure 2015/16	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance & Partnerships	(535,537)	0	(535,537)	337,068	385,929	213,276	936,273	400,736
Development Management	(1,338,676)	0	(1,338,676)	864,208	296,439	391,586	1,552,233	213,557
Planning Policy	(474,486)	0	(474,486)	395,523	520,784	222,187	1,138,494	664,008
Finance Accountancy	0	0	0	445,287	96,393	(577,842)	(36,162)	(36,162)
Finance Corporate	(6,403)	0	(6,403)	1,259,832	235,031	(24,230)	1,470,633	1,464,230
CenSus ICT	0	0	0	26,012	1,325,735	(1,033,797)	317,950	317,950
CenSus Revenues & Benefits	(2,736,373)	(61,301)	(2,797,674)	2,885,293	874,256	879,716	4,639,265	1,841,591
Housing	(175,540)	0	(175,540)	374,863	520,857	205,599	1,101,319	925,779
Environmental Health	(302,010)	0	(302,010)	785,588	111,482	299,927	1,196,997	894,987
Building Control	(470,314)	0	(470,314)	459,755	68,547	150,176	678,478	208,164
Land Charges	(182,210)	0	(182,210)	133,420	(12,913)	148,847	269,354	87,144
Legal Services	(122,394)	0	(122,394)	310,953	29,635	(231,300)	109,288	(13,106)
Cleansing Services	(1,699,299)	0	(1,699,299)	250,424	3,887,206	187,671	4,325,301	2,626,002
Leisure, Community Services & Culture	(1,558,284)	(1,500)	(1,559,784)	297,794	527,988	182,216	1,007,998	(551,786)
Facility Mgment & Streetscene	(492,211)	0	(492,211)	433,274	1,715,320	353,269	2,501,863	2,009,652
Parking Services	(2,513,443)	0	(2,513,443)	484,720	541,112	171,378	1,197,210	(1,316,233)
Customer Services & Comms	(7,141)	0	(7,141)	529,537	143,968	(444,592)	228,913	221,772
Human Resources & Payroll	(3,511)	0	(3,511)	328,805	79,819	(405,405)	3,219	(292)
Strategic Core	0	0	0	1,009,200	87,000	(128,245)	967,955	967,955
Member Support	(2,109)	(59,190)	(61,299)	306,591	619,194	59,685	985,470	924,171
Planning Services Support	0	0	0	(1,123)	613	0	(510)	(510)
Property & Asset Management	(1,457,220)	0	(1,457,220)	379,135	921,653	(620,122)	680,666	(776,554)
Benefits	(2,130,965)	(32,596,984)	(34,727,949)	0	34,753,039	0	34,753,039	25,090
Total	(16,208,126)	(32,718,975)	(48,927,101)	12,296,159	47,729,087	0	60,025,246	11,098,145

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the CIES	2015/16 £	2015/16 £
Net expenditure in the business unit analysis		11,098,145
Investment Property within reporting segment but excluded from Net Cost of Service		749,515
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	107,841	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	1,921,812	2,029,653
Cost of Services in Comprehensive Income and Expenditure Statement		13,877,313

Reconciliation to Subjective Analysis

2015/16	Business Unit Analysis	Amounts not reported to management for decision making & grants reported within business units	Investment Property within reporting segment but excluded from Net Cost of Service	Allocation of recharges	Cost of Services	Corporate Amounts	**Total**
	£	£	£	£	£	£	£
Fees, charges & other service income	(16,208,126)	2,426,203	1,159,543	0	(12,622,380)	0	(12,622,380)
Interest and investment income					0	(493,988)	(493,988)
Income from council tax and business rates					0	(13,256,063)	(13,256,063)
Government grants and contributions	(32,718,975)	107,841	0	0	(32,611,134)	(7,570,585)	(40,181,719)
Total Income	(48,927,101)	2,534,044	1,159,543	0	(45,233,514)	(21,320,636)	(66,554,150)
Employee expenses	12,296,159	(1,633,170)	(168,658)		10,494,331	1,185,910	11,680,241
Other service expenses	47,729,087	250,251	(113,711)		47,865,627	1,776,552	49,642,179
Support Service recharges			(127,659)		(127,659)	0	(127,659)
Depreciation, amortisation and impairment		878,528			878,528	0	878,528
Interest Payments					0	59,446	59,446
Precepts & Levies					0	3,423,374	3,423,374
Payment to Housing Capital Receipts Pool					0	53,571	53,571
Gain or loss on disposal of assets					0	(20,116)	(20,116)
Total Expenditure	60,025,246	(504,391)	(410,028)	0	59,110,827	6,478,737	65,589,564
Surplus or deficit on the provision of services	11,098,145	2,029,653	749,515	0	13,877,313	(14,841,899)	(964,586)

Business Unit Income & Expenditure 2014/15	Fees, charges & other service income	Government Grants	Total Income	Employee expenses	Other service expenses	Support service recharges	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Performance & Partnerships	(509,938)	0	(509,938)	543,592	460,026	223,254	1,226,872	716,934
Development Management	(1,145,752)	0	(1,145,752)	830,057	310,893	349,162	1,490,112	344,360
Planning Policy	(427,472)	0	(427,472)	363,481	337,775	205,367	906,623	479,151
Finance Accountancy	0	0	0	441,810	107,058	(585,707)	(36,839)	(36,839)
Finance Corporate	(2,953)	0	(2,953)	1,239,222	186,950	(26,915)	1,399,257	1,396,304
CenSus ICT	0	0	0	105,346	884,523	(911,517)	78,352	78,352
CenSus Revenues & Benefits	(2,840,637)	(39,276)	(2,879,913)	2,987,949	831,019	790,585	4,609,553	1,729,640
Housing	(129,990)	0	(129,990)	359,840	400,219	195,810	955,869	825,879
Environmental Health	(314,588)	0	(314,588)	774,181	142,129	317,763	1,234,073	919,485
Building Control	(477,095)	0	(477,095)	498,280	61,069	141,739	701,088	223,993
Land Charges	(185,498)	0	(185,498)	139,078	6,003	132,415	277,496	91,998
Legal Services	(99,615)	0	(99,615)	282,965	43,326	(224,649)	101,642	2,027
Cleansing Services	(1,623,872)	0	(1,623,872)	250,864	3,806,585	187,938	4,245,387	2,621,515
Leisure, Community Services & Culture	(37,466)	(16,428)	(53,894)	286,043	934,373	170,457	1,390,873	1,336,979
Facility Mgment & Streetscene	(630,304)	0	(630,304)	395,337	1,546,627	357,668	2,299,632	1,669,328
Parking Services	(2,460,333)	0	(2,460,333)	467,509	550,256	165,159	1,182,924	(1,277,409)
Customer Services & Comms	(3,338)	0	(3,338)	356,165	107,669	(433,815)	30,019	26,681
Human Resources & Payroll	(3,511)	0	(3,511)	321,729	75,755	(399,334)	(1,850)	(5,361)
Strategic Core	0	0	0	946,280	66,115	(55,358)	957,037	957,037
Member Support	(1,719)	(106,425)	(108,144)	230,895	546,047	45,302	822,244	714,100
Planning Services Support	0	0	0	(3,179)	602	0	(2,577)	(2,577)
Property & Asset Management	(1,889,422)	0	(1,889,422)	342,121	961,966	(645,324)	658,763	(1,230,659)
Benefits	(2,097,604)	(32,335,590)	(34,433,194)	0	34,301,927	0	34,301,927	(131,267)
Total	(14,881,107)	(32,497,719)	(47,378,826)	12,159,565	46,668,912	0	58,828,477	11,449,651

Reconciliation of Business Unit Income and Expenditure to Cost of Services in the CIES	2014/15 £	2014/15 £
Net expenditure in the business unit analysis		11,449,651
Investment Property within reporting segment but excluded from Net Cost of Service		1,389,656
Grants reported as part of Business Unit Income but shown on CIES as General Government Grant	145,700	
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	4,427,247	4,572,947
Cost of Services in Comprehensive Income and Expenditure Statement		17,412,254

Reconciliation to Subjective Analysis

2014/15	Business Unit Analysis £	Amounts not reported to management for decision making & grants reported within business units £	Investment Property within reporting segment but excluded from Net Cost of Service £	Allocation of recharges £	Cost of Services £	Corporate Amounts £	**Total** £
Fees, charges & other service income	(14,881,107)	2,481,709	1,782,068	0	(10,617,330)	0	(10,617,330)
Interest and investment income					0	(324,237)	(324,237)
Income from council tax and business rates					0	(13,399,137)	(13,399,137)
Government grants and contributions	(32,497,719)	145,700	0	0	(32,352,019)	(7,820,311)	(40,172,330)
Total Income	(47,378,826)	2,627,409	1,782,068	0	(42,969,349)	(21,543,685)	(64,513,034)
Employee expenses	12,159,565	(2,064,888)	(146,648)		9,948,029	1,276,467	11,224,496
Other service expenses	46,668,912	538,734	(99,857)		47,107,789	(3,772,152)	43,335,637
Support Service recharges			(145,907)		(145,907)	0	(145,907)
Depreciation, amortisation and impairment		3,471,692		0	3,471,692	0	3,471,692
Interest Payments					0	69,108	69,108
Precepts & Levies					0	3,324,592	3,324,592
Payment to Housing Capital Receipts Pool					0	72,151	72,151
Gain or loss on disposal of assets					0	506,921	506,921
Total Expenditure	58,828,477	1,945,538	(392,412)	0	60,381,603	1,477,087	61,858,690
Surplus or deficit on the provision of services	11,449,651	4,572,947	1,389,656	0	17,412,254	(20,066,598)	(2,654,344)

32. Agency Services

The Authority provides a Civil Parking Enforcement Service (CPE) and Controlled Parking Zone Service (CPZ) on behalf of West Sussex County Council (WSCC). West Sussex County Council fund any deficit incurred in the operation by the Authority of these services. The deficit remaining in both years relates to non-cash accounting entries in respect of IAS19 Retirement Benefits.

The Authority, as the billing authority, also acts as agent for the Government in collecting Nation Non-Domestic Rates (NNDR). The Government paid an allowance for the cost of this collection of £172,866 in 2015/16 (£171,742 in 2014/15).

	2015/16	2014/15
	£	£
Expenditure incurred in providing a CPE/CPZ service to WSCC	**576,992**	543,765
Fees and charges	**(418,014)**	(373,611)
Management fee payable by WSCC	**(119,341)**	(149,191)
Net (Surplus) / Deficit arising on the agency arrangement	**39,637**	20,963
Government contribution for cost of collection of NNDR	**(172,866)**	(171,742)
Net (Surplus) / Deficit arising on the agency arrangement	**(172,866)**	(171,742)

33. Members' Allowances

The Authority paid the following amounts to Members of the council during the year.

	2015/16	2014/15
	£	£
Allowances	362,568	355,740
Expenses	19,224	14,270
Total	381,792	370,010

34. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary (including fees & Allowances)	**Expenses Allowances**	**Pension contributions**	**Total**
		£	£	£	£
Assistant Chief Executive	2015/16	74,329	1,804	13,399	89,532
Assistant Chief Executive	2014/15	71,795	1,759	12,149	85,703
Chief Executive	2015/16	110,000	1,761	19,670	131,431
Chief Executive	2014/15	110,000	1,730	18,454	130,184
Head of Digital and Communications (Note a)	2015/16	46,290	0	8,147	54,437
Head of Digital and Communications	2014/15	0	0	0	0
Head of Econ.Promotion & Planning	2015/16	61,797	0	10,876	72,673
Head of Econ. Promotion & Planning	2014/15	60,888	0	10,057	70,945
Head of Finance & HR	2015/16	77,372	1,377	13,860	92,609
Head of Finance, HR & ICT	2014/15	76,236	1,360	12,818	90,414
Head of Housing Services	2015/16	61,797	0	10,876	72,673
Head of Housing Services	2014/15	60,888	0	10,057	70,945
Head of Leisure & Sustainability	2015/16	69,526	1,585	12,516	83,627
Head of Leisure & Sustainability	2014/15	68,504	1,605	11,580	81,689
Head of Revenues & Benefits (CenSus)	2015/16	65,337	1,195	12,042	78,574
Head of Revenues & Benefits (CenSus)	2014/15	64,376	1,147	11,150	76,673
Solicitor to the Council	2015/16	69,526	0	12,237	81,763
Solicitor to the Council	2014/15	68,504	0	11,315	79,819

(Expenses allowances comprise BUPA Medical Insurance payments only)

Note a: This employee was appointed on 3 August 2015 and the table therefore shows a part year cost. As their costs were less than £50,000, they have been excluded from the Remuneration Banding Note below for 2015/16.

Banding Note

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

	Number of Employees	
Remuneration Band	2015/16	2014/15
£110,000 - £114,999	**1**	1
£75,000 - £79,999	**2**	1
£70,000 - £74,999	**1**	2
£65,000 - £69,999	**2**	2
£60,000 - £64,999	**2**	3
£55,000 - £59,999	**2**	3
£50,000 - £54,999	**4**	4

These bandings include all the senior employees listed individually above (unless specifically excluded within the notes). It also includes non-senior employees whose remuneration totals more than £50,000 in the year.

The employee remuneration (not for a senior employee shown in the first table) which is shown in the band £60,000 - £64,999 (2014/15) includes a severance payment being paid in that year only, in addition to normal salary. This post has now been deleted from the establishment.

Exit Packages

The Authority terminated the contracts of a number of employees in 2015/16, incurring gross liabilities of £101,520 (compared to £113,901 in 2014/15). It should be noted that £4,956 of these costs have been recovered from our Census partners giving a net cost to the Authority of £69,564 (compared to £82,808 in 2014/15).

The exit packages included in the table below are those that have been agreed by the authority and include all termination benefits, including all relevant redundancy costs i.e. compulsory and voluntary redundancy costs, lump sum pension contributions, ex-gratia payments and other departure costs. These costs are set out below in rising bands of £20,000 up to £40,000.

Banding Note

Exit Package Cost Bands (including special payments)	Number of compulsory redundancies (a)		Number of other departures agreed (b)		Total number of exit packages by cost band (a + b)		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£20,001 - £40,000	**-**	1	**1**	1	**1**	2	**35,000**	**49,895**
£0,000 - £20,000	**-**	-	**6**	4	**6**	4	**27,020**	**44,071**
	-	**1**	**7**	**5**	**7**	**6**	**62,020**	**93,966**
Provision*	**-**	1	**2**	1	**2**	2	**39,500**	**19,935**
Total	**-**	**2**	**9**	**6**	**9**	**8**	**101,520**	**113,901**

*For 2014/15, provision was £38,296. This has been reduced by an £18,361 credit which relates to the over provision of the 13/14 provision. The net total is £19,935.

The table above includes £62,020 (£93,966 in 2014/15) for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. In addition, in 2015/16, the Statement includes a provision of £39,500 which was agreed for 2 officers (£38,296* in 2014/15 for 2 officers); these costs are not included in the bands and therefore an additional line has been added to reconcile the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

In the Comprehensive Income and Expenditure Statement, the total cost of £101,520 (£113,901 in 2014/15) is included as follows:

Service Net Expenditure	**2015/16**	**2014/15**
Central Services to the Public	-	£6,194
Environmental Regulatory Services	-	£27,000
Planning and Development Services	£1,443	-
Highways, Roads and Transport Services	£7,500	-
Housing Services	£9,813	£28,281
Corporate and Democratic Core	£82,764	£56,248
Non Distributed Costs	-	(£3,822)
Financing and Investment Income & Expenditure		
Investment Properties Net Income	-	-

35. External Audit Costs

The Authority has incurred the following costs in relation to the external audit services under the Code of Audit Practice:

	2015/16	2014/15
	£	£
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year	**50,542**	70,707 *
	50,542	70,707

* £67,389 14/15 planned Audit Fee and £3,318 additional cost for 14/15 Audit

36. Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16.

	2015/16	2014/15
Credited to Taxation and Non Specific Grant Income	£	£
Revenue Support Grant	**(1,669,927)**	(2,242,041)
Council Tax Freeze Grant	**(90,415)**	(88,948)
Housing Benefits Administration Grant	**(348,049)**	(396,052)
New Burden Council Tax Reform & Business Rates Scheme	**(89,597)**	(105,755)
New Homes Bonus	**(3,262,709)**	(2,501,563)
Community Right To Challenge	**0**	(8,547)
Individual Electoral Registration Grant	**(59,190)**	(106,424)
DWP Implementing Welfare Reform	**(10,639)**	(12,386)
DWP LA Data Sharing programme	**(6,723)**	(10,123)
DWP Migrants Access To Benefit	**(604)**	(3,106)
DWP New Burdens Real Time Information	**(8,970)**	(5,916)
DWP HB backdating Family Premium	**(1,384)**	0
DWP Single Fraud Investigation Service	**(1,267)**	(562)
DWP Fraud and Error Reduction Incentive Scheme	**(19,064)**	(7,183)
New Burden Assets Community Value Grant	**0**	(7,855)
Small Business and Empty Property Business Rate Relief	**(881,514)**	(754,471)
Transparency Code Set Up Grant	**(8,103)**	(5,615)
Local Council Tax New Burdens	**(21,773)**	(71,758)
Council Tax Flood Relief Grant	**0**	(4,515)
Property Searches New Burdens Grant	**(107,876)**	0
Right to Move Grant	**(3,044)**	0
Repair and Renew Grant	**(325)**	(720)
Smoke & CO Alarms New Burden	**(835)**	0
Redress Scheme Grant	**(761)**	0
Neighbourhood Planning Grant	**(160,000)**	(75,000)
Non-ringfenced government grants	**(6,752,769)**	(6,408,540)
Income from Council Tax	**(12,041,372)**	(11,868,138)
Income from Business Rates Retention Scheme	**(16,223,691)**	(16,446,558)
NDR Top-up Tariff Payment	**15,009,000**	14,915,559
Capital Grants and S106 Receipts	**(817,816)**	(1,411,771)
Total credited to Taxation and Non Specific Grant Income	**(20,826,648)**	(21,219,448)
Credited to Services	£	£
DWP Housing Benefit Subsidy	**(32,596,984)**	(32,335,590)
DWP Repair and Renew Grant	**(1,500)**	(16,428)
DWP Universal Credit	**(12,650)**	0
Disabled Facilities Grant Contribution from WSCC	**(434,124)**	(362,814)
Council Tax Collection Administration	**(2,609)**	(1,837)
WSCC Contribution- Civil Parking Enforcement/Controlled Parking Zone	**(119,341)**	(149,191)
WSCC Contribution- Recycling Credits	**(746,884)**	(699,084)
WSCC Contribution- Watercourses	**(12,500)**	(12,500)
WSCC Contribution- Local Assistance Network	**(12,000)**	(24,000)
WSCC Contribution- Public health	**(3,739)**	0
Local Strategic Partnership	**(24,024)**	(74,315)
NNDR Cost of Collection contribution	**(172,866)**	(171,742)
Other	**(18,182)**	(52,962)
Total Credited to Services	**(34,157,403)**	(33,900,463)
Total	**(54,984,051)**	(55,119,911)

The revenue grants that have yet to be recognised as income, as they have conditions attached to them that will require the monies to be returned to the giver, are held as Receipts In Advance within Creditors. The balances at the year-end are as follows:

Grants Receipts in Advance- Revenue Grants

	2015/16	2014/15
	£	£
Non HRA Subsidy	**0**	(15,191)
Healthy Mid Sussex	**(16,685)**	(22,185)
Local Strategic Partners	**(19,334)**	(19,334)
Community Safety Partners	**(46,715)**	(43,078)
Healthy Walks	**(727)**	(1,315)
Balance at 31 March	**(83,461)**	(101,103)

Capital Grants and Contributions - Receipts In Advance
The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver, including Section 106s, which are time limited.

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 (e.g. playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

Capital Grants and Contributions-Receipts in Advance

	2015/16	2014/15
	£	£
Balance at 1 April	**(4,883,043)**	(5,103,183)
Received in year	**(2,045,080)**	(2,031,202)
Applied to CIES for Capital Financing	**857,480**	1,808,231
Applied to CIES for transfer to Unapplied Capital Grant Account	**168,257**	430,886
Applied to CIES for revenue financing	**11,386**	12,225
Balance at 31 March	**(5,891,000)**	(4,883,043)

The £5,891,000 year-end balance is from Time Limited Section 106 receipts.

37. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. In this context, related parties include Central Government, Members, Chief Officers, partnerships.

We have sent a letter for confirmation of any related party transactions to all members and senior officers, and almost all signed declarations have been returned.

Related Parties for the Authority include the following:

Central Government
Central government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 31 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 36.

Members
Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 33. During 2015/16, no works or services were commissioned from companies in which any member had an interest. A review of the Register of Members' Interests has been undertaken to ascertain if any related party interests exist. No material disclosures have been identified. The Register of Members' Interest is open to public inspection at the council office during office hours, on application, and is also available on the Council's website.

Officers
Senior Officers have not disclosed any material transactions with related parties.

Census Partnership
As a result of the Census Partnership Joint arrangement between Adur, Horsham and Mid Sussex District Councils, there is an agreement to share costs and benefits in respect of the partnership according to percentage shares which are subject to ongoing review. The agreed shares for 2015/16 for Revenues and Benefits were Adur (28.46%), Horsham (34.98%) and Mid Sussex (36.56%). For ICT, these shares were Adur (46.95%), Horsham (24.26%) and Mid Sussex (28.79%). During the financial year 2015/16, the expenditure costs for ICT CenSus paid to Horsham DC were £840,017. Contributions due for the year in respect of the Revenue and Benefits service were £976,986 for Horsham and £795,037 for Adur. As at 31 March 2016, the following amounts were due in respect of expenditure in that year:

Census ICT	£	**Census Revenues and Benefits**	£
Mid Sussex liability to Horsham	**88,605**	Horsham liability to Mid Sussex	**70,563**
Mid Sussex liability to Adur	**0**	Mid Sussex Liability to Adur	**2,709**

38. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16 £	2014/15 £
Opening Capital Financing Requirement	**1,542,325**	1,791,672
Capital Investment		
Operational Assets and Assets Under Construction (Note 13)	**2,219,361**	3,097,750
Investment Assets (Note 15)	**0**	604,623
Intangible Assets (Note 16)	**39,748**	148,802
Revenue expenditure funded from capital under statute / De minimis Assets	**1,369,467**	1,591,249
Source of Finance		
Capital Receipts	**(155,644)**	(325,856)
Government Grants, WSCC Contribution and Section 106 receipts in advance	**(857,480)**	(1,917,038)
Capital Grants Unapplied Account	**(247,703)**	(876,202)
Sums set aside from Revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	**(2,626,699)**	(2,572,675)
Closing Capital Financing Requirement	**1,283,375**	1,542,325
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)	**(258,950)**	(249,347)
Increase/ (Decrease) in Capital Financing Requirement	**(258,950)**	(249,347)

39. Leases

Lessee - Finance Leases

The Authority has a contract with SERCO for the provision of waste collection. The vehicles used to provide the service are shown as Property, Plant and Equipment in the Balance Sheet, with a vehicle life of 10 ½ years.

	31 March 2016	31 March 2015
	£	£
Vehicles, Plant, Equipment	**310,196**	**457,926**
	310,196	**457,926**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease liabilites	2015/16	2014/15
(net present value of minimum lease payments)	£	£
Current	**160,836**	**160,836**
Non- current	**160,836**	**321,672**
Less finance costs payable in future years	**(11,476)**	**(24,582)**
Minimum lease payments	**310,196**	**457,926**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		**Finance Lease Liabilities**	
	2015/16	2014/15	2015/16	2014/15
	£	£	£	£
Not later than one year	**152,595**	147,730	**152,595**	147,730
Later than one year and not later than five years	**157,601**	310,196	**157,601**	310,196
Later than five years	**0**	0	**0**	0
	310,196	457,926	**310,196**	457,926

Lessee - Operating Leases

The Authority has operating lease agreements covering equipment, photocopiers and vehicles (for pest control, car parking and leisure). The amounts paid under these arrangements in 2015/16 were £49,236 (£46,013 in 2014/15) and the total commitments at 31 March 2016 amounted to £32,876 (£84,781 in 2014/15).
The future minimum lease payments due under non-cancellable leases in future years are:

	2015/16	2014/15
	£	£
Not later than one year	**3,615**	20,799
Later than one year and not later than five years	**29,261**	63,982
Later than five years	**0**	0
	32,876	84,781

The expenditure charged to the Cultural and Related Services and Environmental Regulatory Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2015/16	2014/15
	£	£
Minimum lease payments	**2,158**	6,081
	2,158	6,081

Lessor – Finance Leases

The Authority does not lease out assets under a finance lease.

Lessor – Operating Leases
The Authority leases out a range of properties under operating leases for community services and commercial rents. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2015/16	2014/15
	£	£
Not later than one year	**1,037,637**	1,035,864
Later than one year and not later than five years	**4,032,408**	4,015,031
Later than five years	**65,478,242**	65,313,648
	70,548,287	70,364,543

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Authority received contingent rent of £354,597 in 2015/16 (£887,174 in 2014/15).

40. Impairment Losses

During 2015/16, the Authority has recognised impairment losses of £2,530,974 and credits of £3,020,290 to give a net credit of £489,316 as part of the revaluation for 1 April 2015, completed by the external valuer, Wilks Head & Eve LLP, RICS qualified chartered surveyors. The main changes in valuation are as follows:

- Triangle Leisure Centre land, Burgess Hill credit back of previous impairment loss of £1,824,745, Dolphin Leisure Centre land, Haywards Heath, credit back of previous impairment loss of £905,367, with the impairment credits shown on the Cultural and Related Services line in the Comprehensive Income and Expenditure Statement,
- An impairment loss of £2,018,626 for Basepoint Business Centre, Bridge Road has been charged to the Planning and Development Services line in the Comprehensive Income and Expenditure Statement.

Details of the revaluation are consolidated in Note 1(q), and Property, Plant and Equipment Note 13.

41. Capitalisation of Borrowing Costs

At 31st March 2016 the Authority has no capitalised borrowing costs.

42. Termination Benefits

The Authority terminated the contracts of a number of employees in 2015/16, incurring gross liabilities of £101,520 (£113,901 in 2014/15) –see Note 34 for the number of exit packages and total cost per band. The payments were made to 9 officers from across the council who took severance as part of the Authority's rationalisation of Services.

43. Defined Benefit Pension Schemes

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

The Authority contributes to the Local Government Pension Scheme which is administered by West Sussex County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

Census Shared Service
On 1 February 2010 Adur DC and Horsham DC revenues and benefits shared service staff were transferred to the Authority and became our employees. 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 that date will be borne by the Authority by whom that employee was employed immediately prior to that date; ie not by the Authority.

Freedom Leisure/Places for People
In July 2009 Leisure Services Staff were transferred to Freedom Leisure under TUPE Regulations. Freedom Leisure were admitted to the LGPS under a 'pass through' arrangement whereby there was a sharing of Pension risks with the Authority (as scheme Employer) as detailed below. This arrangement ceased on 30 June 2014, following a retender of Leisure Services and a new contractor, Places for People being appointed.

- Freedom Leisure was responsible for paying the employer's contribution rate which was fixed for the duration of the contract (5 years) at 15%. Freedom Leisure was also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the 15% fixed rate contribution.

- The Authority was responsible for paying the differential between the 15% and any revised employer's contribution rate following the valuation of the fund as a whole. The Authority is also liable for any deficits on exit that are not met by increased employer contribution payments. As such, the Authority retains the net liability for the transferred staff as reflected in the following statements.
- The deficit on the fund just after the TUPE transfer date was calculated as being £67.8m (calculated on an ongoing funding basis), of which some £2.8m related to the transferred employees. Due to the contract being of a short duration of five years only, the Authority decided to retain the entire deficit on the fund. The financial statements therefore reflect this situation, and no funding deficit was passed on to Freedom Leisure.

New contractors, Places for People, were appointed following a retender of the Leisure Services Contract on 1 July 2014. Places for People have been admitted to the LGPS under a 'cap and collar' arrangement whereby there is a sharing of Pension risks with the Authority (as scheme Employer) as detailed below.

- Places for People are responsible for paying the employers contribution rate in line with the triennial valuation. The increase is capped at 1% every three years. Places for people are also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the contribution rate agreed. These contributions of £225,300 are included within the total Employers' contribution estimated by the actuary for 2015/16.
- The Authority is responsible for paying the differential between the capped contribution rate and the revised employer's contribution rate following the valuation of the fund as a whole. The Authority is also liable for any surplus / deficits on exit that are not met by increased employer contribution payments. As such, the Authority retains the net liability for the transferred staff as reflected in the statements.
- The surplus on the fund just after the TUPE transfer date as at 30 June 2014, in relation to the TUPE staff was £2.641m (calculated on an ongoing funding basis).

Transactions relating to Post-employment Benefits

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

Comprehensive Income and Expenditure Statement Costs for the year to 31 March 2016

	2015/16	2014/15
Cost of Services:	£'000	£'000
Current Service Cost	**2,266**	1,828
Losses/(Gains) on Curtailment and Settlements	**0**	84
Financing and Investment Income and Expenditure:		
Net Interest Expense	**1,186**	1,276
Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Services	**3,452**	3,188
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Remeasurements		
Return on plan assets (excluding the amount included in the net interest expense)	**922**	(7,837)
Actuarial (Gains)/Losses arising on changes in demographic assumptions	**0**	0
Actuarial (Gains)/Losses arising on changes in financial assumptions	**(10,978)**	15,312
Other experience (Gains)/Losses	**(1,716)**	(907)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(11,772)**	6,568
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(3,452)**	(3,188)

	2015/16 £'000	2014/15 £'000
Actual amount charged to the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	**2,602**	2,563

The total contributions expected to be paid to the Local Government Pension Scheme by the council in the year to 31 March 2017 is £2,556,000.

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

	31 March 2016 £ 000	31 March 2015 £ 000
Present value of defined benefit obligation	**(111,050)**	(120,451)
Fair value of plan assets	**84,728**	83,207
Net Liability arising from defined benefit obligation	**(26,322)**	(37,244)

Reconcilation of the present value of the Scheme Liabilities (Defined Benefit Obligation):

Year ended:	31 March 2016 £ 000	31 March 2015 £ 000
Opening Defined Benefit Obligation	**120,451**	102,390
Current service Cost*	**2,266**	1,828
Interest Cost	**3,848**	4,381
Contributions by Members	**511**	535
Remeasurement		
Actuarial Gains/(Losses) arising on changes in financial assumptions	**(10,978)**	15,311
Other experience	**(1,716)**	(907)
Losses/ (Gains) on Curtailments	**0**	84
Estimated Unfunded Benefits Paid	**(119)**	(118)
Estimated Benefits Paid	**(3,213)**	(3,053)
Closing Defined Benefit Obligation	**111,050**	120,451

Reconciliation of the movements in the Fair Value of Scheme (Plan) Assets:

Year ended:	31 March 2016 £ 000	31 March 2015 £ 000
Opening Fair Value of Employer Assets	**83,207**	72,339
Interest income	**2,662**	3,104
Remeasurement		
Return on plan assets (excluding the amount included in the net interest expense)	**(922)**	7,837
Contributions by Members	**511**	535
Contributions by the Employer	**2,483**	2,445
Contributions in respect of Unfunded Benefits	**119**	118
Benefits Paid	**(3,213)**	0
Unfunded Benefits Paid	**(119)**	(118)
Census proportional sharing (Losses) / Gains*	**0**	(3,053)
Closing Fair Value of Employer Assets	**84,728**	83,207

*The service cost figures include an allowance for administration expenses of 0.3% of payroll. This is recognised within Cost of services along with other Current Service costs.

Local Government Pension Scheme Assets comprised:

Year ended:	Fair value of scheme assets 31 March 2016 £ 000	Percentage of Total Assets 31 March 2016 %	Fair value of scheme assets 31 March 2015 £ 000	Percentage of Total Assets 31 March 2015 %
Cash and cash equivalents	**1,746**	**2%**	3,688	4%
Equity Instruments:				
By industry type:				
Consumer	**13,841**	**17%**	12,539	15%
Manufacturing	**2,895**	**3%**	7,303	9%
Energy and Utilities	**2,930**	**3%**	3,703	4%
Financial Institutions	**13,724**	**16%**	13,066	16%
Health and Care	**5,468**	**6%**	5,535	7%
Information Technology	**10,945**	**13%**	10,721	13%
Other	**7,416**	**9%**	2,918	4%
Sub-total equity	**57,219**		55,785	
Bonds:				
Government	**1,475**	**2%**	1,698	2%
Sub-total Bonds	**1,475**		1,698	
Private Equity:				
All*	**4,072**	**5%**	4,532	5%
Sub-total private Equity	**4,072**		4,532	
Property:				
Uk Property	**7,652**	**9%**	5,395	6%
Overseas property	**9**	**0%**	46	0%
Sub-total Property	**7,661**		5,441	
Investment funds and Unit Trusts:				
Bonds	**11,905**	**14%**	11,449	14%
Other	**650**	**1%**	614	1%
Sub-total Investment Funds	**12,555**		12,063	
Totals	**84,728**	**100%**	83,207	100%

*All scheme assets have quotes prices in active markets except those relating to private equity which have quoted prices not in active markets.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension scheme is assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

Financial Assumptions

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

Year ended:	MSDC 31 March 2016	MSDC 31 March 2015	Census 31 March 2016	Census 31 March 2015
Pension Increase Rate	**2.2%**	2.4%	**2.2%**	2.5%
Salary Increase Rate	**3.7%**	3.8%	**3.7%**	3.9%
Discount rate	**3.5%**	3.2%	**3.6%**	3.3%

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	24.4 years	25.8 years
Future Pensioners	26.9 years	28.5 years

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax free cash for post-April 2008 service.

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.

44. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2016 that might result in an obligation on the Council.

The Council has guaranteed deposits to private landlords under the Deposit Guarantee Scheme. At 31 March 2016 the amount guaranteed was £65,582 (£61,546 as at 31 March 2015). The Deposit Guarantee is time limited and is equal to the tenancy term that the landlord has granted the tenant which is typically 6 or 12 months (but can be longer), therefore the potential liability will have mostly expired by 31 March 2017.

45. Contingent Assets

There are no contingent assets as at 31 March 2016.

Collection Fund

Collection Fund

Income and Expenditure Account

2014/15 £ Council Tax	2014/15 £ Business Rates	2014/15 £ Total		Note	2015/16 £ Council Tax	2015/16 £ Business Rates	2015/16 £ Total
			Income				
			Council Tax				
(86,181,287)	0	(86,181,287)	Council Tax Receivable	2	**(87,776,496)**	**0**	**(87,776,496)**
			Business Rates				
0	(42,070,107)	(42,070,107)	Business Rates Receivable	3	**0**	**(43,698,124)**	**(43,698,124)**
(86,181,287)	(42,070,107)	(128,251,394)			**(87,776,496)**	**(43,698,124)**	**(131,474,620)**
			Expenditure				
			Apportionment of Previous Year Surplus / (Deficit)				
345,230	13,844	359,074	West Sussex County Council		**588,080**	**(67,713)**	**520,367**
41,130	0	41,130	Sussex Police & Crime Commissioner		**71,430**	**0**	**71,430**
61,640	55,377	117,017	Mid Sussex District Council	5	**105,490**	**(270,852)**	**(165,362)**
0	69,222	69,222	Central Government		**0**	**(338,565)**	**(338,565)**
			Demands and Precepts and Shares				
65,384,364	4,172,411	69,556,775	West Sussex County Council		**66,198,570**	**4,301,355**	**70,499,925**
7,940,724	0	7,940,724	Sussex Police & Crime Commissioner		**8,198,553**	**0**	**8,198,553**
11,728,850	16,689,642	28,418,492	Mid Sussex District Council	7	**11,931,653**	**17,205,421**	**29,137,074**
0	20,862,053	20,862,053	Central Government		**0**	**21,506,776**	**21,506,776**
			Charges to Collection Fund				
142,274	290,061	432,335	Write Offs of uncollectable amounts	4	**113,969**	**168,168**	**282,137**
(24,493)	105,810	81,317	Increase/(decrease)in bad debt allowance	4	**543,383**	**89,863**	**633,246**
0	386,097	386,097	Increase/(decrease) provision for appeals	4	**0**	**2,708,000**	**2,708,000**
0	171,742	171,742	Cost of Collection Allowance		**0**	**172,866**	**172,866**
85,619,719	42,816,259	128,435,978			**87,751,128**	**45,475,319**	**133,226,447**
(561,568)	746,152	184,584	**(Surplus)/Deficit arising in the year**		**(25,368)**	**1,777,195**	**1,751,827**
			Collection Fund Balance				
(435,991)	571,846	135,855	(Surplus)/Deficit at 1 April 2015		**(997,559)**	**1,317,998**	**320,439**
(561,568)	746,152	184,584	Movement on Fund Balance		**(25,368)**	**1,777,195**	**1,751,827**
(997,559)	**1,317,998**	**320,439**	**(Surplus) / Deficit at 31 March 2016**	6	**(1,022,927)**	**3,095,193**	**2,072,266**
			Shares of (Surplus)/Deficit at 31 March 2016				
(766,411)	131,800	(634,611)	West Sussex County Council		**(783,874)**	**309,519**	**(474,355)**
(93,516)	0	(93,516)	Sussex Police & Crime Commissioner		**(97,192)**	**0**	**(97,192)**
(137,632)	527,199	389,567	Mid Sussex District Council		**(141,861)**	**1,238,077**	**1,096,216**
0	658,999	658,999	Central Government		**0**	**1,547,597**	**1,547,597**
(997,559)	**1,317,998**	**320,439**		6	**(1,022,927)**	**3,095,193**	**2,072,266**

Notes to the Income and Expenditure Account

1. Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates(NDR).

The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequest financial year. The Council Tax precepting bodies are West Sussex County Council and Sussex Police and Crime Commissioner.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the District. It does however, also increase the financial risk due to non-collection and the volatility of the NDR base. The scheme shares are 40% retained by the Authority, 50% share paid to Central Government and 10% share paid to West Sussex County Council.

The NDR surpluses or deficits declared by the billing authority in relation to Business Rates are apportioned to the relevant bodies in the subsequent financial year in their respective proportions detailed above.

2. Council Tax

The Authority 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 the Authority on 25 February 2015, is shown below.

Property Value	Number of Net Dwellings	Ratio to Band D	No of Band D Equivalents	less (0.7%) adjustment for non-collection	**Council Tax Base**
up to £40,000	1,331.32	6/9	887.6		
between £40,001 & £52,000	3,975.50	7/9	3,092.1		
between £52,001 & £68,000	10,262.38	8/9	9,122.1		
between £68,001 & £88,000	14,224.94	9/9	14,224.9		
between £88,001 & £120,000	9,791.42	11/9	11,967.3		
between £120,001 & £160,000	7,480.26	13/9	10,804.8		
between £161,001 & £320,000	3,958.34	15/9	6,597.2		
over £320,000	337.77	18/9	675.5		
			57,371.5	(401.5)	**56,970.0**

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 & Crime Commissioner and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the Council Tax Base as below.

Authority	**Demand or Precept** £		**Council Tax Base**		**Band D Council Tax** £	
West Sussex County Council	66,198,570	÷	56,970.0	=	**1,161.99**	
Sussex Police & Crime Commissioner	8,198,553	÷	56,970.0	=	**143.91**	
Mid Sussex District Council	11,931,653	÷	56,970.0	=	**209.44**	(average)
Average Band D Council Tax Charge For 2015/16					**1,515.34**	

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 £1,461.31 to £1,567.40.

3. Business Rates Income

The Authority collects Non Domestic Rates (Business Rates) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Rateable Value of Non Domestic Properties as at 31 March 2016 was £108,714,000 (£106,597,000 in 2014/15). The standard multiplier for the year was 49.3p, an increase from 48.2p in 2014/15. The Small Business Rate Relief Multiplier for the year was 48.0p, an increase from 47.1p in 2014/15.

Under the business rates retention scheme local authorities retain a proportion of the total collectable rates due. This is 40% for the Authority and 10% for WSCC with the remaining 50% to Central Government.

The business rates shares payable for 2015/16 were estimated before the start of the year as £21,506,776 (£20,862,053 in 2014/15) to Central Government, £17,205,421 (£16,689,642 in 2014/15) for the Authority and £4,301,355 (£4,172,411 in 2014/15) for WSCC. These amounts have been charged to the Collection Fund in year. The final share of income for the Authority is £16,223,691 (£16,446,558 in 2014/15) which is part of the Taxation and Non-Specific Grant Income shown on the Comprehensive Income and Expenditure Statement on page 16.

When the scheme was introduced in 2013/14, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities to Central Government are used to finance the top ups of those authorities who do not achieve their targeted baseline funding or receive no monies directly, ie County Councils. The Authority made an estimated tariff payment of £14,867,043 (£14,588,286 in 2014/15).

As part of the scheme, a 'safety net' figures is calculated at 92.5% of baseline amount to ensure authorities are protected to this level of business rates income. If the income share exceeds the baseline, then a tariff payment is due calculated on the growth amount. The final tariff payment is calculated as £15,009,000 (£14,915,559 in 2014/15), and shown as part of the Taxation and Non-Specific Grant Income on the Comprehensive Income and Expenditure Statement on page 16.

The calculation adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and revision to Small Business Rate Relief (announced in the Autumn Statement 2012). For the Authority the growth amount is £261,077 (£654,546 in 2014/15) and a tariff payment of 50% of the growth is due to central government.

The total income from business ratepayers collected in 2015/16 was £43,698,124 (£42,070,107 in 2014/15), which is net of transitional protection payments for ratepayers of £182,675 (£44,463 in 2014/15). This sum has to be repaid to Central Government.

The appeals against the NDR rateable values are financed according to the authority's proportional share. The authority has estimated the value of outstanding appeals which may result in lower collectable rates and made a provision of £4,478,887 (£1,770,887 in 2014/15) in the Collection Fund.

4. Bad and Doubtful Debts and Provision for NDR Valuation Appeals

Council Tax An allowance has been made for Council Taxpayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31 March 2016. A total of £3,307,911 (£3,014,159 in 2014/15) has been allowed against debts of £4,206,904 (£4,211,874 in 2014/15) outstanding as at 31 March 2016. The Authority's share of the allowance is £451,250 (£416,592 in 2014/15).

In the year 2015/16, there has been £113,970 of uncollectable amounts written off (£142,274 in 2014/15).

Business Rates An allowance has been made for Business Ratepayers' Bad and Doubtful Debts using an analysis of the recovery position of the debts outstanding as at 31 March 2016. A total of £1,776,289 (£1,686,426 in 2014/15) has been allowed against debts of £2,608,034 (£2,267,829 in 2014/15) outstanding as at 31 March 2016. The Authority's share of the allowance is £710,516 (£674,570 in 2014/15).

In the year 2015/16, there has been £168,168 of uncollectable amounts written off (£290,061 in 2014/15).

A provision for appeals made against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2016 has been made of £4,478,887 (£1,770,887 in 2014/15). The Authority's share (40%) is £1,791,555 (£708,355 in 2014/15).

5. Contribution to Previous Year's (Surplus) /Deficit

Council Tax In accordance with legislation, the estimated balance as at 31 March 2015 on the Collection Fund for Council Tax was £765,000 surplus and this was notified to both the County Council and Police & Crime Commissioner. This estimated surplus has been made to each of these principal authorities in proportion to their Council Tax for the year 2015/16, as follows:

	Estimated Surplus at 31 March 2015		Estimated Surplus at 31 March 2014
Authority	£	%	£
West Sussex County Council	**(588,080)**	**76.87**	(345,230)
Sussex Police & Crime Commissioner	**(71,430)**	**9.34**	(41,130)
Mid Sussex District Council	**(105,490)**	**13.79**	(61,640)
Estimated (Surplus)/Deficit at year end	**(765,000)**	**100.00**	(448,000)

Business Rates The estimates deficit is shared as shown below for 2015/16 and the estimated surplus balance for 2014/15.

	Estimated Deficit at 31 March 2015		Estimated Surplus at 31 March 2014
Authority	£	%	£
Central Government	**338,565**	**50.00**	(69,222)
Mid Sussex District Council	**270,852**	**40.00**	(55,377)
West Sussex County Council	**67,713**	**10.00**	(13,844)
Estimated (Surplus)/Deficit at year end	**677,130**	**100.00**	(138,443)

6. Collection Fund Year End (Surplus) / Deficit

Council Tax At 31 March 2016, the council tax part of the fund has a surplus of £1,022,927. The contributions to be made to West Sussex County Council and the Sussex Police & Crime Commissioner are included as part of Local Authority Creditors on the Balance Sheet, page 17, detailed in Financial Statements Note 23. The in year movement of £4,229 for the Authority's contribution is shown in the Collection Fund Adjustment Account on the Balance Sheet, Note 26(f).

	31 March 2016		31 March 2015		31 March 2014
Council Tax Authority Share	£	%	£	%	£
West Sussex County Council	**(783,874)**	76.90	(766,411)	76.87	(335,999)
Sussex Police & Crime Commissioner	**(97,192)**	9.50	(93,516)	9.34	(40,008)
Mid Sussex District Council*	**(141,861)**	13.60	(137,632)	13.79	(59,984)
Actual (Surplus) / Deficit at year end	**(1,022,927)**	100.00	(997,559)	100.00	(435,991)

Business Rates At 31 March 2016, the business rates part of the fund has a deficit of £3,095,193 (£1,317,998 in 2014/15). The contributions to be made from Central Government and West Sussex County Council are included in the Creditors balance on the Balance Sheet, page 17, detailed in Financial Statements Note 23. The Authority's contribution of £1,238,077 (£527,199 in 2014/15) is shown in the Collection Fund Adjustment Account on the Balance Sheet, Note 26(f).

	31 March 2016		31 March 2015		31 March 2014
Business Rates Authority Share	£	%	£	%	£
Central Government	**1,547,597**	50	658,999	50	285,923
Mid Sussex District Council	**1,238,077**	40	527,199	40	228,738
West Sussex County Council	**309,519**	10	131,800	10	57,185
Actual (Surplus) / Deficit at year end	**3,095,193**	100	1,317,998	100	571,846

7. Income and Expenditure transferred to Comprehensive Income and Expenditure Statement

Council Tax The total income for the Authority on the Comprehensive Income and Expenditure Statement (CIES) as detailed in Notes to the Accounts, Note 12 is made up as follows:

	2015/16	2014/15
	£	**£**
Council Tax Demand (Note 2)	**(11,931,653)**	(11,728,850)
Contribution to previous year estimated (surplus)/deficit (Note 5)	**(105,490)**	(61,640)
Change in year of the year end (surplus)/deficit position (Note 6)	**(4,229)**	(77,648)
Total Council Tax Income on CIES	**(12,041,372)**	(11,868,138)

Business Rates The total income and expenditure for the Authority on the Comprehensive Income and Expenditure Statement (CIES) as detailed in Note to the Accounts, Note 12 is made up as follows:

	2015/16	2014/15
	£	**£**
Share of Estimated Business Rates Income (Note 3)	**(17,205,421)**	(16,689,642)
Business Rates Tariff Payment (Note 3)	**15,009,000**	14,915,559
Contribution to previous year estimated (surplus)/deficit (Note 5)	**270,852**	(55,377)
Change in year of the year end (surplus)/deficit position (Note 6)	**710,878**	298,461
Total Business Rates Income and Expenditure	**(1,214,691)**	(1,530,999)

MID SUSSEX
DISTRICT COUNCIL

Annual Governance Statement

Annual Governance Statement

1. Scope of responsibility

Mid Sussex District Council ("the Authority") 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 Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives 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 on-going process designed to identify and prioritise the risks, the achievement of the Authority'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 Authority for the year ending 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. The Authority's governance framework

The Authority's Constitution, which is updated annually, (and last updated April 2016), sets out how the Authority operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and any powers delegated to other bodies such as the Census Joint Committee.

Decision-making powers not reserved for councillors are delegated to the Chief Executive and Heads of Service. The Monitoring Officer ensured that all decisions made are legal and supports the Standards Committee in promoting high standards of conduct amongst members.

The Scrutiny Committees are dual role in that they offer advice to Cabinet both collectively and to Cabinet members individually and will scrutinise decisions made by the Cabinet, Individual Cabinet members, and Executive decisions taken by officers and published on the Members' Information Service. Whilst there have been no Call-ins, enabling formal re-scrutiny of a decision in the last year, the structure exists within which they can be made.

The overall budget and policy framework of the Authority is set by the Authority and all decisions are made within this framework. The Authority's overall policy is represented through the Corporate Plan, which is a combination of service and financial plans.

The Corporate Plan is a key reference for the Medium Term Financial Plan, which enables the Authority to forecast forward and make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders. At the broadest level, the Authority also works with a number of key strategic partners through the local strategic partnership group of organisations.

From the Corporate Plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. More detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money, and performance is monitored and managed at every level on a regular basis.

The Authority also monitors its performance through feedback from its residents and service users. An analysis of complaints raised under the Authority's Corporate Complaints Policy is regularly reported and considered by the Leader and Service Delivery Scrutiny Committee; the last instance being as part of the Corporate Performance report in June 2016. The Authority also has a Whistleblowing Policy, which encourages, staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The Authority's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA), and have regard to the 'Statement on the Role of the Chief Financial Officer in Local Government'. The Head of Finance has statutory responsibility for the proper management of the Authority's finances and is a key member of the Management Team. The six Heads of Service with the Chief Executive and Assistant Chief Executive sit as a Management Team and may further devolve decision making to Business Unit Leaders through written schemes of management. The Head of Finance will also provide detailed finance protocols, procedures and guidance and training for managers, staff and Members.

The Authority's Risk Management Strategy ensures proper management of the risks to the achievement of the Authority's priorities and helps decision-making. In the Authority's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc.) control the risks of fraud or error, and this framework is reviewed by Internal Audit. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Authority's legal services and procurement teams ensure that all are fit for purpose and the Authority's interests are protected.

The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the Authority. It provides independent assurance of the adequacy of the Authority's governance arrangements, including the associated control environment, the Authority's financial (and non-financial) performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

4. Review of effectiveness

The Authority 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and by comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- The Authority's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process;

- The work of the corporate Joint Procurement Board partnered with Horsham District Council and Crawley Borough Council;
- The Authority's internal audit coverage (now purchased from Crawley Borough Council under a shared service arrangement), which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Chief Internal Auditor's opinion on the overall adequacy of the Authority's internal control framework, which is reported in his annual report;
- The Chief Internal Auditor's annual report on anti-fraud and corruption activities;
- The annual review of the effectiveness of the internal audit function;
- External audit review of the work of the internal audit service and comment on corporate governance and performance management in their Annual Audit Letter and other reports;
- Workforce assessments and accreditation where appropriate and affordable;
- The External Auditor's opinion on the Council's financial statements;
- The work of the Audit Committee, which reviews the outcomes from the annual audit plan and the annual report of the audit function;
- The work of the Scrutiny Committees;
- An annual review of the constitution by the Constitutional Review Group, which recommends amendments, where appropriate, to the Constitution for agreement by the Authority;
- Work of the Standards Committee, which includes monitoring the operation of the members' Code of Conduct and the Member and Officer Protocol.
- An appraisal of any breaches of the Authority's Officer Code of Conduct as set out in the Constitution; of which there have been none.

Significant governance issues

The review, as detailed above, provides good assurance of the effectiveness of the Authority's system of internal control. There have been no governance issues identified during the year that are considered significant in relation to the Authority's overall governance framework. Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

Cllr Garry Wall	Kathryn Hall
Leader of Council	Chief Executive
June 2016	June 2016

MID SUSSEX
DISTRICT COUNCIL

Glossary of Terms

Glossary of Terms

Accounting Polices - These are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements.

Accounting Standards - These are set by CIPFA /LASAAC and comprise International Financial Reporting Standards (IFRSs) developed by the Financial Reporting Advisory Board ((FRAB). The Code of Practice on Local Authority Accounting is based on approved Accounting Standards issued by the International Accounting Standards Board (IAS) as well as approved Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board. Therefore, the IFRS-based Code of Practice on Local Authority Accounting is based on the accounting standards issued by various standard setting bodies, 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 IAS 19)- Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Actuarial gains and losses are 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 Comprehensive Income and Expenditure Account.

Agency Services - Services which are performed by or for another authority or public body, where the principal (i.e. the authority responsible for the service) reimburses the agent (i.e. the authority carrying out the work) for the cost of the work carried out.

Allowance 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.

Balances - In general, this is 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.

Billing Authority – This is the local authority responsible for the billing and collection of the council tax from all properties in their areas. 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 Adjustment Account – this represents timing differences between the amount of the historical cost of non-current assets consumed and the amount that has been financed.

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 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, subject to the provisions contained within the Local Government Act 2003, 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), recording receipts from Council Tax, and payments to the General Fund and other public authorities. It also records receipts of non-domestic rates collected on behalf of Central Government, County Council and MSDC, and payments made to these organisations for their share of the total Business Rates collected.

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 IAS 19) - These are appropriated to the Comprehensive Income and Expenditure Account from the Pensions Reserve, to replace all IAS 19 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.

Creditors- Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the Balance Sheet.

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

Current Liabilities - An amount which will be payable or could be called in within the next accounting period e.g. creditors, provision for accumulated absences, finance leases payable less than 1 year, cash overdrawn, and borrowing payable less than 1 year.

Current Service Cost (Pensions IAS 19) This represents the increase in present value of the scheme's liabilities expected to arise from employee service in the current period.

Debtors – These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

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

Depreciation – is provided for on all Property, Plant and Equipment. Depreciation is the measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, effluxation of time or obsolescence through technological or other changes.

DWP – Department for Work and Pensions

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.

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 out by the Ernst &Young LLP.

Fair Value – Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Finance Lease - A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Other types of lease are termed "operating leases".

Financial Instruments – A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. This covers both financial simple assets and financial liabilities e.g. trade debtors and trade creditors. In its most complex form these include derivatives and embedded derivatives.

Gains and Losses on Settlements (Pensions IAS 19) - 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 Balance- The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund.

Heritage Asset – A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Impairment – Impairment occurs when an asset has been re-valued 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 – Non-current 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 assets are defined as "non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events

Interest Cost (Pensions IAS 19) – The expected increase during the year in the present value of the schemes liabilities because the benefits are one year closer to settlement.

International Financial Reporting Standard (IFRS) – Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Minimum Revenue Provision (MRP) – is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, under the Local Government and Housing Act 1989.

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

Net Book Value (NBV)- is the amount at which non-current assets are included in the Balance Sheet, e.g. historical cost or current value less cumulative depreciation.

Net Realisable Value (NRV) – is the existing use value of the non-current asset less any expenses incurred in realising the asset.

Non-current Assets (formally 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, vehicles plant and equipment, infrastructure assets and Community Assets. Collectively these are now referred to as Property Plant and Equipment.

Operating Lease – is a lease other than a Finance Lease. A type of lease, usually of computer equipment, office equipment, furniture etc., which is similar to renting. Ownership of the asset must remain with the lessor for a lease to be classed as an operating lease.

Past Service Costs (Pensions IAS 19) - The increase or decrease 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 or changes in indexation. This is charged or credited within the net cost of services under Non Distributed costs in the Comprehensive Income and Expenditure 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 Police & Crime Commissioner for Sussex 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.

Rateable Value (RV) - A value of all non-domestic properties subject to rating, to which rate pound ages 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.

Related Parties – Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Heads of Service and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:-

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves - See Provisions and Reserves.

Return on Plan Assets (IAS 19) is interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less:

a) Any costs of managing plan assets, and
b) Any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Revaluation Reserve – This Reserve records the accumulated gains on the non-current assets held by the Council resulting from inflationary increases in values or upward revaluations resulting from other factors.

Revenue Expenditure – is expenditure on the day-to-day running of Council services. E.g. employee costs, premises costs, transport costs and supplies and services.

Revenue Expenditure Funded From Capital Under Statute (REFCUS) – Expenditure that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income & Expenditure Statement.

Service Reporting Code of Practice (SeRCOP) – This is Cifpa's authoritive guide that establishes proper practices with regard to consistent financial reporting for services in local authorities.

Surplus – is where income exceeds expenditure.

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 comparisons with the actual 1992/93 community charge bill for the particular property.

MID SUSSEX
DISTRICT COUNCIL

Auditor's Opinion and Certificate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MID SUSSEX DISTRICT COUNCIL

We have audited the financial statements of Mid Sussex District Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement;
- The related notes 1 to 45; and
- Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Mid Sussex District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Corporate Resources and auditor

As explained more fully in the Statement of Head of Corporate Resources Responsibilities set out on page 4, the Head of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Corporate Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Mid Sussex District Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Conclusion on Mid Sussex District Council's 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Mid Sussex District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of Mid Sussex District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

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