



STATEMENT OF ACCOUNTS 2016/17 FOR ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

- 1.1 The audits of Adur District Council's and Worthing Borough Council's 2016/17 Statements of Accounts are complete. The External Auditor's Report to those Charged with Governance (ISA 260), elsewhere on the agenda, contains the External Auditor's recommendations and the "Key Message" section of this report summarises the findings arising from their audit. At the time of going to print, there are no qualification issues to report. The 2016/17 financial statements have been adjusted in respect of the External Auditor's findings as at 14th September 2017. This report seeks approval of the two sets of amended Statements of Accounts for the financial year ended 31st March, 2017 and the letters of representation which are attached as appendix 1

2.0 BACKGROUND

- 2.1 The Accounts and Audit (England) Regulation 2015, section 8 sets out the requirements of signing, approval and publication of the statement of accounts for 2016/17.
- 2.2 The Chief Financial Officer (CFO) has complied with Section 9 of the regulations which require that the draft accounts be certified by the 30th June 2017.
- 2.3 In accordance with section 9, the CFO has also re-certified on behalf of that authority that they are satisfied that the statement of accounts following the audit presents a true and fair view of the financial position of the Councils at the end of the financial year; and the Councils' income and expenditure for that year.
- 2.3 Following the approval of the statement of accounts in June 2017, the two sets of accounts have been audited. The audit has revealed some disclosure, presentational and other errors, which required correction to ensure that the accounts presented are of a high standard. The changes identified, up to 14th September 2017, have been discussed, agreed and adjusted for, within the sets of accounts circulated to members. Any significant amendments affecting the certification agreed after 14th September 2017 will be amalgamated into the two sets of accounts before publication. All the Auditor's findings identified to date are contained in the Auditor's 2016/17 External Auditor's Report on the Audit Results (ISA 260), elsewhere on this agenda.

3.0 AGREED AMENDMENTS TO THE 2016/17 STATEMENT OF ACCOUNTS

- 3.1 As the External Auditor's Report on the Audit Results (ISA 260) (elsewhere on this agenda) explains, there are no qualification issues arising from the audit of the two sets of 2016/17 Statement of Accounts to report. The Adur and Worthing accounts were adjusted after the reported outturn position to the Joint Overview and Scrutiny Committee on 11th July 2017. An amendment was made to the provision for overpayments in both councils statements, this reduced the underspend for Adur by £72,854 to £8,000 and by £146,000 for Worthing to £522,885.
- 3.2 It is proposed that the Adur District Council and Worthing Borough Council Statements of Accounts 2016/17 be approved by this Committee. The audit may not be completely finalised by the date of this meeting. However, it must be completed by the 30th September 2017.
- 3.3 Due to the publishing timetable requirement for this Committee it may be necessary to issue a final version of the External Auditor's report, if this does occur the Report will be represented to Committee at the next meeting.
- 3.4 There are no unadjusted items this year for either of the statements of accounts at the time of drafting this report,

4.0 ANNUAL GOVERNANCE STATEMENT

- 4.1 The Committee will be aware that approval was given to the draft Annual Governance Statements for 2016/17 at its meeting on the 27th June 2017. Following the approval the External Auditors have conducted their review of the Statements as part of the annual audit of accounts. These have now been incorporated into the Statement of Accounts prior to publication.

5.0 LEGAL

- 5.1 The two sets of Statements of Accounts have been prepared in accordance with statutory instrument number 234 (2015), the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, based on International Financial Reporting Standards (IFRS).

6.0 FINANCIAL IMPLICATIONS

- 6.1 The two sets of Statements of Accounts reflect the 2016/17 outturn position, the transfers to and from reserves and carry forward of balances, in the '*Revenue Outturn 2016/17 and Capital and Projects Outturn 2016/17 for Joint, Adur and Worthing*' approved by the Joint Strategic Committee at its meeting of 11th July, 2017, adjusted for by the inclusion of an overpayment provision as noted in section 3.1 of this report

6.0 FINANCIAL IMPLICATIONS

6.2 Reconciliation of 2016/17 Revenue Outturn to 2016/17 Comprehensive Income and Expenditure Accounts

The difference between the Adur and the Worthing 2016/17 Revenue Outturn and the Comprehensive Income and Expenditure Account is made up of the following:

Adur District Council		2016/17
	£'000	£'000
Final Outturn 2016/17		
General Fund		10,279
HRA		(131)
Final 2016/17 Outturn Net Spend		10,148
Income from council tax and NDR	(7,647)	
Government Grants and Contributions not included in outturn report	(2,544)	
Net income from Taxation	(10,191)	(10,191)
Payments to DCLG for housing capital receipts pool	568	
Gain/loss on disposal and de-recognition of assets	1,155	
Parish Council Precepts	365	
Other Operating Expenditure not included in Outturn	2,088	2,088
Adjustments to remove statutory items and replace with entries to represent accounts on an IFRS basis		
MRP and HRA set aside included in outturn and not included in Comprehensive Income Statement		(2,606)
Net impact of accounting for pensions under IAS19		154
Revenue funded from capital under statute		317
Net depreciation, impairment, and revaluations		6,990
Transfer to the Major Repairs Allowance		(2,370)
Capital expenditure charged to revenue		(73)
Capital grants credited to revenue		(537)
Other minor adjustments		(42)
2016/17 Comprehensive Income and Expenditure - Deficit on provision of services		3,878

6.0 FINANCIAL IMPLICATIONS

Worthing Borough Council		2016/17
	£'000	£'000
Final 2016/17 Outturn Net Spend		13,370
Income from council tax and NDR	(10,826)	
Government Grants and Contributions not included in the outturn	(7,358)	
Net income from Taxation	(18,184)	(18,184)
Gain/loss on disposal and de-recognition of assets	(1,259)	
Other Operating Expenditure not included in Outturn	(1,259)	(1,259)
Adjustments to remove statutory items and replace with entries to represent accounts on an IFRS basis		
MRP included in outturn and not included in Comprehensive I and E Statement		(977)
Revenue funded from capital under statute		785
Net depreciation, impairment, and revaluations		(4,253)
Capital expenditure charged to revenue		(185)
Capital grants credited to revenue		(1,137)
Non ring-fenced grants included		108
Capital receipts credited to revenue		(205)
2016/17 Comprehensive Income and Expenditure - Deficit on provision of services		(11,937)

6.3 Movement in the Other Comprehensive Income and Expenditure values within the Comprehensive Income and Expenditure Statement.

The Other Comprehensive Income and Expenditure section of the core Comprehensive Income and Expenditure Statement has significant movement of £19,297k year on year due to the category of costs that it includes and their sensitivity to market conditions:

	2016/17	2015/16	Movement
	£'000	£'000	£'000
(Surplus)/Deficit arising on the revaluation of Property, Plant and Equipment Assets	(1,999)	(6,861)	4,862
Re-measurements of the Net Defined Pension Benefit Liability	4,087	(10,337)	14,424
Other	-	(11)	11
Other Comprehensive Income and Expenditure	2,088	(17,209)	19,297

6.0 FINANCIAL IMPLICATIONS

6.3 Movement in the Other Comprehensive Income and Expenditure values within the Comprehensive Income and Expenditure Statement.

Surplus or deficit arising on revaluation of property, plant and equipment – this reflects the upward or downward revaluation of the councils assets, net of any gains or losses that have been recognised within the Provision of Services.. These values may vary considerably year to year depending on the valuations carried out by the independent valuer.

Re-measurements of the net defined pension benefit liability – this reflects the return on the pension scheme plan assets (excluding amounts included in net interest within Financing and Investment Income and Expenditure) and actuarial gains and losses. The actuarial gains and losses are the changes in the net pensions liability that arise because events have not coincided with assumptions made at the last valuation or because the actuaries have updated their assumptions. These returns and assumptions change annually and will reflect

market activity and changes in future projections for inflation, mortality and scheme performance.

7.0 PUBLICITY

7.1 Part 5 of the 2015 Regulations deals with the “*Inspection and notice procedure*”. As required Adur District Council and Worthing Borough Council gave notice by advertisement and on the respective websites of the matters set out in paragraph (2), regulation 15 of the 2015 regulations.

8.0 LEGAL IMPLICATION

8.1 The formal approval of the accounts enables the Councils to comply with the Account and Audit Regulations 2015.

9.0 CONCLUSION

9.1 The Accounts and Audit Regulations 2015 place requirements on authorities in completing, approving and publishing their annual Statement of Accounts. Adur District Council and Worthing Borough Council have complied with these requirements.

9.2 Members’ are asked to approve the amended Adur District Council and Worthing Borough Council 2016/17 Statement of Accounts, as at the date of this meeting and authorise the Chairpersons to approve the final version of the two statements of accounts. Publication will take place when the External Auditors have signed their opinion on the 2016/17 accounts and the audit has been concluded.

10.0 RECOMMENDATIONS

10.1 The Committee is recommended to:

- approve the amended Adur District Council and Worthing Borough Council Statements of Accounts for the financial year ended the 31st March, 2017, attached; and
- agree the letters of representation at Appendix 1 which will be signed by the Joint Chairmen of the Joint Governance Committee.

Local Government Act 1972

Background Papers:

Accounts and Audit (England) Regulations 2015

http://www.legislation.gov.uk/ukxi/2015/234/pdfs/uksi_20150234_en.pdf

CIPFA Code of Practice on Local Authority Accounting in United Kingdom 2016/17 – Based on International Financial Reporting Standards

CIPFA Guidance Notes for Practitioners 2016/17 Accounts

2016/17 External Auditor's Report to those Charged with Governance (ISA 260)

11th July 2017 Joint Strategic Committee – “Revenue Outturn 2016/17” and “Capital and Projects Outturn for 2016/17”

<https://www.adur-worthing.gov.uk/media/media,145065,en.pdf>

<https://www.adur-worthing.gov.uk/media/media,145066,en.pdf>

27th June 2017 Joint Governance Committee – “The Annual Governance Statements 2016/17 – review and approval”

<https://www.adur-worthing.gov.uk/media/media,144813,en.pdf>

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY

Matter considered and no issues identified

2.0 SPECIFIC ACTION PLANS

2.1 Matter considered and no issues identified

3.0 SUSTAINABILITY ISSUES

3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES

4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)

5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES

6.1 Matter considered and no issues identified

7.0 REPUTATION

7.1 The External Auditor's Audit Results Report – ISA (UK and Ireland) 260 is a publicly available document and as such the findings on the report have an impact on the Councils reputation with regard to financial Governance.

8.0 CONSULTATIONS

8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT

9.1 Matter considered and no issues identified

10.0 HEALTH and SAFETY ISSUES

10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY

11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING

12.1 The accounts of the constituent authorities contains details of the Adur and Worthing partnership.

ATTACHMENTS

Adur District Council 2016/17 Statement of Accounts (including the Annual Governance Statement)

Worthing Borough Council 2016/17 Statement of Accounts (including the Annual Governance Statement)



ADUR DISTRICT
COUNCIL

***Statement of
Accounts
2016/2017***

A D U R D I S T R I C T C O U N C I L

S T A T E M E N T O F A C C O U N T S

for the year ended 31st March, 2017

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NARRATIVE REPORT

INTRODUCTION

This Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance Accountancy (CIPFA). It aims to provide information to our residents, Council Members, partners, stakeholders and other interested parties so that they can:

- Understand the financial position of the Council in 2016/17;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Be assured that the overall position of the Council is sound and secure.

This is the narrative report to the Statement of Accounts for the year ended 31st March 2017. This requirement was introduced as part of the 2015 Accounts and Audit Regulations. The narrative report provides information about any key issues which affect the Council and its accounts. It provides a summary of the financial position as at 31st March 2017 and is structured as below:

- Introduction To Adur District Council
- Key facts about Adur District Council
- Key information about the Council
- The 2016/17 revenue budget process and medium term financial plan
- Financial Overview of the Council 2016/17
 - * Revenue spend in 2016/17
 - * Capital strategy and Capital Programme 2016/17 to 2018/19
- Non-financial achievements of the Council in 2016/17
- Summary position

This is followed by an explanation of the Financial Statements

AN INTRODUCTION TO ADUR DISTRICT COUNCIL

Adur District Council is one of seven Local Authorities in West Sussex. It lies on the South coast and cover an areas of approximately 41.8 km². The council shares its boundaries with Brighton and Hove City Council to the east, Worthing Borough Council to the west, and Horsham District Council to the north. It is located at the foot of the South Downs at the southern edge of South Downs National Park.

NARRATIVE REPORT

KEY FACTS ABOUT ADUR

Population:

Adur has a population of approximately 63,430 according to the Office of National Statistics with an age profile of:

Age range	Adur District Council	Nationally
0 - 19	22.26%	23.69%
20 - 64	54.56%	58.45%
66 - 90+	23.18%	17.86%

There are 2,215 businesses within the area. Business rate income was £17.6m in 2016/17 of which the Council keeps £2.4m (13.6%). 10% of the income is paid to the County Council with the remainder paid to Government.

KEY INFORMATION ABOUT ADUR DISTRICT COUNCIL

Adur District Council is a large complex organisation offering a wide range of services to its residents. Its policies are directed by the Political Leadership and implemented by the Council Leadership Team and Officers of the Council. The following section describes the political and management structures of the Council.

Political Structure in the 2016/17 Municipal Year

Adur has 29 Councillors representing 14 wards. In 2016/17 the political make-up of the Council was:

Conservative Party	16 Councillors
UK Independent Party	8 Councillors
Independent	2 Councillors
Labour	3 Councillor

The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has responsibility for the appointment of Members of the Executive, the allocation of portfolio responsibilities and the delegation of Executive Functions. Scrutiny of the Executive decision for 2016/17, including the financial strategy, has been undertaken by the Joint Overview and Scrutiny Committee

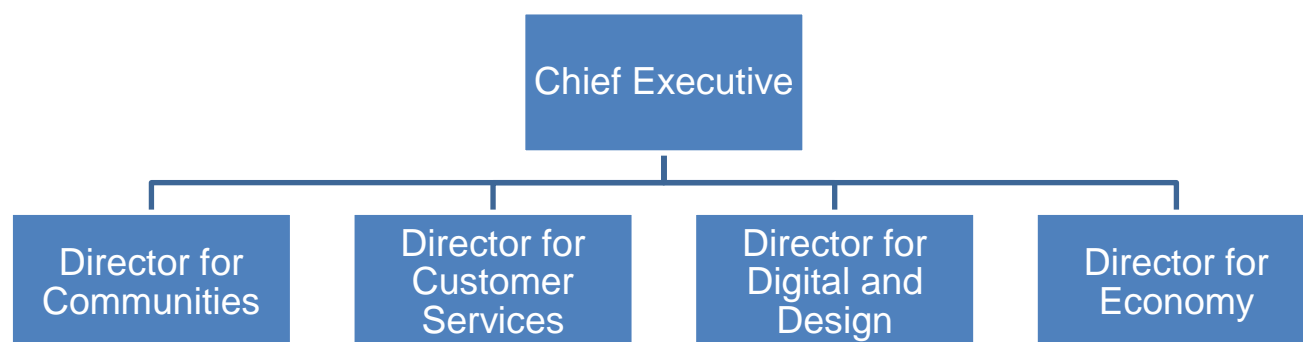
The current leader of the Council is Councillor Neil Parkin.

NARRATIVE REPORT

KEY INFORMATION ABOUT ADUR DISTRICT COUNCIL

Management Structure

Supporting the work of the Councillors is the organisational structure of the Council headed by the Corporate Leadership Team led by the Chief Executive, Mr Alex Bailey.



Council plans and monitoring commitments

The Joint Strategic agenda for Adur and Worthing Councils was set out in “Catching The Wave”, in 2014. The harmonised prioritised outcomes for Adur and Worthing Councils evolved from this agenda are contained in “*Surf’s Up*” (a 24 month programme of activity approved by the Joint Strategic Committee on 2nd December 2014).

Surf’s Up contains around 40 different prioritised outcomes (framed as commitments) designed to guide the Councils between 2015 and 2017. These high level priorities are reviewed every six months by Elected Members.

The commitments are divided among the 3 ‘Wave Catchers’ (*Supporting Wealth Generators*, *Cultivating Enterprising Communities* and *Becoming Adaptive Councils and Systems*) and the fourth strand, ‘Waxing the Board’, - contains action points in order to be ‘fit for purpose’ and deliver the Councils’ agenda

The full list of commitments can be found on the following pages within “*Surf’s Up*”.

- **Supporting Wealth Generators** - the full list of commitments made to the Adur and Worthing communities by the directorate for the economy can be seen on page 24 – 29
- **Cultivating Enterprising Communities** - the full list of commitments made to the Adur and Worthing communities by the directorate for communities can be seen on pages 30 – 34
- **Becoming Adaptive Councils** - the full list of commitments made to the Adur and Worthing communities by the directorate for communities can be seen on pages 35 – 38
- **Waxing the Board** The full list of these ‘must do’s’ can be seen on pages 39 – 40

NARRATIVE REPORT

KEY INFORMATION ABOUT ADUR DISTRICT COUNCIL

Council plans and monitoring commitments

The Councils have developed “realtime” progress tracking against the commitments which can be accessed through the Trello board (<https://trello.com/b/PqFkkv3q/surfs-up-monitoring-report>). Trello is a free App that the Councils have started to use to move from the “static snapshot” reporting (which rapidly becomes out of date) to something that links to data in real time and to the individuals or teams with accountability for delivery. The Trello board has a column for each of the 3 Wave Catchers and Waxing the Board. Within each of the columns, the commitments are listed, containing activities with progress labels against each activity – green, amber red.

The “Surf’s Up” programme (and commitments) can be found:
<http://www.adur-worthing.gov.uk/catching-the-wave-and-surfs-up/>

Surf’s Up monitoring reports to JSC in 2016/17 may be viewed at:
Joint Strategic Committee report 13th July 2016 (18 month progress update)
<https://www.adur-worthing.gov.uk/media/media,140520,en.pdf>

Joint Strategic Committee report 3rd December 2016 – *Conclusion of the 24 month “Surf’s Up” Programme*
<https://www.adur-worthing.gov.uk/media/media,142448,en.pdf>

The Council approved “Platforms for our Places” - Unlocking the power of people, communities and our local geographies in February 2017 which sets out the Councils strategy for the next three years. The document identifies 5 key platforms namely:-

- Our Financial Economies
- Our Social Economies
- Stewarding our Natural Resources
- Services and Solutions for our places
- Leadership of our Places

The full programme can be found at:
<https://www.adur-worthing.gov.uk/platforms-for-our-places/>

Working in partnership

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

The shared single officer structure, which was introduced in April 2008, includes all of the services that were intended to operate as shared Adur & Worthing services with a net cost of services of £23.9m. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

NARRATIVE REPORT

KEY INFORMATION ABOUT ADUR DISTRICT COUNCIL

- The Joint Strategic Committee has a separate budget.
- As each service moved across from Adur and Worthing to the Joint Strategic Committee their respective budgets and spend were pooled.
- The joint budgets/expenditure are recharged back to Adur and Worthing Councils.

THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Revenue Budget 2016/17

The budget strategy for 2016/17 was compiled in the context of the Government's Comprehensive Spending Review, the Chancellor's Budget and the local government settlement.

In addition to the national context, the Adur District Council budget strategy has taken account of pressures and risks such as:

- inflation, the largest source of cost pressure
- income generated by the Council may be affected by lack of demand;
- withdrawal of funding by partners, potentially losing funding for key priorities;

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

Both councils agreed a budget strategy to meet this challenge in 2016/17 through 3 major work streams – developing commercial income, investing in property, and the delivery of a new digital strategy. In addition the council continues to pursue savings through efficiency reviews, good procurement and base budget reviews.

As a result significant savings of £1.2m were identified as part of the 2016/17 budget round and the Council set a balanced budget in February 2016.

Council Tax

The Council chose to increase Council Tax for 2016/17 by an average of 1.99% for the first time in 6 years.

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THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Council Tax

The comparison of the average Band D Council Tax charged in the area is shown below:

Band D Council Tax	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Adur District Council	262.08	259.02	259.02	264.42
West Sussex County Council	1,161.99	1,161.99	1,161.99	1,207.89
West Sussex County Council Total as split below:				
WSSC – Core precept	-	-	-	1,184.65
WSSC – Adults Social Care Precept	-	-	-	23.24
Sussex Police and Crime Commissioner	138.42	141.12	143.91	148.91
	1,562.49	1,562.13	1,564.92	1,621.22

Council Tax

Band D Council Tax	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Parish precepts and other adjustments:				
Lancing Parish Council	47.79	48.15	46.89	46.44
Sompting Parish Council	31.77	31.50	30.87	30.51
Special Expenses (charged in all areas except Lancing Parish Council)	17.28	17.55	17.82	17.82

Council Tax base

The Council Tax base for 2016/17 was 20,520.60 which was an increase on the previous year's number of Band D equivalents of 365. This in part reflects the Council's support for local house building and economic regeneration.

Band D Council Tax	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Number of Band D equivalent dwellings	19,680.70	19,697.8	20,155.6	20,520.6

Budget Strategy for 2017/18 to 2020/21

In preparing the budget strategy for 2017/18 to 2021/22, the aim was to deliver the council's priorities outlined in 'Surf's up' and latterly 'Platforms for our Places'. The forecasts are updated throughout the year to give the Council a clear view of the forthcoming financial challenges. The budget strategy for the forthcoming 2017/18 budget was approved by Council on 13th September 2016 and it set the strategic direction to address the significant challenges not only for 2017/18 but onwards.

NARRATIVE REPORT

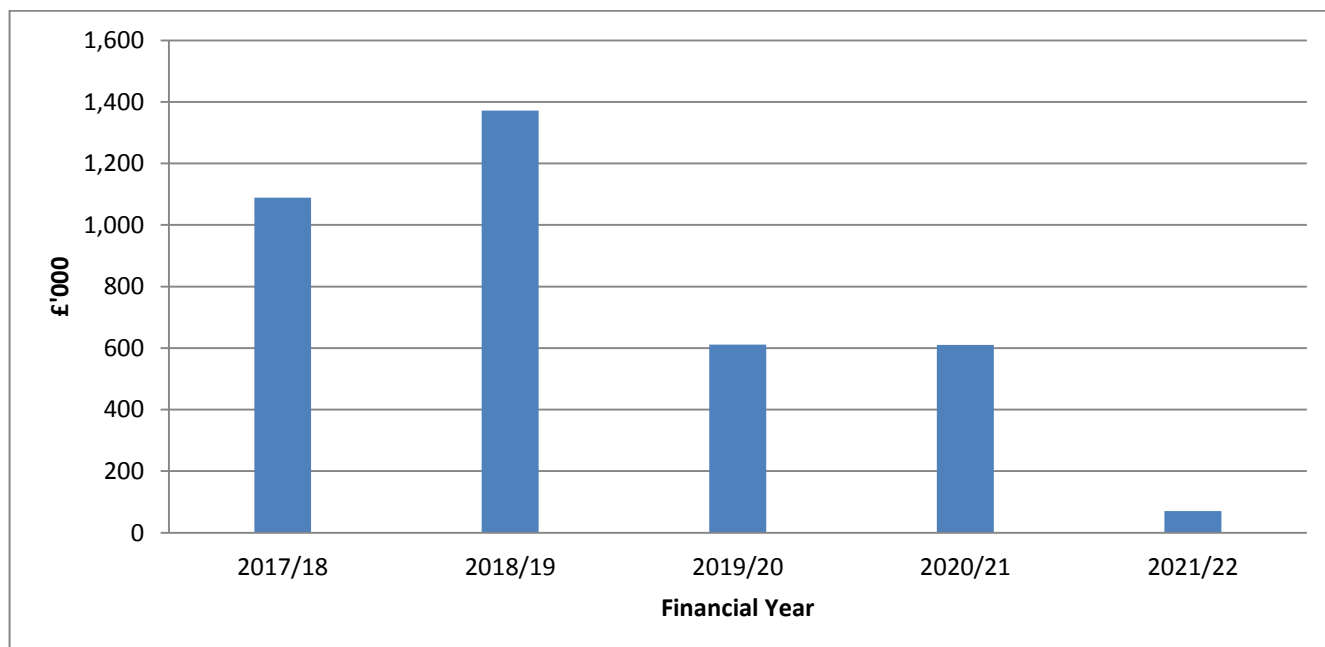
THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Budget Strategy for 2017/18 to 2020/21

The fall in government funding included in the forecasts highlighted that the Council needs to:

1. To transform services through the use of digital technology;
2. To invest in new property to generate income for the Council in the future;
3. To expand commercial activity

The Council will need to find significant budget reductions over the five years as follows:



Further details around the most recent forecasts for both councils are contained in the “*Outline Forecast 2017/18 To 2021/22 and Budget Strategy*”, which was reported to 13th September 2016 Joint Strategic Committee.

The link for this report is:

<https://www.adur-worthing.gov.uk/media/media,141175.en.pdf>

Budget monitoring

Revenue and capital monitoring information is presented to the Executive four times a year. Any areas of concern are the subject to detailed scrutiny by the relevant Portfolio holder at ‘budget hotspot’ meetings. In addition, the Joint Overview and Scrutiny Committee can add areas of concern to their work programme.

NARRATIVE REPORT

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities – Adur District Council, Worthing Borough Council and the Joint Strategic Committee – is contained in the 11th July 2017 Joint Strategic Committee reports “Joint Revenue Outturn 2016/17” and the “Capital and Projects Outturn for Joint, Adur and Worthing 2016/17”. These are available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

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

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

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results for 2016/17 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council has again contained expenditure within the original budget levels despite facing a range of additional costs that were not part of the original budget. The current economic recession has impacted on income streams for the Council. In 2016/17 Adur District Council reported an underspend of £8,000 against a budget of £9,780,310.

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

	£000s
Revenues and Benefits - Subsidy qualification, Write-offs and overspends on Census contract offset by review of provision for writing off overpayments	(148)
Loss of Civic centre rental income	150
Waste services shortfall in income and overspends on vehicles and agency staff	124
Business Rates and grants	(322)
Planning Income shortfall	36
Building Control & Land charges income shortfall	42
Homelessness	150
Car parking fee income	130
MRP policy revision	(236)
Fishersgate closure & repair costs	112
Overprovision of pay award	(82)
Other changes	36
	(8)

NARRATIVE REPORT

SUMMARY OF REVENUE SPEND

Where such items were identified when the 2017/18 budget was being prepared, an allowance for any impact on the future years was built into the budget.

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

How the money was spent and how services were funded

SUMMARY FINAL REVENUE OUTTURN			
CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	(UNDER)/ OVERSPEND
	£000s	£000s	£000s
CM for Environment	3,276,530	3,281,303	4,773
CM for Health & Wellbeing	981,680	1,009,226	27,546
CM for Customer Services	569,950	503,929	(66,021)
Leader	707,780	728,107	20,327
CM for Regeneration	2,161,150	2,377,935	216,785
CM for Resources	2,396,440	2,244,842	(151,598)
Support Service Holding Accounts	253,300	-	(253,300)
TOTAL CABINET MEMBERS	10,346,830	10,145,342	(201,488)
Credit Back Depreciation	(1,776,510)	(1,295,885)	480,625
Minimum Revenue Provision	1,181,290	889,148	(292,142)
Additional Non Ring Fenced Grants		538,342	538,342
Financial Instrument Adjustment		2,163	2,163
	9,751,610	10,279,110	527,500
Transfer to/from reserves:			
Contribution to/from reserves	28,700	(506,800)	(535,500)
Underspend transferred to Capacity Issues Reserve		8,000	8,000
Total Budget requirement before External Support from Government	9,780,310	9,780,310	-

Approved use of the underspend:	£000s
Carry Forwards	8
Balance of Net Underspend available to transfer to Capacity Issues Reserve	0
	8

Funding from Central Government Support

The Council's share of Revenue Support Grant is £0.77m for the financial year 2016/17.

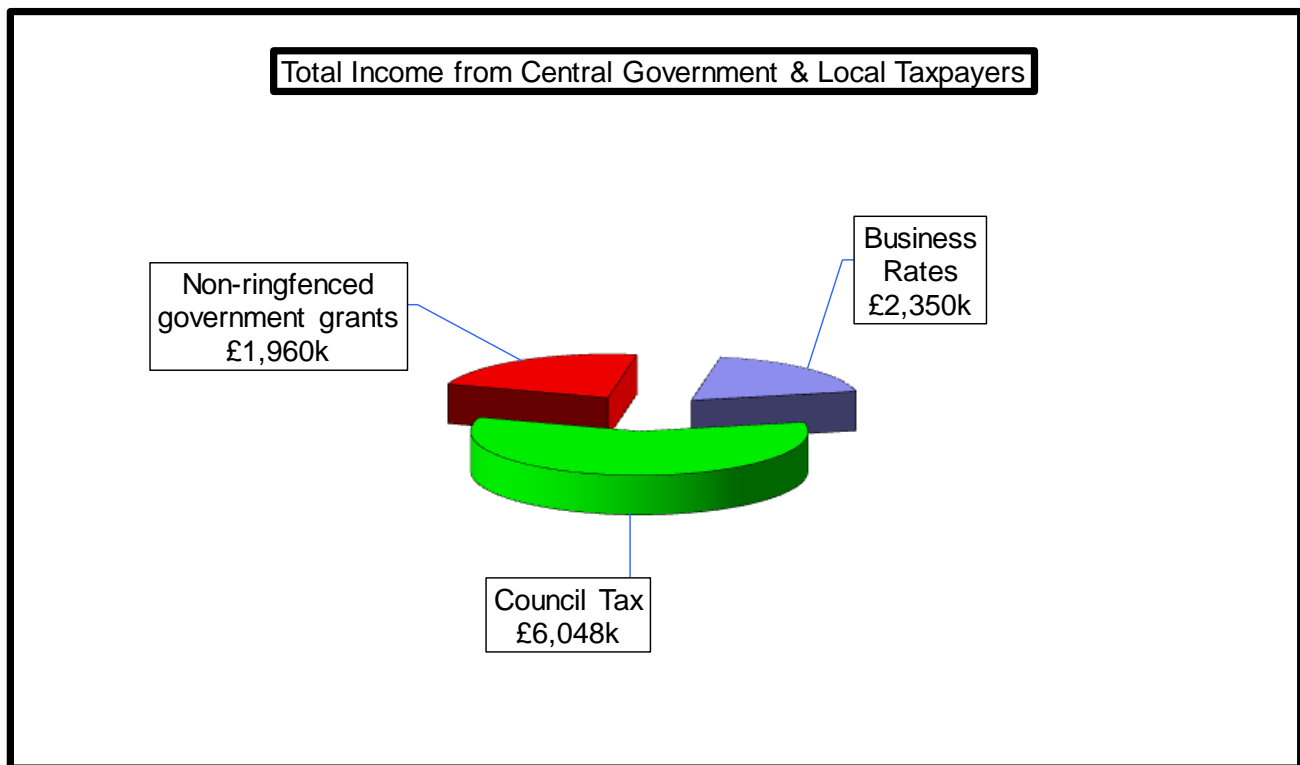
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SUMMARY OF REVENUE SPEND

Funding from Local Taxpayers

The Council collected £34.2m of Council Tax relating to 2016/17, this represented 97.89% of the total Council Tax due to be collected. In addition, Council Tax Benefit totalled £4.4m. Council Tax is collected by Adur District Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 74.21%, Sussex Police & Crime Commissioner 9.10% and Adur District Council 16.69%.

The Council also collects non-domestic rates from local businesses. In 2013/14 the government introduced a business rate retention scheme which changed how business rates are administered nationally. Of the £17.6m collected, after allowing for exemptions, reliefs and provisions, the Council keeps 40%, 10% is paid to the County Council and the remaining 50% is paid over to the government's national pool.



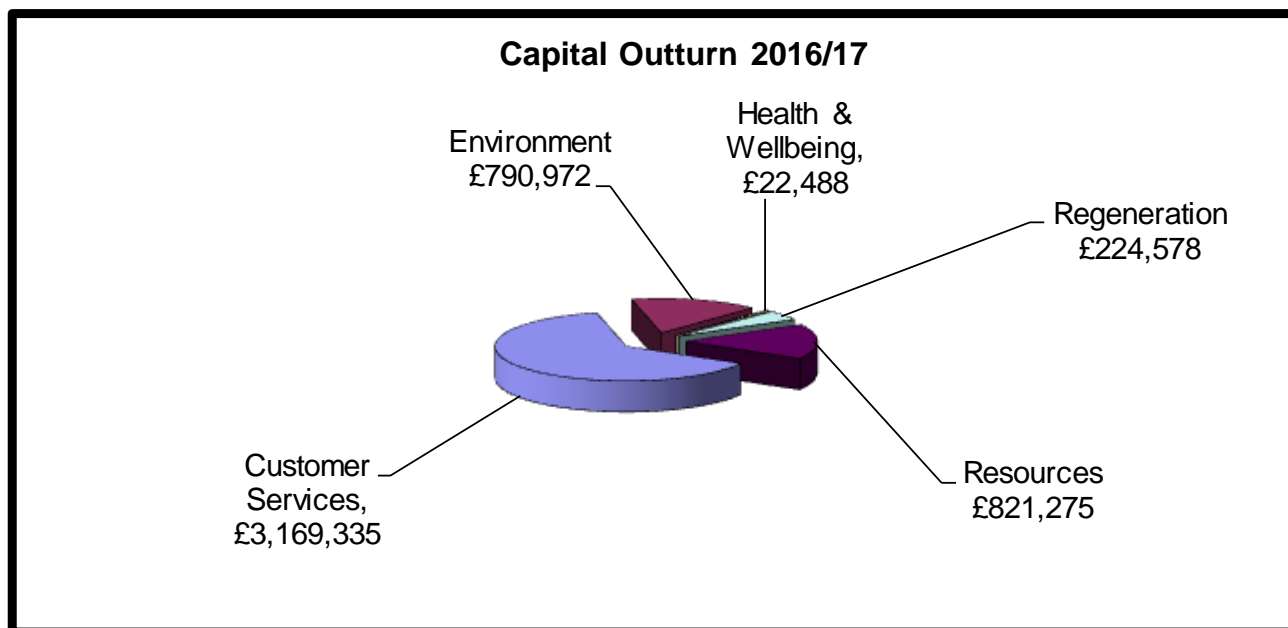
* Net of budgeted Collection Fund surplus/deficit.

Since 2015/16, the Council has participated in a business rate pool with neighbouring Councils. This enables the area to retain £2.1m of business rate income to fund economic regeneration initiatives. Full details can be found in Note 2 to the Collection Fund.

NARRATIVE REPORT

SUMMARY OF CAPITAL SPEND

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



The capital investment programme for all Adur Portfolios was originally estimated at £16,878,480. Subsequent approvals and re-profiling of budgets to 2017/18 produced a total current budget of £8,008,140. Actual expenditure in the year totalled £5,028,649, a decrease of £2,979,491 on the current estimate, comprising of slippage of £2,885,090 and budget brought forward from 2017/18 £41,400 and a net underspend of £135,801. The major factors contributing to the re-profiling and slippage were:

1. Schemes where the Council does not have direct control over the scheme progress. For example where the scheme is managed by another authority, or mandatory grant schemes where the spend is demand led and the Council has no control over when the grants will be paid.
2. Works completed in advance of budget profile.
3. Officer capacity has resulted in some schemes being unable to commence or complete within the financial year.
4. Negotiations required with other interested parties.

The re-profiling of schemes was on-going throughout the year and in total 13 schemes did not complete as planned in 2016/17.

Expenditure in 2016/17 was financed as follows:

NARRATIVE REPORT

SUMMARY OF CAPITAL SPEND

	2016/17
	£
Government grants	911,965
Other contributions	229,640
Capital Receipts	648,052
Revenue Contributions and Reserves	2,443,032
Borrowing	795,960
TOTAL	5,028,649

Council's asset values have been increased as a result of the above capital investment. The Council plans to invest £70,294,340 in its capital assets over the next 3 years, £25,985,130 in 2017/18, £27,918,240 in 2018/19 and £16,390,970 in 2019/20. The capital investment will be financed from a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and prudential borrowing.

Each Council's current capital programme, acquisitions, asset enhancements, an update on major projects, the capital outturn and internal and external sources of funds available to meet the capital expenditure is explained in more detail in the 11th July 2017 Joint Strategic Committee report "Capital and Projects Outturn for Joint, Adur and Worthing 2016/17". This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk

BORROWING

A summary of the Council's borrowings, categories of financial liabilities, debt maturity structure, interest payable and the different types of risks are contained in Note 16 to these accounts. Sources and funds used to meet capital expenditure are summarised in the capital spend section of this Narrative Report and more detail is contained in the 11th July 2017 Joint Strategic Committee report "Capital and Projects Outturn for Joint, Adur and Worthing 2016/17". This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

Although financial times are challenging for the Council and the sector as a whole, progress has been made across all the 'Wave Catchers'.

A selection of updates on the Councils' commitments is as follows:

Wave Catcher 1: Supporting Wealth Generators

- The Place Plan for Adur and Worthing which sets out the County Council infrastructure investment required was approved earlier in the year..
- Local Growth Fund bids were successful and the Government announced that we have secured funding to help deliver the infrastructure and investment necessary to unlock development at the A27 adjacent to New Monks Farm and Shoreham Airport

NARRATIVE REPORT

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

- The Council plans to build a new office building on the site of the old Adur Civic Centre car park which will support our local businesses.
- We are on track to secure an early demolition of the old Civic Centre building and have commission design work on the development which will emerge on this site.
- Work has commenced on the Adur Tidal Walls scheme which will see improved flood defences along the river.

Wave Catcher 2: Cultivating Enterprising Communities

- The Councils' work in Think Family Neighbourhoods (TFNs) is regarded as an exemplar across West Sussex. We have continued to expand this programme supporting families inot work, into education, whilst addressing finance, benefit and debt issues.
- The "Going Local" social prescribing initiative launched in November 2016 and has now received its first referrals. This project, supported by the local Coastal Commissioning Group aims to tackle many of the underlying causes that lead to individuals presenting to GPs, but where alternative to medical interventions will benefit the individual's overall wellbeing.
- The roll out of the Eat out-Eat Well programme across both our regulatory and wellbeing functions continues.
- Continued management of parks and open spaces that encourage and enable our communities to stay well and resilient. This includes the continued programme to install outdoor public gym equipment in our public spaces.
- Multi-agency partnership to support and address the growing need in our communities for affordable and social housing.

Wave Catcher 3: Becoming Adaptive Councils (..... and waxing the board)

- The deployment of new contact centre technology has enabled customer services to start analyse incoming demand, and to start to develop customer insight, which will inform service improvements across the business. A restructure of the customer service teams provided for an improved focus on data analysis and cross-departmental advocacy of the customer. We are focussing on identifying and eliminating root causes of failure demand, and to drive up end to end service relevance.
- We have embarked on a programme of service improvement work which we are calling 'circles of influence'. This involves organising skills and processes in clusters which align more closely with customer need, and break down departmental process silos. This includes:
 - * Changing our revenues and benefits service which will allow us to provide a better service to our residents with a more consistent approach to benefit assessment, income recovery and debt advice.
 - * A review of building control and planning processes and working practices, to improve service speed, income generation and customer self-service wherever possible

NARRATIVE REPORT

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

Wave Catcher 3: Becoming Adaptive Councils (..... and waxing the board)

- Real progress has been made on the identification of opportunities to commercialise our services, and in piloting behavioural change projects. The recent 'Recycling Together' project showed how the Councils can harness the peer to peer networks of our citizens to spread the word - extending our influence beyond what we would have otherwise achieved through just compliance and enforcement activities.

The full list of commitments which can be accessed via the Trello link (<https://trello.com/b/PqFkqv3q/surfsupmonitoringreport>) in the Chief Executive's six-monthly update reports, as at June 2016, is as follows.

SUMMARY

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

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

The outturn position will inform the development of the 2018/19 budget. The intention is to build in recurring under spends into the 2018/19 budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on Adur District Council's accounts is available from the Section 151 Chief Financial Officer based at the Town Hall, Chapel Road, Worthing, or by accessing the joint Adur and Worthing Councils website, www.adur-worthing.gov.uk.

Information on joint policies and plans for the Adur Worthing partnership, and especially their joint Key Priorities are obtainable by accessing the joint Adur and Worthing Councils' website, www.adur-worthing.gov.uk

ACKNOWLEDGEMENTS

The production of the Statement of Accounts is not possible without the dedication and hard work of staff across the Council, particularly within the Finance Department. I would like to thank all colleagues endeavours during the financial year.



Sarah Gobey, Chief Financial Officer, BSc (Hons) CPFA

NARRATIVE REPORT

EXPLANATION OF ACCOUNTING STATEMENTS

The Accounts and Audit Regulations 2015 require that the Council produces a Statement of Accounts for each financial year.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code), and the "Update to the 2016/17 Code", issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by the International Financial Reporting Standards (IFRS) and are in respect of the financial year ended 31st March 2017.

Changes to the CIPFA Code of Practice for 2016/17 and the Update To the Code, relevant to this authority include:-

- The requirement to produce an Expenditure and Funding analysis which reflects how the Council analyses costs internally and requires the Council to reconcile the net expenditure chargeable to the Council Tax Payer or the Council Tenant under statute to the Consolidated Income and Expenditure Statement. This new statement can be found on page 23 of the accounts.
- The Consolidated Income and Expenditure Statement note reports according to the Council's own reporting requirements rather than via nationally determined standard headings.

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

In accordance with Regulation 6 (4) of the 2015 Accounts and Audit Regulations, the Annual Governance Statement must be approved in advance of the approval of the Statement of Accounts. Once the Statement of Accounts has been approved, the already approved Governance Statement will be published at the end of this document.

The Statements are listed and explained in the next section.

The Statement of Accounts consists of:

Page No:

Statement of Responsibilities

19

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of the Council's accounts. This statement confirms that the accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the given financial year.

Movement in Reserves Statement

20-21

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and "unusable reserves".

Comprehensive Income and Expenditure Statement

22

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

The Expenditure and Funding Analysis

23

This note shows how the net annual expenditure is used and funding from general resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

NARRATIVE REPORT

EXPLANATION OF ACCOUNTING STATEMENTS

Page No:

The Balance Sheet

24

This statement summarises the Council's assets and liabilities as at 31st March 2017 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' Reserves.

The Cash Flow Statement

25

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

Notes to the Accounts

26-116

Housing Revenue Account (HRA)

117-123

The HRA accounting statements comprise of the Comprehensive Income and Expenditure Statement and the Statement of Movement on the HRA balance. The former reports the economic cost in the year of providing housing services in accordance with generally accepted accounting practices. The latter reconciles the reported surplus or deficit in the year with the HRA balance at the end of the year. The HRA is a ring-fenced account subject to statutory regulation under Schedule 4 of The Local Government and Housing Act 1989. The HRA is accounted for separately from other funds of the Council so that rents cannot be subsidised from council tax (or vice versa).

Collection Fund

124-127

The Council is required to maintain a separate Collection Fund to detail monies received as a billing authority in relation to the Council Tax and Non-Domestic Rates and accounts for the distribution of Council Tax to preceptors (West Sussex County Council and The Police and Crime Commissioner) and the Council's own General Fund.

The Business Rate Retention Scheme allows the Council to retain a proportion of the total NDR received. The Adur share is 40% with the remainder paid to other bodies - West Sussex County Council (10%) and Department of Communities and Local Government (50%).

MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2016/17:

Post-employment benefits

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

NARRATIVE REPORT

MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2016/17:

Post-employment benefits

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

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the balance sheet have increased by £6.9m during the year, mainly as a result of the changes to the financial assumptions by the pension fund actuary (Hymans-Robertson). The main changes result from a change to the discount rate used by the actuary to discount the future cash flows of the fund. These assumptions are determined by the actuary and are the assessment of the impact of market conditions at the reporting date. The Council relies and places assurance on the profession judgement of the Actuary and the assumptions used to calculate the actuarial valuation. Further details can be found in Note 48.

Provisions, contingencies and material events

This council has provided for contingencies and these are laid out in Note 49.

As Note 5 confirms, there are no material income or expenditure items to disclose in 2016/17. Note 6 to the 2016/17 accounts confirms that there have been no material events after the balance sheet date. The provisions made in 2016/17 are laid out in Note 23.

CHANGES TO ACCOUNTING POLICIES

The accounting policies are laid out within Note 1 of the Accounts. These policies have been updated to reflect the changes in the 2016/17 Code of Practice Guidance Notes.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

The Council's Responsibilities:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2016/17 that officer was the Chief Financial Officer
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts by 30th September, 2017.

The Chief Financial and Section 151 Officer's Responsibilities:

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

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

The Chief Financial Officer also has to keep proper accounting records which are up to date and to take reasonable steps to prevent and detect fraud and other irregularities.

This Statement of Accounts is prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March, 2017 and its income and expenditure for the year ended on that date.



SARAH GOBEY
Chief Financial Officer

Dated: 26th September, 2017

Certificate of Approval by Joint Governance Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 26th September, 2017.

GEORGE BARTON
Chairman, Joint Governance Committee

Dated: 26th September, 2017

MOVEMENT IN RESERVES STATEMENT

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

See Movement of Reserves Statement on next page.

Single Entity (England and Wales)	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserves	Capital Grants Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2016	540	1,536	2,177	1,573	3,569	1,763	4,284	15,442	71,332	86,774
Movement in Reserves during 2016/17										
Surplus or (deficit) on provision of services	(8,321)	-	(2,251)	-	-	-	-	(10,572)	-	(10,572)
Other Comprehensive Expenditure & Income	6	-	-	-	-	-	-	6	35,471	35,477
Total Comprehensive Expenditure Income	(8,315)	-	(2,251)	-	-	-	-	(10,566)	35,471	24,905
Adjustments between accounting and funding basis under Regs. (Note 7)	7,657	-	2,495	-	(41)	(1,763)	(1,461)	6,887	(6,887)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(658)	-	244	-	(41)	(1,763)	(1,461)	(3,679)	28,584	24,905
Transfers to/from Earmarked Reserves (Note 8)	525	(525)	(347)	347	-	-	-	-	-	-
Increase/Decrease in Year	(133)	(525)	(103)	347	(41)	(1,763)	(1,461)	(3,679)	28,584	24,905
Balance at 31st March 2016 c/fwd	407	1,011	2,074	1,920	3,528	-	2,823	11,763	99,916	111,679
Movement in Reserves during 2016/17										
Surplus or (deficit) on provision of services	(3,260)	-	(618)	-	-	-	-	(3,878)	-	(3,878)
Other Comprehensive Expenditure & Income	(17)	-	-	-	-	-	-	(17)	6,554	6,537
Total Comprehensive Expenditure and Income	(3,277)	-	(618)	-	-	-	-	(3,895)	6,554	2,659
Adjustments between accounting basis and funding basis under regulations Note 7	3,182	-	749	-	(104)	-	(19)	3,808	(3,808)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(95)	-	131	-	(104)	-	(19)	(87)	2,746	2,659
Contribution to Major Repairs Reserve	-	-	-	-	-	-	-	-	-	-
Transfers to/from Earmarked Reserves (Note 8)	96	(96)	(131)	131	-	-	-	-	-	-
Increase/Decrease in Year	1	(96)	-	131	(104)	-	(19)	(87)	2,746	2,659
Balance at 31st March 2017	408	915	2,074	2,051	3,424	-	2,804	11,676	102,662	114,338

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2016/17	2016/17		2016/17	2015/16	2015/16	2015/16
	Gross Expenditure	Gross Income	Note	Net Expenditure	Restated Gross Expenditure	Restated Gross Income	Restated Net Income/Expenditure
	£'000	£'000		£'000	£'000	£'000	£'000
The Leader	1,157	(244)		913	1,443	(243)	1,200
Environment	5,757	(2,305)		3,452	5,998	(2,455)	3,543
Health & Wellbeing	2,283	(385)		1,898	1,261	(228)	1,033
Customer Services	22,249	(22,035)		214	28,454	(21,907)	6,547
Regeneration	4,615	(1,130)		3,485	4,328	(1,871)	2,457
Resources	2,776	(531)		2,245	2,769	(619)	2,150
Net Cost of General Fund Services	38,837	(26,630)		12,207	44,252	(27,322)	16,930
Housing Revenue Account	9,646	(13,559)		(3,913)	9,359	(13,400)	(4,041)
Net Cost of Services	48,483	(40,189)		8,294	53,611	(40,722)	12,889
Other Operating Expenditure			9	2,088			3,498
Financing and Investment Income and Expenditure			10	3,687			4,106
Taxation and non-specific grant income			11	(10,191)			(9,921)
(Surplus) or Deficit on Provision of Services				3,878			10,572
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			25	(13,314)			(27,013)
Remeasurements of the net defined pension benefit liability			48	6,760			(8,458)
Other				17			(6)
Other Comprehensive Income and Expenditure				(6,537)			(35,477)
Total Comprehensive Income and Expenditure				(2,659)			(24,905)

The Code of Accounting Practice now requires the Comprehensive Income and Expenditure Account to be presented as the Council reports internally. Adur Council reports to its Members on a portfolio basis. The 2015/16 position has been restated to allow the reader to compare the two financial years.

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax, and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2016/17 Net Expenditure Chargeable to the General Fund Balance	2016/17 Adjustments between Funding and Accounting Basis (see Note 29)	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement	2015/16 Net Expenditure Chargeable to the General Fund Balance	2015/16 Adjustments between Funding and Accounting Basis (see note 29)	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
The Leader	867	46	913	1,145	55	1,200
Environment	2,599	853	3,452	2,797	746	3,543
Health & Wellbeing	1,037	861	1,898	841	192	1,033
Customer Services	(55)	269	214	321	6,226	6,547
Regeneration	2,270	1,215	3,485	1,889	568	2,457
Resources	2,005	240	2,245	1,802	348	2,150
HRA	(4,624)	711	(3,913)	(7,314)	3,273	(4,041)
Net Cost of Services	4,099	4,195	8,294	1,481	11,408	12,889
Other income and expenditure	(4,151)	(265)	(4,416)	(1,067)	(1,256)	(2,323)
(Surplus) or deficit	(52)	3,930	3,878	414	10,152	10,566
Opening General Fund & HRA Reserve Balance at 31st March 2016	(5,412)			(5,826)		
Deficit/(surplus) in Year	(52)			414		
Closing General Fund & HRA Reserve Balance at 31st March 2017 *	(5,464)			(5,412)		

* For a split of this balance between the General Fund and HRA – see 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 Adur District Council. The net assets of Adur District Council (assets less liabilities) are matched by the reserves held by the Committee.

	See Note No:	As at 31st March 2017	As at 31st March 2016
		£'000	£'000
Long Term Assets:			
Property, Plant & Equipment	12	212,297	203,373
Heritage Assets	13	224	224
Investment Property	14	431	384
Intangible Assets	15	217	233
Long Term Investments/Available for sale financial assets	16	2,080	2,080
Long Term Debtors	19	108	169
Total Long Term Assets		215,357	206,463
Current Assets:			
Short Term Investments	16	8,042	11,061
Assets Held For Sale	21	58	228
Inventories	17	99	99
Short Term Debtors	19	5,097	6,479
Cash & Cash Equivalents	20	5,917	488
Total Current Assets		19,213	18,355
Current Liabilities:			
Short Term Borrowing	16	(2,445)	(2,050)
Short Term Creditors	22	(8,246)	(8,372)
Provisions	23	(1,025)	(993)
Grants Received in Advance Revenue	39	(672)	(691)
Total Current Liabilities		(12,388)	(12,106)
Long Term Liabilities:			
Long Term Borrowing	16	(72,874)	(72,985)
Other Long Term Liabilities	47	(34,970)	(28,048)
Total Long Term Liabilities		(107,844)	(101,033)
Net Assets		114,338	111,679
Financed By Reserves:			
Usable Reserves	8 & 24	(11,676)	(11,763)
Unusable Reserve	25	(102,662)	(99,916)
Total Reserves		(114,338)	(111,679)

CASH FLOW STATEMENT

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

See Note No:	2016/17	2015/16	
	£'000	£'000	
Net (surplus) or deficit on provision of services	26	(3,878)	(10,572)
Adjustments to net surplus or deficit on the provision of services for non cash movements	26	10,044	12,683
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(2,247)	(669)
Net cash flows from Operating Activities	26	3,919	1,442
Investing Activities	27	589	(6,049)
Financing Activities	28	921	(698)
Net increase or decrease in cash and cash equivalents		5,429	(5,305)
Cash and cash equivalents at the beginning of the reporting period		488	5,793
Cash and cash equivalents at the end of the reporting period	20	5,917	488

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2016/17

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in United Kingdom - 2016/17 Accounts, which is based on International Financial Reporting Standards (IFRS).

As outlined in the Narrative Report, there are not many changes to the CIPFA Code of Practice for 2016/17, which affect this Council.

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

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

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

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

Accruals

The non-cash effects of transactions have been reflected in the statements for the financial year in which they occur, not when any cash is received or paid. The current de minimis is £1,000.

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2016/17

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

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

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

UNDERLYING ASSUMPTION TO THE STATEMENT OF ACCOUNTS

Going Concern

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

FUNDAMENTAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Relevance and faithful representation

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

Materiality

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

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

ENHANCED QUALITATIVE CHARACTERISTICS

Comparability

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ENHANCED QUALITATIVE CHARACTERISTICS

Verifiability

A faithful representation of the economic position.

Timeliness

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

Understandability

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

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

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

Primacy of Legislative Requirements

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

INCOME AND EXPENDITURE

Revenue Recognition

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

COSTS OF SUPPORT SERVICES

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES

The net cost of support services are allocated to reflect the use by each service. The allocation bases used for the main costs are outlined below. The majority of services are allocated out on a time allocation basis with the exception of the following:

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

Jointly Controlled Operations and Jointly Controlled Assets

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

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

VALUE ADDED TAX

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

GRANTS AND CONTRIBUTIONS

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

GRANTS AND CONTRIBUTIONS

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

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

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

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

LEASES

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

The Council as Lessee – Finance Leases:

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

The asset recognised is matched by a corresponding liability on the balance sheet for the obligation to pay the lessor (asset provider) the amounts due in respect of the capital cost of acquiring the asset. This is because the transaction is considered to be the same as if the Council had purchased the asset and financed it through taking out a loan. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses on the periods in which they are incurred. The lease payments from lessee to lessor are therefore apportioned between:

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

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

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

The Council as Lessor – Finance Leases:

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

Lease rentals receivable are apportioned between:

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

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

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

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

The Council as Lessee – Operating Lease:

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

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

The Council as Lessor – Operating Lease:

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

INTANGIBLE ASSETS

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

1. The asset must be identifiable.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INTANGIBLE ASSETS

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

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

NON CURRENT ASSETS

Expenditure and Valuation principles

Expenditure on the acquisition, creation or enhancement of non-current assets is required to be capitalised on an accruals basis in the Balance Sheet, provided that the non-current asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets and operating leases which is charged directly to service revenue accounts.

Non-current assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the International Financial Reporting Standards (IFRS) code. The surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve. The exception to this is where previous revaluation losses have been debited to the Comprehensive Income and Expenditure Account. Where this has occurred the surplus on revaluation is credited to the Comprehensive Income and Expenditure Account up to the value of the previous revaluation loss, less the value of depreciation that would have been charged had there been no revaluation loss. Surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Revaluation Reserve only includes gains since its inception from 1st April, 2007, prior gains being incorporated in the Capital Adjustment Account. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and included in the balance sheet at current value. Where there is no open market value, assets are included in the balance sheet at depreciated replacement cost. Community assets and infrastructure assets are stated at depreciated historic cost value. Assets under construction are stated at cost. Donated assets are revalued at fair value.
- Investment properties, are included in the balance sheet at fair value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Assets held for sale are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

- Assets reclassified as Held for Sale when the following criteria are met:
 - i) The asset is available for sale in its present condition subject only to terms that are customary for sales of such assets (or disposal groups).
 - ii) The sale must be highly probable.
 - iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
 - iv) An active programme to locate a buyer and complete the sale must have been initiated.
 - v) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the current value.
 - vi) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale, or that significant changes to the plan will be made or that the plan will be withdrawn.

For 2016/17 the Council's values of land and buildings have been included in the accounts based on professional valuations. A *de minimis* value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and £10,000 for new land and buildings. Assets valued below these limits are not included, unless they are included in the rolling revaluation programme.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability, or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest,

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Fair Value Measurement

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements 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.

Disposals

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

Charges to Revenue for non-current Assets

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

For the Housing Revenue Account, the Council has adopted the transitional arrangement which allows a credit transfer from the HRA to the Major Repairs Reserve for council housing depreciation equal to the value of a "notional" major repairs allowance (£2.3m). This reduces the impact of depreciation on the bottom line of the HRA. This transitional arrangement is for 5 years and 2012/13 was the first year.

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Charges to Revenue for non-current Assets

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

Buildings	1-60 years except when impairment has occurred.
Vehicles	7-10 years
Equipment	from over 1 to 25 years
Intangible Assets, Software	from over 1 to 7 years
Infrastructure Assets	25 years
Community Assets	Held in perpetuity
Assets (Finance Leases)	Up to 10 years

Impairment

The value at which each category of assets is included in the balance sheet has been reviewed at the year-end, and were there to be reason to believe that the value had reduced materially in the period due to impairment, the valuation would be adjusted accordingly. Further information is supplied in Note 44.

Depreciation

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

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

Componentisation of Assets

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Componentisation of Assets

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

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

Land

Main building structures

Services

External works

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

HERITAGE ASSETS

Heritage Assets were introduced in 2011/12 following the adoption of FRS 30.

Definition of Heritage Assets

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

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

Recognition of Heritage Assets

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Valuation of Heritage Assets

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

Valuation of Heritage Assets

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

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

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

Depreciation, Amortisation and Impairment of Heritage Assets

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

Accounting for Heritage Assets

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

INVESTMENT PROPERTIES

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CAPITALISATION OF BORROWING COSTS

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

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

WORK IN PROGRESS

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

INVENTORIES

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

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

PROVISIONS

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

Non Domestic Rates Appeals

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

DEBTORS AND CREDITORS

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

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

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

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 are 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.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into two types:

loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables 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. They are subsequently measured 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 most of the loans that the authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) 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 that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Soft Loans

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

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 (eg 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 following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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 of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Available-for-Sale Assets

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).

DEBT REDEMPTION

The Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 (SI 2008/414), as amended by SI 2012 No. 265) place a duty on local authorities to make a prudent provision for debt redemption.

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

In accordance with statutory guidance and the Council's Statement for Minimum Revenue Provisions (MRP) an amount is charged annually to revenue and set aside for repayment of debt. The provision is made over the estimated life of the asset for which the borrowing is undertaken

INTERNAL INTEREST

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

CASH AND CASH EQUIVALENTS

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EXCEPTIONAL ITEMS

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

Prior Period Adjustments

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

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

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

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

RESERVES

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

Reserves are created by appropriating amounts out of the General Fund and Housing Revenue Account Balances. When expenditure to be financed from reserves is incurred, it is charged to the appropriate service within the Income and Expenditure Statements.

EMPLOYEE BENEFITS

Pension Costs

The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund, which provides Council employees with defined benefits relating to pay and service. This accounting treatment complies fully with the requirements of IAS 19 and presentational revisions reflect the 2015/16 Code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS 19.

Employees of the Council are members of a pension scheme:

- The Local Government Pensions Scheme, administered by West Sussex County Council.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

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

- The liabilities of the West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bonds.
- The assets of West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value which is assessed at the bid value as required by IAS19.
- The change in the net pensions liability is derived from two components:
 - Present Value of the defined benefit obligation which represents the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This is calculated from several factors including:
 - The current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - The interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - The past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - Contributions by members made into the West Sussex County Council pension fund;

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
- Estimate of benefits paid to pensioners.
- Fair value of plan assets which is calculated from several factors including:
 - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - Contributions paid to the West Sussex County Council pension fund by members and the employer – cash paid as contributions to the pension fund in settlement of liabilities; not accounted for as an expense;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
 - Estimate of benefits paid to pensioners.

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

Discretionary Benefits

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Termination Benefits

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

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

- when the authority can no longer withdraw the offer of those benefits, and
- when the authority recognises costs for a restructuring that is within the scope of section 8.2 of the Code and IAS 37 (see Module 8, section B) and involves the payment of termination benefits.
- Redundancy costs are recognised in the year in which the decision is made.
- A contribution is made to some Reserve Account balances based upon the average rate of return on the Council's investments for the year.

Current Employee Benefits and Accumulated Absences

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

EVENTS AFTER THE REPORTING PERIOD

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

Adjusting Events

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

Non-adjusting Events

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CONTINGENT LIABILITIES

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

CAPITAL RECEIPTS

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

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 [*England only*].

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2016/17 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) has been postponed from 1st April, 2016 and will be reviewed in future years. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost.

The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period.

NOTES TO THE ACCOUNTS

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

In addition there are a number of minor amendments to International Financial Reporting Standards, and changes in format to the accounts, but these are not expected to have any material impact on the Council's 2016/17 Statement of Accounts.

The other minor amendments, which are not expected to have material effect on the Council's Statement of Accounts are as follows:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 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)
- Annual Improvements to IFRSs 2012 – 2014 Cycle, which includes the introduction of an Expenditure Funding Analysis and supporting disclosure note.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

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

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

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

NOTES TO THE ACCOUNTS

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

The items in the Council's Balance Sheet at 31st March 2017 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S. and H.R.A.</p> <p>There would also be a corresponding decrease in the carrying amount of the assets.</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>
Pensions 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 Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>During 2016/17 the Council's actuaries advised that the net pensions liability has increased by a net £6.915m. £0.154m increased as a result of estimates being corrected as a result of experience and a decrease of £6.76m attributable to updating of the assumptions.</p>

NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Effect if actual results differ from assumptions
Arrears	At March 2017 the Council had a net balance of debtors due (excluding government departments) of £4.12m. A review of significant balances suggested that an impairment for doubtful debt of £1.31m was appropriate	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.
Non-Domestic Rate Appeals Provision	At March 2017 the Council had made a provision of £1,784k for the impact of appeals on business rate income. The provision is based on the appeals lodged with the Valuation Office which is then reviewed by an external consultant to establish the likely impact of the appeals on the business rate income.	The appeals provision is reviewed each year and adjusted for the likely impact of any increase or decrease in the level appeals.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

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

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2017 and the date when the Statement of Accounts is authorised for issue 26th September 2017.

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.

NOTES TO THE ACCOUNTS

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

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

2016/17 USABLE RESERVES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	HRA Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expen. Statement						
Charges for depreciation and impairment of non current assets (Note 12 and 25)	(1,254)	(4,344)	-	-	-	5,598
Revaluation losses on Property Plant and Equipment (Note 25)	(1,741)	354	-	-	-	1,387
Movements in the market value of investment Properties (Note 14)	47	-	-	-	-	(47)
Amortisation of intangible assets (Note 15 and 25)	(41)	(11)	-	-	-	52
Capital grants and contributions applied (Note 25)	781	-	-	-	-	(781)
Adjustments primarily involving the Capital Adjustment Account						
Revenue Expenditure funded from capital under statute (Note 25)	(317)	-	-	-	-	317
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (Note 25)	(181)	(2,069)	-	-	-	2,250
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement						
Statutory and voluntary provision for the financing of capital investment (Note 25)	889	1,717	-	-	-	(2,606)
Capital expenditure charged against the General Fund and HRA balances	64	9	-	-	-	(73)

NOTES TO THE ACCOUNTS

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

2016/17 USABLE RESERVES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	HRA Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	341	-	-	-	(341)	-
Repayment of Capital Grant	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account (Note 25)	-	-	-	-	360	(360)
Adjustment primarily involving the Capital Receipts Reserve Account:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	23	1,088	(1,111)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure (Note 41)	-	-	648	-	-	(648)
Contribution from Capital Receipts Reserve to finance the payments to the Government capital receipts pool (Note 9)	(568)	-	568	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(1)	-	-	1
Adjustments involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA (Note 5)	-	2,370	-	(2,370)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure (HRA note 5)	-	-	-	2,370	-	(2,370)

NOTES TO THE ACCOUNTS

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

2016/17 USABLE RESERVES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	HRA Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
Adjustments involving the Financial Instruments Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	1	-	-	-	-	(1)
Adjustments involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 48)	(2,948)	137	-	-	-	2,811
Employers Pension Contributions and direct payments to pensioners payable in the year (Note 48)	2,657	-	-	-	-	(2,657)
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax and NDR income credited to the CI&ES is different from council tax and NDR income calculated for the year in accordance with statutory requirements	(935)	-	-	-	-	935
TOTAL ADJUSTMENTS 2016/17	(3,182)	(749)	104	-	19	3,808

NOTES TO THE ACCOUNTS

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

2015/16 USABLE RESERVES COMPARATIVE FIGURES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment A/c:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non current assets (Note 12 and 25)	(1,448)	(4,036)	-	-	-	5,484
Revaluation losses on property plant and equipment	(3,445)	(2,323)	-	-	-	5,768
Movements in the market value of investment properties	10	-	-	-	-	(10)
Amortisation of intangible assets	(47)	-	-	-	-	47
Capital grants and contributions applied	349	-	-	-	-	(349)
Movement in the Donated Assets Account	-	-	-	-	-	-
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Revenue Expenditure funded from capital under statute	(537)	-	-	-	-	537
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,888)	(571)	-	-	-	3,459
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	708	1,727	-	-	-	(2,435)
Capital expenditure charged against the General Fund & HRA	103	245	-	-	-	(348)

NOTES TO THE ACCOUNTS

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

2015/16 USABLE RESERVES COMPARATIVE FIGURES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Account	170	-	-	-	(170)	-
Repayment of Capital Grant	(390)	-	-	-	390	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts	-	-	-	-	1,241	(1,241)
Adjustment primarily involving the Capital Receipts Reserve Account:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	921	(928)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	372	-	-	(372)
Contribution from Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	(599)	599	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(2)	-	-	2
Adjustments involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA (Note 5)	-	2,269	-	(2,269)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure (HRA note 5)	-	-	-	4,032	-	(4,032)

NOTES TO THE ACCOUNTS

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

2015/16 USABLE RESERVES COMPARATIVE FIGURES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserve
	£000	£000	£000	£000	£000	£000
<p>Adjustments involving the Financial Instruments Adjustment Account</p> <p>Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements.</p>	1	-	-	-	-	(1)
<p>Adjustments involving the Pensions Reserve</p> <p>Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 25)</p>	(3,131)	(128)	-	-	-	3,259
<p>Employers Pension Contributions and direct payments to pensioners payable in the year (Note 25)</p>	2,574	-	-	-	-	(2,574)
<p>Adjustments involving the Collection Fund Adjustment Account:</p> <p>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.</p>	307	-	-	-	-	(307)
TOTAL ADJUSTMENTS 2015/16	(7,657)	(2,495)	41	1,763	1,461	6,887

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17.

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

Movement in Earmarked Reserves	Balance at 01.04.15	Decrease 2015/16	Increase 2015/16	Balance at 31.03.16	Decrease 2016/17	Increase 2016/17	Balance at 31.03.17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves							
Capacity Issues Fund	613	(532)	41	122	(23)	22	121
Insurance Fund	186	(34)	30	182	(32)	31	181
New Technology Fund	22	-	-	22	-	-	22
Special & Other Emergency	287	(201)	-	86	-	-	86
Local Plan	71	(27)	-	44	(44)	-	-
Health and Safety	33	-	-	33	-	-	33
Investment Property Maintenance Fund	68	(27)	-	41	(3)	-	38
Election Reserve	8	-	-	8	-	-	8
Grants & Contributions	248	(7)	232	473	(148)	101	426
Total General Fund	1,536	(828)	303	1,011	(250)	154	915
Housing Revenue Account							
New Development & Acquisition Reserve	1,207	(245)	592	1,554	(8)	215	1,761
Discretionary Assistance Fund	100	-	16	116	-	-	116
Business Improvement Reserve	250	-	-	250	(76)	-	174
Others (all under £10,000)	16	(16)	-	-	-	-	-
Total Housing Revenue Account	1,573	(261)	608	1,920	(84)	215	2,051
Total Earmarked Reserves	3,109	(1,089)	911	2,931	(334)	369	2,966

* These small Reserves have been consolidated into the Capacity Issues Reserve.

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

RESERVE	PURPOSE OF RESERVE
Special and Other Emergency Expenditure Reserve	This will be used to cover future risks, including legal costs, liabilities arising on contractor bankruptcy etc.
Local Plan Reserve	Reserve to fund the costs associated with the Adur Local Plan.
Capacity Issues Fund	To cushion the impact of the recession and fund one-off initiatives for the community.
Insurance Fund	To offset costs of insurance excesses.
New Technology	To fund additional IT equipment.
Health and Safety	To offset unexpected costs arising from Health and Safety legislation.
Investment Property Maintenance Fund	Fund to offset future maintenance costs of investment property.
Elections	To replace and update election equipment that previously had been funded by government.
Grants and Contributions	The reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.
Housing Revenue Account	A ring fenced reserve for Housing Revenue Account surplus.
New Development & Acquisition Reserve	Earmarked reserve specifically for new development and refurbishment of council housing.
Business Improvement Reserve	A new reserve to fund new digital technologies and business transformation to generate efficiencies in the Adur Homes service.
Discretionary Assistance Fund	Earmarked Reserve to provide financial assistance to tenants who may require support not otherwise available.

NOTES TO THE ACCOUNTS

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	2016/17	2015/16
	£'000	£'000
Parish Council Precepts	365	365
De-recognition of Assets	1,644	2,884
Payments to the Government Housing Capital Receipts Pool	568	599
(Gains)/losses on the disposal of non-current assets	(489)	(350)
TOTAL	2,088	3,498

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2016/17	2015/16
	£'000	£'000
Interest payable & similar charges	3,071	3,105
Pensions interest cost & expected return on pensions assets	945	1,226
Interest receivable & similar income	(88)	(103)
Income and expenditure in relation to investment properties	(102)	(18)
Changes in fair value of investment properties	(47)	(10)
Other investment income (Trading Operations Note 31)	(92)	(94)
TOTAL	3,687	4,106

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2016/17	2015/16
	£'000	£'000
Council Tax Income	(6,056)	(5,893)
Non Domestic Rates income and expenditure	(1,591)	(1,725)
Non-ringfenced Government Grants	(1,960)	(2,505)
Capital Grants and Contributions	(584)	(188)
Repayment of Capital Grants	-	390
TOTAL	(10,191)	(9,921)

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2016/2017	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2016	162,877	29,914	5,735	6,067	1,764	2,660	286	209,303
Additions	2,791	237	175	369	-	-	1,100	4,672
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	13,739	226	-	2	-	-	(1,097)	12,870
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,677)	(591)	-	-	-	-	(968)	(5,236)
Derecognition - Other	(1,529)	(165)	(311)	(187)	-	-	-	(2,192)
Assets reclassified (to)/from Held for Sale	(430)	-	-	-	-	-	-	(430)
Reclassifications between asset classes, including transfers to intangible assets	23	28	44	22	-	(2,660)	2,543	-
At 31st March 2017	173,794	29,649	5,643	6,273	1,764	-	1,864	218,987
Accumulated Depreciation and Impairment								
At 1st April 2016	-	(310)	(3,600)	(2,020)	-	-	-	(5,930)
Depreciation charge	(4,237)	(640)	(496)	(208)	-	(17)	-	(5,598)
Depreciation written out to the Revaluation Reserve	440	3	-	-	-	-	1	444
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,732	101	-	-	-	-	16	3,849
Derecognition - Other	65	7	299	174	-	-	-	545
Reclassifications between asset classes	-	-	-	-	-	17	(17)	-
At 31st March 2017	-	(839)	(3,797)	(2,054)	-	-	-	(6,690)
Net Book Value at 31st Mar 2017	173,794	28,810	1,846	4,219	1,764	-	1,864	212,297
At 31st March 2016	162,877	29,604	2,135	4,047	1,764	2,660	286	203,373

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

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

Movements in 2016/2017	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
	£'000	£'000	£'000
Cost			
At 1st April 2016	4,948	44	4,992
Additions	129	102	231
Reclassifications	44	(44)	-
Derecognition - Other	(269)	-	(269)
At 31st March 2017	4,852	102	4,954
Accumulated Depreciation and Impairment			
At 1st April 2016	(3,202)	-	(3,202)
Depreciation charge	(432)	-	(432)
Derecognition - Other	257	-	257
At 31st March 2017	(3,377)	-	(3,377)
Net Book Value at 31 March 2017	1,475	102	1,577
Net Book Value at 31 March 2016	1,746	44	1,790

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Comparative Movements 2015/16

Movements in 2015/2016	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra- structure Assets	Comm- unity Assets	Surplus Assets	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2015	147,045	18,957	5,867	4,331	1,764	22	2,047	180,033
Additions	4,637	2,613	270	1,408	-	-	108	9,036
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	18,124	7,929	4	2	-	656	-	26,715
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,822)	(6,256)	-	-	-	(421)	-	(10,499)
Derecognition - Other	(2,455)	(481)	(406)	(22)	-	(22)	-	(3,386)
Assets reclassified (to)/from Held for Sale	(691)	-	-	-	-	-	-	(691)
Assets reclassified (to)/from Investment Properties	-	8,103	-	-	-	-	-	8,103
Reclassifications between asset classes, including transfers to intangible assets	39	(951)	-	348	-	2,425	(1,869)	(8)
At 31st March 2016	162,877	29,914	5,735	6,067	1,764	2,660	286	209,303
Accumulated Depreciation and Impairment								
At 1st April 2015	-	(732)	(3,340)	(1,890)	-	(9)	-	(5,971)
Depreciation charge	(3,954)	(752)	(637)	(138)	-	(3)	-	(5,484)
Depreciation written out to the Revaluation Reserve	60	174	-	-	-	62	-	296
Deprecation written out to the Surplus/Deficit on the Provision of Services	3,792	517	-	-	-	421	-	4,730
Derecognition - Other	102	-	377	8	-	12	-	499
Reclassifications between asset classes, including transfers to intangible assets	-	483	-	-	-	(483)	-	-
At 31st March 2016	-	(310)	(3,600)	(2,020)	-	-	-	(5,930)
Net Book Value at 31st March 2016	162,877	29,604	2,135	4,047	1,764	2,660	286	203,373
At 31st March 2015	147,045	18,225	2,527	2,441	1,764	13	2,047	174,062

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Comparative Movements 2015/16

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

Movements in 2015/2016	Vehicles, Furniture and Equipment	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000
Cost				
At 1st April 2015	5,086	22	3	5,111
New assets transferred from Adur District Council	4	-	-	4
Additions	229	-	41	270
Derecognition - Other	(371)	(22)	-	(393)
At 31st March 2016	4,948	-	44	4,992
Accumulated Depreciation and Impairment				
At 1st April 2015	(2,969)	(10)	-	(2,979)
Depreciation charge	(575)	(2)	-	(577)
Derecognition - Other	342	12	-	354
At 31st March 2016	(3,202)	-	-	(3,202)
Net Book Value at 31st March 2016	1,746	-	44	1,790
Net Book Value at 31st March 2015	2,117	12	3	2,132

Depreciation

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

- Council Dwellings: 15 – 60 years
- Other Land and Buildings: 1 – 60 years
- Vehicles, Plant, Furniture and Equipment: 1 – 25 years
- Infrastructure: 25 years

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Capital Commitments

At 31st March 2017 the Council has entered into 4 significant contracts for the acquisition, development and enhancement of assets in 2017/18 estimated to cost £1,903,111. The significant commitments at 31st March 2016 were £98,800. The significant commitments at 31st March 2017 are:

- Replacement of the refuse and recycling fleet - £1,475,739
- Adur Civic Centre demolition works - £255,541
- Lower Beach (Riverside) car park enhancements - £65,000
- Replacement of the financial information system - £106,831

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. Valuations were carried out by external valuers, Wilks Head and Eve, GSE Harbord MA MRICS IRRV (Hons). Valuations were carried out in accordance with International Financial Reporting Standards (IFRS). The valuations were made in accordance with the RICS Valuation Standards 6th Edition as published by the Royal Institution of Chartered Surveyors. The Council uses depreciated historical cost as a valuation basis for infrastructure assets, community assets, and for vehicles, plant and equipment. Assets under construction are valued at cost.

The significant assumptions applied in estimating the current values are:

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

	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	5	1,846	4,219	1,764	-	1,269	9,103
Valued at current value as at:								
31st March 2017	173,794	7,829	-	-	-	-	595	182,218
31st March 2016	-	20,506	-	-	-	-	-	20,506
31st March 2015	-	470	-	-	-	-	-	470
Total Cost or Valuation	173,794	28,810	1,846	4,219	1,764	-	1,864	212,297

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

NON-OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (SURPLUS ASSETS)

There were no surplus assets at 31st March 2017.

Details of the authority's surplus assets fair value hierarchy as at 31st March 2016 were as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2016
	£'000	£'000	£'000	£'000
Offices	-	2,661	-	2,661
TOTAL	-	2,661	-	2,661

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during 2015/16.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The fair value for office assets was 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 was that the level of observable inputs was significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

There were no land or property assets within the Authority's surplus asset portfolio which were classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Surplus Assets

In estimating the fair value of the authority's surplus assets, the highest and best use of the properties was their current use.

Valuation Process for Surplus Assets

The authority carries out a rolling valuation programme which ensures all surplus assets are revalued at least every 5 years and are reviewed for significant increases/decreases at the reporting date. All valuations are carried out by external valuers, Wilks, Head and Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Department and finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

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

Movements in 2016/2017	Civic Regalia	Fine Art/ Furniture	Monuments	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation At 1st April 2016	11	28	185	224
At 31st March 2017	11	28	185	224
At 31st March 2016	11	28	185	224

COMPARATIVE MOVEMENTS 2015/16

Movements in 2015/2016	Civic Regalia	Fine Art/ Furniture	Monuments	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation At 1st April 2015	11	28	185	224
At 31st March 2016	11	28	185	224

Civic Regalia

The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation. The insurance valuation is reviewed annually.

Fine Art/Furniture

This collection consists of various 19th Century paintings which have been donated to the Council and 2 carved oak chairs. These assets are stored or displayed in the Council's administration buildings and are reported in the Balance Sheet at insurance valuation, which is updated annually.

Monuments

The war memorial at The Green, Southwick is reported in the Balance Sheet at historical cost as it is not practical to provide a valuation at a cost which is commensurate to users of the financial statements

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

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

	2016/17	2015/16
	£'000	£'000
Rental income from investment property	(537)	(465)
Direct operating expenses arising from investment property	435	447
Net (gain)/loss	(102)	(18)

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

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

	2016/17	2015/16
	£'000	£'000
Balance at start of the year	384	8,477
Net gains/losses from fair value adjustments:		
General Fund	47	10
Transfers:		
From Property, Plant and Equipment		
General Fund	-	(7,492)
Housing Revenue Account	-	(611)
Balance at end of the year	431	384

Fair Value Measurement of Investment Property

Details of the authority's investment properties and information about the fair value hierarchy as at 31st March 2017 and 31st March 2016 are as follows:

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

Fair Value Measurement of Investment Property

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2017
	£'000	£'000	£'000	£'000
Land	-	431	-	431
TOTAL	-	431	-	431

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2016
	£'000	£'000	£'000	£'000
Land	-	384	-	384
TOTAL	-	384	-	384

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2 - The fair value for land assets 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 is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3 - There are no land or property assets within the Authority's asset portfolio which are classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at 1st April each year and reviewed for significant increases/decreases at the reporting date. All valuations are carried out by external valuers, Wilks, Head and Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Department and finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

NOTE 15: INTANGIBLE ASSETS

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

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

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £52,364 charged to revenue in 2016/2017 was charged £41,630 to the General Fund and £10,734 to the Housing Revenue Account.

	2016/17	2015/16
	£'000	£'000
Balance at start of the year:		
Gross carrying amounts	425	373
Accumulated amortisation	(192)	(144)
Net carrying amount at start of year	233	229
Additions:		
Purchases	38	44
Reclassification from Property, Plant and Equipment	-	8
Disposals	(58)	-
Amortisation for the period	(52)	(48)
Amortisation written off on disposal	56	-
Net carrying amount at end of year	217	233
Comprising:		
Gross carrying amounts	405	425
Accumulated amortisation	(188)	(192)
	217	233

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

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

	2016/17	2015/16
	£'000	£'000
Balance at start of the year:		
Gross carrying amounts	331	312
Accumulated amortisation	(164)	(124)
Net carrying amount at start of year	167	188
Additions:		
Purchases	24	19
Disposals	(31)	-
Amortisation for the period	(37)	(40)
Amortisation written off on disposal	29	-
Net carrying amount at end of year	152	167
Comprising:		
Gross carrying amounts	324	331
Accumulated amortisation	(172)	(164)
	152	167

NOTE 16: FINANCIAL INSTRUMENTS

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

Financial liabilities and assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These are initially measured at fair value and are carried in the Balance Sheet at their amortised cost, that is the outstanding principal, adjustments, plus accrued interest. Interest in the Comprehensive Income and Expenditure Statement is the amount payable or receivable for the year according to the agreement.

Financial assets are classified into two types:

Loans and receivables – assets that have fixed or determinable payments, but are not quoted in an active market.

Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

There has been no change in the valuation technique used during the year for the financial instruments.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The valuation applied to fixed term cash deposits is their carrying value, as these assets cannot be sold and hence there is no market valuation.

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

	Long Term		Current		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowings						
Financial liabilities (principal amount)	(72,443)	(72,552)	(2,109)	(1,716)	(74,552)	(74,268)
Accrued interest	-	-	(336)	(334)	(336)	(334)
Other accounting adjustments	(431)	(433)	-	-	(431)	(433)
Financial liabilities at Amortised Cost	(72,874)	(72,985)	(2,445)	(2,050)	(75,319)	(75,035)
Creditors - Financial Liabilities	-	-	(1,846)	(874)	(1,846)	(874)
Investments						
Loans and receivables (principal amount)	2,030	2,030	8,000	11,000	10,030	13,030
Accrued interest	-	-	42	61	42	61
Loans and receivables at Amortised Cost	2,030	2,030	8,042	11,061	10,072	13,091
Available-for-sale financial assets	50	50	-	-	50	50
Total Investments	2,080	2,080	8,042	11,061	10,122	13,141
Debtors						
Loans and Receivables	108	169	1,682	919	1,790	1,088
Cash & Cash Equivalents	-	-	5,917	488	5,917	488
Total Debtors	108	169	7,599	1,407	7,707	1,576

Accrued interest on Long-term assets and liabilities is included in the Current columns because it is receivable or payable within 12 months.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Items of income, expense, gains or 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		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(3,054)	(3,105)	-	-	(3,054)	(3,105)
Total expense in Surplus or Deficit on the Provision of Services	(3,054)	(3,105)	-	-	(3,054)	(3,105)
Interest Income	-	-	160	173	160	173
Decrease/(Increase) in Impairment	-	-	42	(53)	42	(53)
Total income in Surplus or Deficit on the Provision of Services	-	-	202	120	202	120
Net Gain/(Loss) in Yr	(3,054)	(3,105)	202	120	(2,852)	(2,985)

The losses and gains in impairment relate solely to the change in the provisions for losses on trade debtors calculated in accordance with accounting policies. There was no movement in the value of the available for sale asset, which is a £50,000 bond held with the Municipal Bonds Agency.

The Fair Values of Financial Liabilities and Financial Assets that are not measured at Fair Value (but for which Fair Value Disclosures are required)

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

The fair value of the reported carrying amounts at 31st March 2017 can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:-

- For loans from the PWLB, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The Fair Values of Financial Liabilities and Financial Assets that are not measured at Fair Value (but for which Fair Value Disclosures are required)

- 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 has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

Fair Values – Financial Liabilities

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

	31st March 2017		31st March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
PWLB Debt	(56,886)	(72,877)	(56,588)	(68,467)
Non-PWLB Debt	(18,433)	(33,402)	(18,447)	(28,255)
Total Borrowing	(75,319)	(106,279)	(75,035)	(96,722)
Trade & Other Payables	(1,846)	(1,846)	(874)	(874)
Total Liabilities	(77,165)	(108,125)	(75,909)	(97,596)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2017) arising from a commitment to pay interest to lenders above current market rates.

The fair value of trade and other payables is taken to be the invoiced or billed amount. The disclosure for Financial Liabilities excludes statutory creditors, consequently the creditors figures differ from those in the Balance Sheet and the Creditors disclosure note.

The Authority has used a transfer value of financial liabilities. We have also calculated an exit price fair value of £124.62m, which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Fair Values – Loans and Receivables

Financial Assets	31st March 2017		31st March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash & Cash Equivalents	5,917	5,917	488	488
Short term investments	8,042	8,061	11,061	11,082
Long term investments	2,080	2,112	2,080	2,038
Short term debtors	1,682	1,682	919	919
Long term debtors	108	108	169	169
Total Assets	17,829	17,880	14,717	14,696

The fair value of the assets is higher than the carrying amount because the Council's fixed rate loans held at 31st March, 2017 are at interest rates higher than the rates for similar loans in the market at the Balance Sheet date. They show a notional future gain (based on economic conditions at 31st March 2017) arising from a right to receive interest above current market rates.

The fair value of trade and other receivables is taken to be the invoice or billed amount.

The disclosure for Financial Assets excludes statutory debtors, consequently the debtors figures differ from those in the Balance Sheet and the Creditors disclosure note.

The Council does not hold any unquoted equity investments or financial assets at fair value through profit and loss.

Nature and Extent of Risks Arising From Financial Instruments

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

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

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Nature and Extent of Risks Arising From Financial Instruments

Overall procedures for managing risk

The Council'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 annual Treasury Management Strategy Statement and Annual Investment Strategy. The Council 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, in accordance with the Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

- Credit ratings of Short Term of F1, Long Term A-, Support AA- (Fitch or equivalent rating), with the lowest available rating being applied to the criteria
- UK institutions provided with support from the UK Government
- The top five Building Societies by asset size

Limits on the size and length of time of deposits are:

- Banks - £4m (up to £5m for group) for a maximum of 5 years;
- Buildings Societies - £4m for the Nationwide and £2m for the others on the approved list, for a maximum of 5 years;
- Money Market Funds (MMF) AAA rated - £3m (for any one MMF) for short term operational cash flow purposes. Total investments in MMFs shall not exceed £5m or 30% of the total investment portfolio, whichever is the higher, for more than one week at any one time;

The full investment strategy for 2016/17 was approved by the Council on 2nd February 2016 and is available on the Council's website.

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 Council.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Credit Risk

The Council's maximum exposure to credit risk in relation to its total investments of £15,350,000 in banks, building societies and money market funds 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. Recent experience has shown that it is rare for investment counterparties with which the Council holds investments to be unable to meet their commitments. Although the potential risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31st March 2017 that this was likely to crystallise.

The following analysis summarises the Council'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.

Credit Risk Exposure	Carrying Amount at 31-Mar-17	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-17	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-17	Estimated Maximum Exposure at 31-Mar-16
	£'000	%	%	£'000	£'000
Customers*	1,790	41.54%	41.69%	746	606

*Excluding statutory debtors – Council Tax/NNDR

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

The Council does not generally allow credit for its customers. Generally therefore, all amounts outstanding (apart from those amounts raised as accruals at 31st March 2017 as part of the final accounts process) are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and Note 19.

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy Statement and Annual Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Liquidity Risk

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedure, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	31-Mar-17	31-Mar-16
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	2,445	2,050
Maturing in 1-2 years	2,109	1,711
Maturing in 2-5 years	6,326	5,126
Maturing in 5-10 years	10,047	10,046
Maturing in 10-20 years	17,108	17,106
Maturing in more than 20 years	37,284	38,996
TOTAL	75,319	75,035

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

(a) Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, 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 the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

(a) Interest Rate Risk

According to this assessment strategy, at 31st March 2017, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	35
Impact on Surplus or Deficit on the Provision of Services	35
Share of overall impact credited to the HRA	20
Decrease in fair value of fixed rate investment assets	76
Impact on Other Comprehensive Income and Expenditure	76
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)	15,713

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Fair Value of Assets and Liabilities tables.

(b) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds and does not have shareholdings in joint ventures or local industry. Therefore, the Council has no exposure to losses arising from movements in the prices of shares.

(c) Foreign Exchange Risk

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

NOTE 17: INVENTORIES

Adur District Council holds inventories (stock) mainly for the use of providing internal services; this is not considered a significant part of the overall assets held by the Council and is deemed not material.

NOTES TO THE ACCOUNTS

NOTE 17: INVENTORIES

	2016/17	2015/16
	£'000s	£'000s
Adur balance outstanding at start of year	38	45
Movement net of purchases/issues	5	(7)
Adur Inventories	43	38
Adur District Council share of the inventories from the Joint Strategic Committee (approximately 40%)	56	61
Overall balance at year end	99	99

NOTE 18: CONSTRUCTION CONTRACTS

The Council has not entered into any significant construction contracts to undertake work for a third party.

NOTE 19: DEBTORS

	31-Mar-17	31-Mar-16
	£'000s	£'000s
Amounts falling due in one year net of bad debt impairment provision:		
Central Government Bodies	945	3,473
Other Local Authorities	809	863
NHS Bodies	2	7
*Other Entities and Individuals	3,341	2,136
	5,097	6,479
* Of which £1.5m relates to net Housing Benefit overpayment arrears		

The past due amounts for customers can be analysed as follows.

Overall Aged Debt Analysis	31-Mar-17	31-Mar-16
	£'000	£'000
Under 1 year	4,803	6,190
1 - 2 years	55	110
2 - 3 years	77	31
Over 3 years	162	148
	5,097	6,479

NOTES TO THE ACCOUNTS

NOTE 19: DEBTORS

Long Term Debtors

Long term debtors disclosed in the balance sheet comprise of:

Long Term Debtors	31-Mar-17	31-Mar-16
	£'000s	£'000s
Private sector house purchase	-	-
Council house purchase	1	2
Car loans	107	167
TOTAL	108	169

NOTE 20: CASH AND CASH EQUIVALENTS

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

	31-Mar-17	31-Mar-16
	£'000	£'000
The balance is made up of the following elements:		
Cash held/(overdrawn) by the Council	1	-
Call accounts and money market funds	5,350	-
Bank Current Accounts	566	488
Total Cash & Cash Equivalents	5,917	488

NOTE 21: ASSETS HELD FOR SALE

	Current 2016/17	Current 2015/16	Non Current 2016/17	Non Current 2015/16
	£'000	£'000	£'000	£'000
Balance outstanding at start of year 1st April 2016	228	107	-	-
Assets newly classified as held for sale:				
From Property, Plant and Equipment	430	691	-	-
Assets sold:	(599)	(570)	-	-
Balance outstanding at year-end	59	228	-	-

NOTES TO THE ACCOUNTS

NOTE 21: ASSETS HELD FOR SALE

The Authority recognised the following assets as held for sale during 2016/2017.

- 7 Council Dwellings being sold under 'Right to Buy' Regulations were reclassified as held for sale.
- 10 sales of 'Right to Buy' Council dwellings completed in 2016/2017.
- 1 sale of a "Right to Buy" Council dwelling completed early in 2017/2018.

NOTE 22: CREDITORS

	31-Mar-17	31-Mar-16
	£'000s	£'000s
Central Government Bodies	3,303	4,062
Other Local Authorities	2,613	
Public Corporations and Trading Funds	-	-
Other Entities and Individuals	2,330	1,151
TOTAL	8,246	5,213

NOTE 23: PROVISIONS

The table below identifies the movements in the year in the amounts set aside for provisions. Below the table is a brief description of the nature of each provision and any information on likely timings and uncertainties surrounding its use.

	Balance at 31-Mar-16	Additional provisions made in 2016/17	Amounts used in 2016/17	Unused Amounts Reversed in 2016/17	Balance at 31-Mar-17
	£'000	£'000	£'000	£'000	£'000
Land Charges Provision	9	-	-	-	9
Courtfields Major works	267	10	-	-	277
Insurance Provision	25	-	-	-	25
Business Rates Appeals	692	22	-	-	714
	993	32	-	-	1,025

NOTES TO THE ACCOUNTS

NOTE 23: PROVISIONS

Land Charges Provision:

The Council is involved in litigation, concerning fees charged since 2005, for property searches. Local authorities have charged for property searches, but private search companies have now complained that the fees set are incompatible with the Environmental Information Regulations 2004.

These regulations provide that environmental information should be made available for personal inspection at no charge. Numerous private property search companies have now issued and/or threatened claims against authorities for charges levied from 1st January 2005 onwards. In March 2011, central government provided £40,000 to each authority to cover potential claims for refunds. Several claims have now been settled, leaving just interest and legal costs to be agreed.

Courtfields Major Works:

Reserve is a provision for the cost of works that the Council is obliged to undertake at Courtfields, which has been increased by £10,011. No major works are currently programmed for the properties but it is highly likely that some major works will need to be undertaken in the next few years.

Business Rates Appeals:

A provision has been made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The gross provision is £1,784,258, Adur Council's share is £713,703, being 40% of the total.

NOTE 24: USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 20 and 21.

NOTE 25: UNUSABLE RESERVES

31st March 2016	UNUSABLE RESERVES	31st March 2017
£'000s		£'000s
(63,994)	Revaluation Reserve	(76,538)
(63,700)	Capital Adjustment Account	(61,752)
433	Financial Instruments Adjustment Account	433
(2)	Deferred Capital Receipts Reserve	(1)
28,047	Pension Reserve	34,961
(700)	Collections Fund Adjustment Account	235
(99,916)	TOTAL UNUSABLE RESERVES	(102,662)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Revaluation Reserve

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

- revalued downwards or impaired 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 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2016/17	2015/16
	£'000	£'000
Balance at 1st April	(63,994)	(37,333)
Upward revaluation of assets	(15,676)	(28,699)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,362	1,686
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(77,308)	(64,346)
Difference between fair value depreciation and historical cost depreciation	578	205
Accumulated gains on assets sold	192	147
Amount written off to Capital Adjustment Account	770	352
Balance at 31st March	(76,538)	(63,994)

Capital Adjustment Account

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

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

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

See table on next page.

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account	2016/17	2015/16
Balance at 1st April	£'000 (63,700)	£'000 (69,856)
Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	5,598	5,484
Revaluation losses and reversals of previous revaluation losses on property, plant and equipment	1,387	5,768
Amortisation of intangible assets	52	47
Revenue expenditure funded from capital under statute	317	537
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	2,250	3,459
Net written out amount of the cost of non-current assets consumed in the year	9,604	15,295
Adjusting amounts written out of the Revaluation Reserve	(770)	(352)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(648)	(372)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,370)	(4,032)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(781)	(349)
Application of grants to capital financing from the Capital Grants Unapplied Account	(361)	(1,241)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,606)	(2,435)
Capital expenditure charged against the General Fund and HRA balances	(73)	(348)
	(7,609)	(9,129)
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(47)	(10)
Balance at 31st March	(61,752)	(63,700)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid on discounts received on the early redemption of loans.

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Pension Reserve

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

Pensions Reserve	2016/17	2015/16
	£'000	£'000
Balance at 1st April	28,047	35,820
Remeasurements of the net defined benefit liability / (asset)	6,760	(8,458)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	2,811	3,259
Employer's pension contributions and direct payments to pensioners payable in the year	(2,657)	(2,574)
Balance at 31st March	34,961	28,047

NOTE 26: CASH FLOW - OPERATING ACTIVITIES

	Net 2016/17	Net 2015/16
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	89	103
Interest paid	(3,071)	(3,106)
Total	(2,982)	(3,003)

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW - OPERATING ACTIVITIES

Cash Flow – Net Cash Flow From Operating Activities

	Net 2016/17	Net 2015/16
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	(3,878)	(10,572)
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	5,598	5,485
Impairment and downward valuations	1,387	5,752
Amortisation	52	48
Increase/(Decrease) in Creditors	(486)	582
(Increase)/Decrease in Debtors	1,104	(3,547)
(Increase)/Decrease in Inventories	-	1
Pension Liability	154	685
Contributions to/(from) Provisions	32	227
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	2,250	3,458
Movement in Investment property values	(47)	(9)
	10,044	12,682
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Net capital Grants credited to surplus or deficit on the provision of services	(1,122)	260
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,125)	(928)
	(2,247)	(668)
Net Cash Flows from Operating Activities	3,919	1,442

NOTES TO THE ACCOUNTS

NOTE 27: CASH FLOW - INVESTING ACTIVITIES

	Net 2016/17	Net 2015/16
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(4,739)	(9,082)
Other payments for investing activities	(86)	(390)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,126	930
Proceeds from short-term and long-term investments	3,019	2,000
Other receipts from investing activities	1,269	493
Net cash flows from investing activities	589	(6,049)

NOTE 28: CASH FLOW - FINANCING ACTIVITIES

	Net 2016/17	Net 2015/16
	£'000	£'000
Cash receipts of short- and long-term borrowing	284	-
Repayments of short- and long-term borrowing	-	(1,718)
Other payments for financing activities	637	1,020
Net cash flows from financing activities	921	(698)

NOTES TO THE ACCOUNTS

NOTE 29: EXPENDITURE FUNDING ANALYSIS

2016/17				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	29	17	-	46
Environment	772	81	-	853
Health & Wellbeing	838	23	-	861
Customer Services	297	(28)	-	269
Regeneration	1,185	30	-	1,215
Resources	233	7	-	240
Housing Revenue Account	1,631	(920)	-	711
Net Cost of Services	4,985	(790)	-	4,195
Other income and expenditure from the Funding Analysis	(2,145)	945	935	(265)
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	2,840	155	935	3,930

2015/16				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	31	24	-	55
Environment	609	137	-	746
Health & Wellbeing	152	40	-	192
Customer Services	6,214	12	-	6,226
Regeneration	468	100	-	568
Resources	358	(10)	-	348
Housing Revenue Account	4,006	(733)	-	3,273
Net Cost of Services	11,838	(430)	-	11,408
Other income and expenditure from the Funding Analysis	(2,065)	1,116	(307)	(1,256)
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	9,773	686	(307)	10,152

NOTES TO THE ACCOUNTS

NOTE 29: EXPENDITURE FUNDING ANALYSIS

Income and Expenditure analysed by nature	2016/17 £'000	2015/16 £'000
Employee Expenses	4,025	4,180
Depreciation, amortisation, impairment	6,990	11,289
Precepts	365	365
Payments to the Government Housing Capital Receipts Pool	568	599
Other service expenditure	43,081	45,347
Total Expenditure	55,029	61,780
Grants and contributions	(2,544)	(2,303)
Fees, charges and other service income	(40,189)	(40,722)
Gain/loss on disposal of non current assets	(489)	(350)
Income from council tax and business rates	(7,647)	(7,618)
Interest and Investment Income	(282)	(215)
Total Income	(51,151)	(51,208)
Deficit or surplus on Provision of Services	3,878	10,572

The other service expenditure figure includes the Councils share of the Joint Service costs including the employee expenses.

NOTE 30: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2016/17.

NOTE 31: TRADING OPERATIONS

The former Direct Service Organisations are designated as trading accounts and a summary of their trading results is shown below, together with other services treated as trading services. The Council operates 3 trading accounts as shown below:

	2016/17 Gross Expenditure	2016/17 Gross Income	2016/17 Net Expenditure	2015/16 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	427	(519)	(92)	(94)
	427	(519)	(92)	(94)

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

Through the Joint Strategic Committee, a trade waste service is provided for the collection of commercial refuse. The service charges a commercial rate and is in direct competition with other service providers. Surpluses are shared and credited back to the Council.

NOTE 32: AGENCY SERVICES

Adur District Council have entered into an Agency Agreement with West Sussex County Council to provide the Parking Enforcement for the District. In 2016/17 income collected was £143,338 (2015/16 £125,117) and expenditure was £144,231 (2015/16 £171,736) . West Sussex County Council contributes £50,000 towards this contract, with the balance being funded by Adur District Council.

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

NOTE 33: ROAD CHARGING

Adur District Council does not have any responsibilities regarding road charging.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

All Services (except for Revenue and Benefits) that can operate as a shared service have now moved across to the Joint Strategic Committee. The Joint Strategic Committee accounts are proportionately consolidated into the Council's financial statements.

	Gross Expenditure 2016/17	Gross Income 2016/17	Net Expenditure 2016/17
	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES			
Net Cost Of General Fund Services	18,776	(5,020)	13,756
Holding Accounts	9,040	(304)	8,736
NET COST OF SERVICES	27,816	(5,324)	22,492
Other Operating Expenditure			-
Financing and Investment income and expenditure			209
Taxation and non-specific grant income			-
Funded by:			
Adur District Council			(8,670)
Worthing Borough Council			(13,125)
(Surplus) or deficit on provision of services			906
Remeasurement of the net refined pension benefit liability			(2,929)
Other Comprehensive Income & Expenditure			(2,929)
Total Comprehensive Income and Expenditure			(2,023)

Adur District Council is also part of the CenSus Joint Committee partnership, a collaborative arrangement with Mid Sussex District Council and Horsham District Council for the delivery of Revenues and Benefits services. Mid Sussex is the lead Council for this partnership.

Census Partnership

Adur District Council is part of the CenSus Joint Committee partnership with Horsham District Council and Mid Sussex District Council for the delivery of Revenue and Benefit Services and ICT Services. Horsham is the lead Council for this partnership.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Memorandum Accounts for Census year ending 31st March 2017

Income and Expenditure Accounts:

Census Revenues & Benefits	Mid Sussex District Council	Horsham District Council	Adur District Council	TOTAL
	£'000	£'000	£'000	£'000
<u>Expenditure</u>				
Salary costs	2,937	-	-	2,937
Transport costs	50	-	-	50
Supplies and Services	790	9	-	799
Total Expenditure	3,777	9	-	3,786
<u>Income</u>				
Grant Income	(80)	(77)	(57)	(214)
Fees and charges	(273)	(221)	(155)	(649)
Miscellaneous Income	(18)	(18)	(17)	(53)
Total Income	(371)	(316)	(229)	(916)
Net Expenditure incurred by each council	3,406	(307)	(229)	2,870
Proportional Share of Costs	1,049	1,004	817	2,870

Census ICT	Mid Sussex District Council	Horsham District Council	Adur District Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	£'000	£'000
Net Operating Expenditure for CenSus ICT Services incurred by each Council	91	2,218	19	-	2,328
Proportional Share of Costs	727	610	396	595	2,328

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Census Balance sheet as at 31st March 2017				
	Revenues and Benefits	ICT	2016/17	2015/16
	£	£	£	£
Current Assets				
Debtors	475	-	475	546
Payment in Advance	21	382	403	424
Total Assets	496	382	878	970
Current Liabilities				
Creditors	(101)	(12)	(113)	(128)
Receipts in Advance	-	-	-	(16)
Notional Cash	(395)	(370)	(765)	(826)
Total Liabilities	(496)	(382)	(878)	(970)
Net Assets	-	-	-	-
Funded by:				
Useable reserves	-	-	-	-
Total Reserves	-	-	-	-

The Census partnership Balance Sheet has not been consolidated into the Council's Balance Sheet as the Council's share of the balance sheet is not deemed to be material.

NOTE 35: MEMBERS' ALLOWANCES

The total allowances paid to Members were as follows:

2016/17	2015/16
£	£
195,326	169,998

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are employed by Adur District Council as part of the partnership arrangement. These emoluments relate to the employment of senior officers by Adur District Council on behalf of both Adur District Council and Worthing Borough Council.

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

Remuneration Bands	Number of Employees	
	2016/17	2015/16
£50,000 to £54,999*	13	8
£55,000 to £59,999*	4	5
£60,000 to £64,999*	4	5
£65,000 to £69,999	4	6
£70,000 to £74,999	4	4
£75,000 to £79,999	-	-
£80,000 to £84,999	1	-
£85,000 to £89,999	-	1
£90,000 to £94,999	1	-
£95,000 to £99,999	2	3
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-
£110,000 to £114,999	-	-
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
	34	33

* These include redundancy, efficiency of service and settlement payments relating to 2016/17 and 2015/16. Please see the exit packages table at the end of this note and Note 46 termination benefits for a breakdown of these payments.

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

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

Note 1: There were no staff whose salary was more than £150,000 in 2016/17 and in 2015/16.

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

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

Note 2: The Chief Executive, Directors and Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing Borough Council as part of a formally agreed partnership arrangement where costs are shared and included in the support service allocations to the authorities.

There were no bonuses paid to these staff in either 2016/17 or 2015/16.

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2016/17	116,150	-	-	116,150	20,462	136,612	68,306	68,306
2015/16	115,473	-	-	115,473	22,655	138,128	69,064	69,064
Director for Customer Services								
2016/17	98,848	-	-	98,848	19,815	118,663	71,198	47,465
2015/16	97,319	-	-	97,319	19,089	116,408	69,845	46,563
Director for Communities								
2016/17	40,065	-	-	40,065	7,293	47,358	25,336	22,022
start date 25/10/2016								
2016/17	20,694	-	25,000	45,694	2,057	47,751	25,547	22,204
end date 25/10/2016								
2015/16	93,729	-	-	93,729	18,486	112,215	56,108	56,107
Director for Digital & Resources								
2016/17	95,726	-	-	95,726	19,427	115,153	68,355	46,798
2015/16	93,840	-	-	93,840	18,486	112,326	67,396	44,930
Director for the Economy								
2016/17	93,849	-	-	93,849	14,629	108,478	74,850	33,628
2015/16	73,738	-	-	73,738	14,526	88,264	63,550	24,714
Head of Growth								
2016/17	72,948	-	-	72,948	15,053	88,001	44,881	43,120
2015/16	71,640	-	-	71,640	14,100	85,740	52,301	33,439

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Wellbeing								
2016/17	80,899	-	-	80,899	16,844	97,743	67,443	30,300
2015/16	69,401	-	-	69,401	13,769	83,170	49,902	33,268
Head of Finance								
2016/17	71,575	-	-	71,575	13,879	85,454	46,316	39,138
2015/16	71,575	-	-	71,575	14,100	85,675	51,405	34,270
Head of Business & Technical Services								
2016/17	66,304	-	-	66,304	13,879	80,183	48,110	32,073
2015/16	64,790	-	-	64,790	12,624	77,414	46,448	30,966
Head of Legal								
2016/17	66,304	-	-	66,304	13,648	79,952	42,838	37,114
2015/16	65,323	-	-	65,323	13,012	78,335	38,917	39,418
Head of Environment								
2016/17	71,911	-	-	71,911	14,816	86,727	58,107	28,620
2015/16	69,239	-	-	69,239	13,396	82,635	49,581	33,054
Head of Digital & Design								
2016/17 see note*	-	-	-	-	-	-	-	-
2016/17 end date 04/11/2016	44,624			44,624	6,185	50,809	31,756	19,053
2015/16 start date 24/08/2015	66,233	-	-	66,233	8,102	74,335	44,601	29,734

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Housing								
2016/17 start date 22/02/2017	7,362	-	-	7,362	1,524	8,886	1,333	7,553
2016/17 end date 07/10/16	39,274	-	20,000	59,274	1,872	61,146	9,172	51,974
2015/16	69,458	-	-	69,458	13,683	83,141	-	83,141
Head of Culture								
2016/17	72,721	-	-	72,721	14,816	87,537	87,537	-
2015/16	70,328	-	-	70,328	13,855	84,183	75,765	8,418
Head of Waste Management & Cleansing Services								
2016/17	60,997			60,997	12,626	73,623	44,100	29,523
2015/16	59,782	-	-	59,782	11,771	71,553	43,146	28,407
Strategic Head of Human Resources & Organisational Development								
2016/17 see note**	-	-	-	-	-	-	-	-
2015/16	12,724	-	38,106	50,830	640	51,470	30,882	20,588
Head of Customer Contact & Engagement								
2016/17	62,772			62,772	12,626	75,398	41,469	33,929
2015/16	-	-	-	-	-	-	-	-

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Communications 2016/17 2015/16	50,953 -	- -	- -	50,953 -	- -	50,953 -	25,476 -	25,477 -
Head of Place & Investment 2016/17 2015/16	65,529 -	- -	- -	65,529 -	12,994 -	78,523 -	47,114 -	31,409 -
Executive Head for Technical Services 2016/17 2015/16	- -	- -	- 56,000	- 56,000	- -	- 56,000	- 33,600	- 22,400
<p>* There are no direct payroll costs after 4/11/16 as duties are currently fulfilled through joint working with other local authorities via the Census Partnership.</p> <p>** The direct payroll costs have been replaced with a contribution to another Council who provides strategic HR services to the Council.</p>								

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
							£	£
£0 - £20,000	3	2	20	17	23	19	222,699	188,195
£20,000 - £40,000	2	-	10	3	12	3	334,730	81,796
£40,000 - £60,000	-	-	2	-	2	-	90,462	-
£60,000 - £80,000	-	-	-	-	-	-	-	-
£80,000 - £100,000	-	-	-	-	-	-	-	-
Total cost included in bandings	5	2	32	20	37	22	647,891	269,991
Total cost included in CIES	5	2	32	20	37	22	647,891	269,991

These redundancy costs are shared between Adur & Worthing Council's in proportion to the service allocation. The total cost of £269,991 in the table above includes **£193,319** for exit packages that have been charged to the Adur's Comprehensive Income and Expenditure Statement in the current year.

NOTE 37: EXTERNAL AUDIT COSTS

The Council incurred the following fees (all payable to Ernst and Young) relating to external audit.

	2016/17	2015/16
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	48	53
Fees payable to external auditors for the certification of grant claims and returns for the year	12	46
Proportionate share of Adur and Worthing Joint Committee	-	-
	60	99
Less: Refund from the Audit Commission		
TOTAL	60	99

NOTES TO THE ACCOUNTS

NOTE 38: SCHOOLS

Adur District Council does not have any responsibilities regarding schools.

NOTE 39: GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2016/17	2015/16
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	-	-
Section 31 Grant	320	363
Revenue Support	774	1,348
Others (Council tax)	3	5
Council Tax Freeze Grant	-	63
Council Tax Transistion Grant	73	17
New Homes Bonus Scheme	767	657
New Burdens Grant	3	52
	1,940	2,505
Credited to Services - Capital Grants		
S106 Other Contributions	11	111
	11	111
Capital Grants & Donations - Specific		
DEFRA/Environment Agency (Coast Protection)	27	59
CLG Disabled Facilities Grant	511	293
DCLG Pocket Parks Grant	-	20
Local Enterprise Partnership Funding	517	-
Sompting Parish Council	3	5
Sompting Big Local	15	-
Veolia	12	21
West Sussex County Council	3	2
Worthing Borough Council	23	9
	1,111	409

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2016/17	2015/16
	£'000s	£'000s
Credited to Services - General Fund Grants		
WSSC - Local Assistance Network Grant	-	12
DCLG - Right to Move Grant	-	3
DCLG - Smoke and CO2 Alarms	-	1
DCLG - Lettings Agents Redress Scheme	1	1
DCLG - Transparency Grant	8	-
DCLG - New Burdens - Claims	6	-
DCLG - New Burdens Brownfield	15	-
DCLG - Self & Custom Build	21	-
DCLG - 2017 NDR Revaluation Flyer Grant	1	-
Eastbourne Borough Council - Rough Sleepers Grant	-	10
Local Government Association - Going Local	-	8
Cabinet Office - IER s31 grant	13	21
WSSC - Contribution to AVA	-	19
WSSC - Think Family Infrastructure Support	18	-
DWP - Single Fraud Investigatory Service	1	2
DWP - LA IT payment	-	6
DWP - LA Data Sharing	15	-
DWP - New Burdens Work Related Activity Component	1	-
DWP - New Burdens, Benefits Cap	15	-
DWP - Fraud and Error Reduction Incentive Scheme	-	7
DWP - New Burden Real Time Info Bulk Data Matching	-	6
DWP - s31 Grant Housing Benefit Backdating Reduction	-	1
DWP - FERIS Data Maintenance Fund	2	10
DWP - New Burden Welfare Reforms	11	9
DCLG - Growth Point for Shoreham Harbour	87	145
DCLG - Coastal Revival Fund	32	-
Grants recognised in the Joint Committee	558	603
	805	864
TOTAL	3,867	3,889

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

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2016/17	2015/16
	£'000s	£'000s
Revenue Grants Receipts in Advance		
DCLG - Eco-Town Shoreham Harbour	103	103
DCLG - Coastal Revival Fund	18	50
DCLG - Growth Point for Shoreham Harbour	157	244
DCLG - Pocket Parks Grant	-	10
DCLG - Coastal Community Team	10	-
DCLG - Heat Network Delivery Unit	81	-
WSCC - LEAP funding	71	-
Grants recognised in the Joint Committee	232	284
TOTAL	672	691

NOTE 40: RELATED PARTIES

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in Note 39. Grant receipts which remain to be used at 31st March 2017 are shown in Note 39.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 35. During 2016/17 there were no related party transactions declared by Councillors. In 2016/17 all contracts were entered into in full compliance with the Council's standing orders. Details of all members' transactions are recorded in the Register of Members' Interest, open to public inspection on the Council's website.

There were no related party transaction declared by officers in 2016/17.

NOTES TO THE ACCOUNTS

NOTE 40: RELATED PARTIES

Other Public Bodies

The Council has a partnership arrangement with Worthing Borough Council for the sharing of a joint officer structure.

Adur also has a partnership arrangement with Horsham District Council, Mid Sussex District Council and Worthing Borough Council for the delivery of ICT services and Revenues and Benefits services.

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

Entities Controlled or Significantly Influenced by the Council

The Council has a 30 year agreement with Impulse Leisure Trust to manage two leisure centres and one community swimming pool.

Payment of a subsidy of £170,000 was made to Impulse Leisure Trust in 2016/17. The value of this receipt is material to the Leisure Centre Trust.

NOTE 41: 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

NOTES TO THE ACCOUNTS

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2016/17	2015/16
	£'000	£'000
Opening Capital Financing Requirement	76,822	75,985
Capital Investment		
Property, Plant and Equipment	4,673	9,035
Intangible Assets	38	44
Revenue Expenditure Funded from Capital Under Statute	317	537
Sources of Finance		
Capital receipts	(648)	(372)
Government grants and other contributions	(1,141)	(1,591)
Sums set aside from revenue:		
Direct revenue contributions	(62)	(72)
MRP/loans fund principal	(2,606)	(2,435)
Revenue funding	(2,381)	(4,309)
Closing Capital Financing Requirement	75,012	76,822
Explanation of movements in year		
Increase/ (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(1,810)	837
Increase/(decrease) in Capital Financing Requirement	(1,810)	837

NOTE 42: LEASES

Finance Leases – Lessee

At 31st March, 2016 the Council did not have any finance leases under IAS17.

Operating Leases – Lessee

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

	31-Mar-17	31-Mar-16
	£'000	£'000
Not later than one year	6	6
Later than one year and not later than five years	2	9
Later than five years	-	3
	8	18

NOTES TO THE ACCOUNTS

NOTE 42: LEASES

Operating Leases - Lessor

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

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

Future minimum lease payments are calculated using current payment contract information. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31-Mar-17	31-Mar-16
	£'000	£'000
Not later than one year	548	368
Later than one year and not later than five years	1,470	1,029
Later than five years	3,088	2,986
	5,106	4,383

Operating Leases

The Authority is the lessee of a number of properties which it sublets to tenants of Adur Homes. The non-cancellable rentals due for lessor and lessee rents cannot be quantified with certainty, but are deemed not to be material and therefore excluded from the tables above.

NOTE 43: PFI AND SIMILAR CONTRACTS

Adur District Council does not have any PFI or similar contracts.

NOTE 44: IMPAIRMENT LOSSES

There were no impairment losses in 2016/17.

NOTE 45: CAPITALISATION OF BORROWING COSTS

Adur District Council has not capitalised any borrowing costs.

NOTES TO THE ACCOUNTS

NOTE 46: TERMINATION BENEFITS

	Adur £
Redundancy costs	193,319
Enhanced Pension Benefits	62,610
Total termination benefit 2016/17	255,929
Termination benefits 2015/16	354,080

Of this total £354,080 is payable in the form of compensation for loss of office and £71,955 is the 2015/16 cost of enhanced pension benefits which is normally spread over 3 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 47: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities		31-Mar-17	31-Mar-2016
	See Note No.	£'000s	£'000s
Commuted Sums		(8)	-
Pension Reserve Liability	48	(34,962)	(28,048)
TOTAL		(34,970)	(28,048)

NOTE 48: DEFINED BENEFIT PENSION PLANS

Participation in Pension Plans

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

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

Transactions Relating to Post-employment Benefits

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Transactions Relating to Post-employment Benefits

Comprehensive Income and Expenditure Statement	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Joint Comm'tee 2016/17	Adur 2016/17	Total 2016/17	2015/16
	£'000s	£'000s	£'000s	£'000s
Cost of services				
Current service cost	(1,451)	(405)	(1,856)	(2,129)
Past service cost	-	(10)	(10)	(14)
(gain)/loss from settlements	-	-	-	
Financing & Investment Income &				
Net Interest cost	(84)	(861)	(945)	(1,116)
Total post employment benefit charged to the surplus or deficit on the provision of services	(1,535)	(1,276)	(2,811)	(3,259)
Other post employment benefit charged to the CI&E Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding the amount included in the net interest expense)	6,169	9,656	15,825	(851)
Actuarial gains and losses arising on changes in demographic assumptions	687	2,907	3,594	-
Actuarial gains and losses arising on changes in financial assumptions	1,976	(12,903)	(10,927)	7,557
Other (if applicable)	(7,660)	(7,592)	(15,252)	1,752
Total remeasurements recognised in the other comprehensive income	1,172	(7,932)	(6,760)	8,458
Total post-employment benefits charged to the CI&E statement	(363)	(9,208)	(9,571)	5,199

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Transactions Relating to Post-employment Benefits

Movement in Reserves Statement	Joint Comm'tee 2016/17	Adur 2016/17	2016/17	2015/16
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	(1,535)	(1,276)	(2,811)	(3,259)
Actual amounts charged against the General Fund balance for pensions in the year:				
Employer's contributions payable to the scheme	1,196	1,302	2,498	2,408
Retirement benefits payable to pensioners	-	159	159	166

Pension Assets and Liabilities

Pensions Assest and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme					
	2016/17			2015/16		
	Adur	Joint C'ttee	Total	Adur	Joint Cttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(94,106)	(38,941)	(133,047)	(77,309)	(31,348)	(108,657)
Fair value of plan assets	60,503	37,582	98,085	51,453	29,156	80,609
Net liability arising from defined benefit obligation	(33,603)	(1,359)	(34,962)	(25,856)	(2,192)	(28,048)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Pension Assets and Liabilities

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme					
	2016/17			2015/16		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	51,453	29,156	80,609	52,280	27,398	79,678
Interest income	1,709	-	1,709	1,591	-	1,591
Remeasurement gain / (loss):						-
The return on plan assets, excluding the amount included in the net interest expense	9,656	6,170	15,826	(515)	(336)	(851)
Other	-	1,070	1,070	-	923	923
Contributions from employer	1,461	1,196	2,657	1,455	1,119	2,574
Contributions from employees into the scheme	90	392	482	94	380	474
Benefits paid	(3,866)	(402)	(4,268)	(3,452)	(328)	(3,780)
Other						
Closing fair value of scheme assets	60,503	37,582	98,085	51,453	29,156	80,609

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Pension Assets and Liabilities

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities: LGPS					
	2016/17			2015/16		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 1st April	(77,309)	(31,348)	(108,657)	(82,698)	(32,800)	(115,498)
Current service cost	(405)	(1,451)	(1,856)	(459)	(1,670)	(2,129)
Interest cost	(2,570)	(1,154)	(3,724)	(2,519)	(1,111)	(3,630)
Contributions from scheme members	(90)	(392)	(482)	(94)	(380)	(474)
Remeasurement (gains) and losses:						
Actuarial gains / losses arising from changes in demographic assumptions	2,907	687	3,594	-	-	-
Actuarial gains / losses arising from changes in financial assumptions	(12,903)	(7,661)	(20,564)	3,259	4,297	7,556
Other experience	(7,592)	1,976	(5,616)	1,750	2	1,752
Past service cost	(10)	-	(10)	-	(14)	(14)
Losses/(Gains) on curtailment	-	-	-	-	-	-
Liabilities assumed on a entity combinations	-	-	-	-	-	-
Benefits paid	3,866	402	4,268	3,452	328	3,780
Liabilities extinguished on settlements	-	-	-	-	-	-
Closing balance at 31st March	(94,106)	(38,941)	(133,047)	(77,309)	(31,348)	(108,657)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Pension Assets and Liabilities

The scheme assets listed below are valued at bid value.

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair value of scheme assets					
	2016/17			2015/16		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,557.1	967.2	2,524.3	1,060.8	601.1	1,661.9
Equity instruments:						
Consumer	8,607.3	5,346.5	13,953.8	8,405.1	4,762.8	13,167.9
Manufacturing	5,530.0	3,435.0	8,965.0	1,758.7	996.6	2,755.3
Energy and Utilities	2,921.9	1,815.0	4,736.9	1,779.7	1,008.5	2,788.2
Financial Institutions	9,854.6	6,121.2	15,975.8	8,335.0	4,723.0	13,058.0
Health and Care	4,192.1	2,604.0	6,796.1	3,321.2	1,882.0	5,203.2
Information Technology	8,267.9	5,135.6	13,403.5	6,647.1	3,766.6	10,413.7
Other	2,787.6	1,731.5	4,519.1	4,503.8	2,552.1	7,055.9
Sub-total equity	42,161.4	26,188.8	68,350.2	34,750.6	19,691.6	54,442.2
Debt Securities:						
UK Government	1,121.9	696.8	1,818.7	895.8	507.6	1,403.4
Bonds	7,581.2	4,709.1	12,290.3	7,230.0	4,096.9	11,326.9
Property:						
UK Property	4,771.3	2,963.7	7,735.0	4,642.7	2,630.8	7,273.5
Overseas Property	-	-	-	5.6	3.2	8.8
Sub-total property	4,771.3	2,963.7	7,735.0	4,648.3	2,634.0	7,282.3
Private equity	2,600.9	1,615.6	4,216.5	2,472.9	1,401.3	3,874.2
Other investment funds	709.2	440.5	1,149.7	394.6	223.6	618.2
Derivatives	-	-	-	-	-	-
Total assets	60,503.0	37,581.7	98,084.7	51,453.0	29,156.1	80,609.1

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March, 2017.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2016/17	2015/16
Mortality assumptions		
<i>Longevity at 65 for current pensioners</i>		
Male	23.6	24.4
Female	25.0	25.8
<i>Longevity at 65 for future pensioners</i>		
Male	26.0	26.9
Female	27.8	28.5
Rate of inflation		2.2%
Rate of increase in salaries	3.1%	3.6%
Rate of increase in pensions	2.4%	2.1%
Rate for discounting scheme liabilities	2.5%	3.4%

Change in assumptions at 31st March 2017	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	7%	6,191
0.5% increase in Salary Increase Rate	0%	124
0.5% increase in the Pension Increase Rate	6%	6,032

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Impact on the Council's Cash Flow:

The Council anticipates paying £1,290,000 contributions to the scheme in 2017/18.

NOTE 49: CONTINGENT LIABILITIES

Pension Guarantees - The Council entered into a long term contract for the provision of Leisure Services with Impulse Leisure Trust. This involved the transfer of Council employees to this new service provider. Employees rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulation 2006 (TUPE). However pension rights are not fully covered within TUPE regulations. The Council has provided a guarantee that in the event the Leisure Trust ceases trading, the Council will meet pension obligations with respect to employees within the West Sussex Pension Scheme.

NHS Trust Business Rates Claims - NHS Trusts are currently in a legal dispute with the Council regarding mandatory charitable relief on business rates. Previously NHS Trusts were taxed as public sector funded organisations, rather than charities, because they have boards of directors, rather than trustees. NHS Trusts have applied for mandatory charitable relief, which means that they would be eligible for an 80% discount, backdated for six years.

NOTE 50: CONTINGENT ASSETS

There are no contingent assets for 2016/17.

NOTE 51: NATURE and EXTENT OF RISK

Please refer to Note 16 for an explanation of the nature and extent of risks arising from financial instruments.

NOTE 52: HERITAGE ASSETS SUMMARY OF TRANSACTIONS

The Authority has not acquired, had donated or disposed of, any heritage assets in the last 3 years and it is not practicable to provide information prior to this date.

NOTE 53: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

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

NOTES TO THE ACCOUNTS

NOTE 53: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

Buckingham Park House Ruin: Comprises the remains of an old listed building situated in Buckingham Park valuation has not been obtained due to the unique nature of this asset.

Buckingham Farm Dovecote: This is a listed building situated on an open space which old records indicate was transferred to the Council in about 1974. No valuation is available due to the unique nature of the asset.

War Memorial, adjacent to St. Mary's Church, Shoreham: The Council does not hold cost information on this monument and the cultural significance of this monument cannot be valued.

NOTE 54: TRUST FUNDS

The Council acts as a trustee for two Charities; Adur Recreational Ground (271495) and The Green (290683). In both cases the land was gifted to the Council to maintain, and any income generated is offset against this maintenance.

HOUSING REVENUE ACCOUNT (HRA) COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note	2016/17 Net Expenditure		2015/16 Net Expenditure	
		£'000	£'000	£'000	£'000
INCOME					
Dwelling rents		(12,254)		(12,386)	
Non-dwelling rents		(508)		(508)	
Charges for services and facilities		(797)		(503)	
Contributions towards expenditure		-		(3)	
Total Income			(13,559)		(13,400)
EXPENDITURE					
Repairs and maintenance		3,243		3,226	
Supervision and management		2,368		2,061	
Rents, rates, taxes and other charges		12		56	
Depreciation	5&9	4,355		4,035	
Revaluation and impairment of non-current assets	10	(354)		(30)	
Movement in the allowance for bad debts		22		11	
Total Expenditure			9,646		9,359
Net (Income) / Cost of HRA Services as included in the whole authority CI&E Statement			(3,913)		(4,041)
HRA services share of Corporate and Democratic Core			475		520
Net (Income) / Cost of HRA Services			(3,438)		(3,521)
HRA share of the operating income and expenditure included in the CI&E Statement					
(Gain) or loss on sale of HRA non-current assets	1	(489)		249	
Derecognition of assets	1	1,470		2,353	
Revaluation of investment properties		-		-	
Interest payable and similar charges		2,324		2,357	
HRA Interest and Investment income		(32)		(47)	
Net interest on the net defined benefit liability (asset)		783		860	
Capital grants and contributions receivable		-		-	
			4,056		5,772
Deficit / (surplus) for the year on HRA Services			618		2,251

HOUSING REVENUE ACCOUNT (HRA)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement above shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost.

STATEMENT OF MOVEMENT ON THE HRA BALANCE

The increase or decrease in the HRA Balance in the year, on the basis of which rents are raised, is shown in the movement on the HRA Statement, as follows:

Statement of Movement on the HRA Balance	2016/17	2015/16
	£'000s	£'000s
Balance on the HRA at the end of the previous reporting period	(2,074)	(2,177)
Surplus or (deficit) for the year on the HRA Income and Expenditure Account	618	2,251
Adjustments between accounting basis and funding basis under statute	(758)	(2,485)
Net Increase or (Decrease) before transfers to reserves	(140)	(234)
<i>Net transfers (to) or from Earmarked Reserves</i>		
Contribution to New Development & Acquisition Reserve	215	337
Transfer to/(from) HRA Business Improvement Reserve	(75)	-
<i>Total net transfers to/from earmarked reserves</i>	140	337
Balance on the HRA at the end of the current reporting period	(2,074)	(2,074)

The Statement of Movement on the HRA Balance reconciles the reported surplus or deficit for the year shown on the Comprehensive Income and Expenditure Statement with the HRA balance at the end of the year, and is calculated in accordance with the Local Government and Housing Act 1989.

Part of the reconciliation includes adjustments between accounting basis and funding basis under statute to ensure that the HRA balance is determined in accordance with proper practices. These adjustments are disclosed in Note 1.

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

NOTE 1: STATEMENT OF MOVEMENT ON HOUSING REVENUE ACCOUNT

	2016/17	2015/16
	£'000s	£'000s
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA statement for the year.		
Gain or loss on sale of HRA non-current assets	489	(249)
Derecognition of assets	(1,470)	(2,353)
HRA share of contributions to or from the Pensions Reserve	137	(128)
Transfers to/(from) Capital Adjustment Account	(4,001)	(4,006)
Voluntary Provision for Repayment of Debt	1,717	1,727
Transfers to/(from) Major Repair Reserve	2,370	2,269
	(758)	(2,740)
Amounts not included in the Income and Expenditure Account, but required by statute to be included when determining the Movement on the Housing Revenue Account for the year		
Capital expenditure funded by the HRA	-	255
Net additional amount required to be debited or (credited) to the Housing Revenue Account balance for the year.	(758)	(2,485)

NOTE 2: NUMBER OF TYPES OF DWELLING IN THE HOUSING STOCK

	31st March 2017	31st March 2016
	Number	Number
Houses	1,010	1,013
Bungalows	169	169
Flats	1,420	1,427
TOTAL DWELLINGS	2,599	2,609

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

NOTE 3: TOTAL BALANCE SHEET VALUE OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HRA

	31st March 2017	31st March 2016
	£'000s	£'000s
Council Dwellings	173,794	162,876
Other Land and Buildings	4,994	4,758
Infrastructure	25	-
Assets held for Sale	58	227
TOTAL BALANCE SHEET VALUE OF LAND, HOUSES AND OTHER PROPERTY	178,871	167,861

NOTE 4: VACANT POSSESSION VALUE OF DWELLINGS WITHIN THE HRA AT 1ST APRIL

	2016/17	2015/16
	£'000s	£'000s
VACANT POSSESSION VALUE OF DWELLINGS WITHIN THE HRA AT 1ST APRIL	493,565	459,517

The vacant possession value and Balance Sheet value of dwellings within the HRA show the economic cost of providing council housing at less than market rents.

NOTE 5: MOVEMENTS ON THE MAJOR REPAIRS RESERVE

	2016/17	2015/16
	£'000s	£'000s
Balance at 1st April	-	1,765
Adjustment for prior year roundings	-	(2)
Share of HRA Surplus transferred to Major Repairs Reserve	-	-
Capital expenditure funded from Major Repairs Reserve	(2,370)	(4,032)
Statutory provision equal to the annual depreciation charges to finance future capital expenditure or borrowing	4,355	4,035
Transfer from the MRR to abate the depreciation charge to the value of the Notional Major Repairs Allowance	(1,985)	(1,766)
Balance of Major Repairs Reserve at 31st March	-	-

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

NOTE 5: MOVEMENTS ON THE MAJOR REPAIRS RESERVE

The Major Repairs Reserve is a cash backed usable reserve that reflects unused Major Repairs Allowance obtained under the pre 2012/13 former subsidy system, plus provisions from revenue from 2012/13 onwards when the HRA self-financing regime was introduced. Since 2012/13 the Council is required to make an annual provision from revenue of an amount equivalent to the depreciation charge for all HRA assets. The total resources are applied to fund new capital expenditure or repay debt, as well as an abatement to the HRA Income and Expenditure Statement for depreciation charges which exceed the permitted Major Repairs Allowance which previously applied. This abatement is for a transitional period of five years from the financial year 2012/13.

NOTE 6: HRA DISCRETIONARY ASSISTANCE FUND

The Discretionary Assistance Fund is a new fund established in 2013/14 for the main purposes of providing temporary financial assistance to tenants who may require support that is not otherwise available. The primary purpose is intended for home improvements or repairs that are the responsibility of the tenant, although other purposes may be considered when mutually beneficial.

Discretionary Assistance Fund	2016/17	2015/16
	£'000s	£'000s
Balance at 1st April	116	116
Transfer of Share of HRA Surplus	-	-
Expenditure in the year	-	-
BALANCE AT 31ST MARCH	116	116

NOTE 7: CAPITAL EXPENDITURE AND FINANCING WITHIN THE HRA

	2016/17	2015/16
	£'000s	£'000s
EXPENDITURE		
Council Dwellings	2,791	4,641
Other Properties	9	-
Infrastructure	25	-
Equipment (Including Intangible Assets)	-	10
TOTAL CAPITAL EXPENDITURE	2,825	4,651
FINANCING		
Capital Grants	20	-
HRA usable Capital Receipts	427	364
HRA Revenue Contributions to capital	8	255
Major Repairs Reserve	2,370	4,032
TOTAL CAPITAL EXPENDITURE FINANCED	2,825	4,651

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

NOTE 8: CAPITAL RECEIPTS

	2016/17	2015/16
	£'000s	£'000s
Capital Receipts from the disposal of HRA property		
Sale of Council Dwellings	1,101	920
Less Administration Costs	(13)	-
Mortgage Receipts received from previous years sale of Council Dwellings	1	2
	1,089	922
Retained for capital investment	522	321
Paid to central government	568	599
	1,090	920

NOTE 9: DEPRECIATION FOR THE LAND, HOUSES, OTHER PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS WITHIN THE HRA IN YEAR

	2016/17	2015/16
	£'000s	£'000s
Council Dwellings	4,237	3,954
Other Land and Buildings	78	74
Infrastructure	-	-
Equipment	29	1
Intangible Assets	11	6
TOTAL DEPRECIATION IN YEAR	4,355	4,035

NOTE 10: REVALUATIONS

In 2016/17 revaluation of the Housing Revenue Account dwellings by external valuers at 1st April, 2016 resulted in a decrease in the Authorities housing stock valuation by £19,554. This was due to a small variation in the expected increase in valuation at 31.3.16 which was included in the 2015/16 Statement of Accounts. At 31st March, 2017 the external valuers advised that residential properties had risen by 7% during the financial year and this increase has been reflected in the Authorities HRA.

Revaluations of Council dwellings in 2016/17 totalled £14,234,152; £14,178,934 was added to the HRA revaluation reserve and an upward revaluation of £55,218 was included in the HRA income and expenditure account. Revaluations in 2016/17 for HRA other land and property totalled £309,114; £10,064 was added to the Revaluation Reserve and £299,080 was included in the HRA income and expenditure account.

NOTES TO HOUSING REVENUE ACCOUNT (HRA)

NOTE 11: HRA SHARE OF CONTRIBUTIONS TO OR FROM THE PENSION RESERVE

Under the provisions of IAS19, £782,700 has been debited to the Housing Revenue Account in respect of the portion/share of contributions allocated to the Pension Reserve.

NOTE 12: RENT ARREARS

	31st March 2017	31st March 2016
	£'000s	£'000s
Net arrears as at 31st March	763	788
Bad Debt provision for uncollectable debts	286	357

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

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

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

COLLECTION FUND - COUNCIL TAX AND BUSINESS RATES						
	2016/17			2015/16		
	Business Rates	Council Tax	TOTAL	Business Rates	Council Tax	TOTAL
INCOME (A)	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax Receivable		34,217	34,217	-	32,635	32,635
Business Rates Receivable	17,591		17,591	19,248	-	19,248
	17,591	34,217	51,808	19,248	32,635	51,883
Contrib'n Towards Previous Year Deficit (B)						
Central Government	-		-	59	-	59
Adur District Council	-		-	47	-	47
West Sussex County Council	-		-	12	-	12
Sussex Police and Crime Commissioner	-		-	-	-	-
	-	-	-	118	-	118
TOTAL INCOME (C) = (A+B)	17,591	34,217	51,808	19,366	32,635	52,001
EXPENDITURE (D)						
Contrib'n From Previous Year Surplus						
Central Government	476	-	476	-	-	-
Adur District Council	380	8	388	-	156	156
West Sussex County Council	95	34	129	-	666	666
Sx Police & Crime Commissioner	-	4	4	-	81	81
	951	46	997	-	903	903
Precepts, Demands & Shares (E)						
Central Government	9,435		9,435	8,706	-	8,706
Adur District Council:	7,548		7,548	6,965	-	6,965
Adur DC (Excl. Parish Precept)		5,683	5,683		5,473	5,473
Lancing Parish Council		282	282	-	282	282
Sompting Parish Council		83	83	-	83	83
West Sussex County Council	1,887	24,787	26,674	1,741	23,421	25,162
Sussex Police and Crime Commissioner		3,056	3,056	-	2,901	2,901
	18,870	33,891	52,761	17,412	32,160	49,572
Charges to Collection Fund (F)						
Less: Write off of uncollectable amounts	145	163	308	57	40	97
Less: Inc / Dec (-) in Bad Debt Provision	(128)	(2)	(130)	50	92	142
Less: Inc / Dec (-) in Provision for Appeals	55		55	752	-	752
Less: Cost of Collection	87		87	85	-	85
	159	161	320	944	132	1,076
TOTAL EXPENDITURE (G) = (D+E+F)	19,980	34,098	54,078	18,356	33,195	51,551
Sur. / Def. (-) arising during the year (C-G)	(2,389)	119	(2,270)	1,010	(560)	450
Surplus / Deficit (-) b/fwd. 01.04.16	1,780	(71)	1,709	770	489	1,259
Surplus / Deficit (-) c/fwd. 31.03.17	(609)	48	(561)	1,780	(71)	1,709

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

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

	No. of Chargeable Dwellings	Less Discounts	Add New Homes Forecast	Net Dwellings	Ratio to Band D	No. of Band D Equivalents
Band A-	8.0	4.8	0.0	3.2	5/9ths	1.8
Band A	2,661.0	1,170.2	4.5	1,495.3	6/9ths	996.9
Band B	4,979.0	1,643.7	11.9	3,347.2	7/9ths	2,603.4
Band C	11,249.0	2,195.1	28.5	9,082.4	8/9ths	8,073.2
Band D	6,028.0	741.4	19.2	5,305.8	9/9ths	5,305.8
Band E	1,893.0	155.6	7.0	1,744.4	11/9ths	2,132.1
Band F	712.0	51.4	2.7	663.3	13/9ths	958.2
Band G	294.0	16.8	1.2	278.4	15/9ths	464.0
Band H	4.0	0.2	0.0	3.8	18/9ths	7.5
	27,828.0	5,979.2	75.0	21,923.8		20,542.9
Add: New Homes						71.3
Less: Adjustments for Losses on Collection, and Void Properties						-93.6
						20,520.6

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

NOTE 2: NON-DOMESTIC RATES (NDR)

From 1 April 2014, the authority participated in the West Sussex County Council Business Rates Pool. The pool consists of Adur District Council, Worthing Borough Council, Arun District Council, Chichester District Council and West Sussex County Council. The levy for 2016/17 is paid into the West Sussex County Council Pool and use to fund economic regeneration initiatives throughout the County area. Without the Pool, the levy would be paid to DCLG and not retained for the benefit of the residents of West Sussex.

The total amount retained by the Pool in 2016/17 is £2.9m. The retained levy paid into the pool was £184k. The funds generated by the Pool are used to fund projects which promote economic regeneration projects, contributions to the LEPS (Local Economic Partnerships) and other invest to save initiatives. The levy payment is shown within the Comprehensive Income and Expenditure Statement.

Non-domestic rates (NDR) are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole which was 48.4p in 2016/17 (48.0p in 2015/16) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £45.3m (£43.3m in 2015/16).

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £985k and £353k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2016/17 in line with Adur District Council's accounting policy for maintaining the provision.

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

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

Apportionment of Balances to Major Preceptors				
	West Sussex County Council	Sussex Police & Crime Commissioner	Adur District Council	TOTAL
	£	£	£	
Demand on Collection Fund 2017/18	25,999,879	3,187,061	5,848,160	35,035,100
Apportionment based on 2017/18	74.21%	9.10%	16.69%	100%
Council Tax Arrears	1,488,677.39	182,486.41	334,842.61	2,006,006.41
Provision for Bad Debts	(731,094.82)	(89,619.72)	(164,442.41)	(985,156.95)
Receipt in Advance	(427,371.43)	(52,388.43)	(96,127.04)	(575,886.90)
(Surplus)/Deficit	(36,498.58)	(4,474.10)	(8,209.49)	(49,182.17)
Balance as at 31st March 2017	293,712.56	36,004.16	66,063.67	395,780.39

NOTE 5: APPORTIONMENT OF BUSINESS RATES BALANCES TO MAJOR PRECEPTORS

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

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	West Sussex County Council	Adur District Council	TOTAL
	£	£	£	
Business Rates Arrears	213,953.44	42,790.68	171,162.91	427,907.03
Provision for Bad Debts	(176,407.98)	(35,281.59)	(141,126.38)	(352,815.95)
Provision for Appeals	(892,128.96)	(178,425.79)	(713,703.17)	(1,784,257.92)
Receipt in Advance	(570,425.32)	(114,085.07)	(456,340.26)	(1,140,850.65)
(Surplus)/Deficit	304,133.37	60,826.74	243,306.69	608,266.80
Balance as at 31st March 2017	(1,120,875.45)	(224,175.03)	(896,700.21)	(2,241,750.69)

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 (the Framework). The Framework expects that local authorities will put in place proper arrangements for the governance of their affairs and which facilitate the effective exercise of functions and ensures that the responsibilities set out above are met.

At least once a year, Local Authorities are statutorily required to review their governance arrangements. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils this requirement.

A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at the Council for the financial year ended 31st March 2017 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

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

ANNUAL GOVERNANCE STATEMENT

Key elements of the Council's Governance Framework

Council, Executive and Leader

- Provides leadership and develops the Council's vision of its purpose and intended outcome for residents and service users.
- Develops the vision into objectives for the Council and its partnerships

Decision making

- All decisions are made in the open
- Decisions are recorded on the Council website
- The scheme of delegations which details the decision making arrangements is regularly updated
- The monitoring Officer ensures that all decisions made comply with relevant laws and regulations

Risk Management

- Risk registers identify both operational and strategic risks
- Key risks and opportunities are considered by the Corporate Leadership Team every quarter
- Risks and opportunities are reported to the Joint Governance Committee every quarter and inform the work of the internal audit team

Scrutiny and Review

- The Joint overview and Scrutiny Committee reviews Council policy and can challenge the decisions made.
- The Joint Governance Committee undertakes all of the core functions of an audit committee.
- The Joint Governance Committee is responsible for review and approving the Council's Governance arrangements and undertakes the role of a Standards Committee ensuring that members comply with the Code of Conduct

Corporate Leadership Team

- The Council's Corporate Leadership Team comprises of the Chief Executive and four Directors who are responsible for the delivery of the Council's aims and objectives
- The head of paid service is the Chief Executive who is responsible for all Council Staff and leading an effective Corporate Leadership Team.
- CLT seeks advice from the Council's Chief Financial Officer who is responsible for safeguarding the Council's financial position
- CLT seeks advice from the Monitoring Officer who is the Head of Legal Services. They are responsible for enduring legality and promoting high standards of public conduct.

The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the new Framework during 2016/17.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

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

WHAT WE NEED TO DO	HOW WE DO IT
<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer • Codes of conduct • Whistleblowing Policy • Bribery Act 2010 policy guidance • Anti-corporate fraud work • Procurement Strategy
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships • Freedom of information requests • Complaints procedure
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Community Strategy
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> • Service planning • Performance Management • Options appraisals • Whole life costing
<p>Principle E Developing the Council's capability, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management • HR Policies & procedures
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> • Effective member scrutiny function • Financial management and MTFP • Corporate risk register • Annual audit plan • Information Security policies • Compliance with the requirements of the Public Service Network (PSN)
<p>Principle G Implementing good practices in transparency reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • Reports are held on the website • Annual audited financial statements are publically available • Annual Governance Statement • Effective Internal Audit Service

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

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

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

The Constitution

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

The Monitoring Officer

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

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the Section 151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council this is Sarah Gobey, who is also the Chief Financial Officer.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

Codes of Conduct

Codes of Conduct exist for both staff and members.

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

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

Whistleblowing

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

Anti-fraud, bribery and corruption

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

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

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

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff.

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

All reports and details of decisions made can be found on the Council's website at <https://www.adur-worthing.gov.uk/meetings-and-decisions/>

Freedom of Information enquiries

The Freedom of Information Act 2000 (Fol) gives anyone the right to ask for any information held by a public authority, which includes this Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Engagement and communication

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

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

Consultations

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

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Complaints

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

Partnership working

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

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

Joint Corporate Priorities

The Councils have agreed three priorities for 2016/17 which set out its aspirations for the town.

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

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

The Council has received regular reports on the progress in delivering the outcomes set out within 'Surfs Up'

Community Strategy

The Waves Ahead Partnership is a strategic partnership for Adur and Worthing. The Partnership, non-statutory since 2010, is made up of key interested parties from the public and private sectors, community, voluntary and faith-based groups and local residents. The aim is to work more effectively through collaboration, adding value to local initiatives, projects and ideas.

Together, partners have produced a collective vision for future which is captured in the Waves Ahead Sustainable Community Strategy. The Strategy has four themes:

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

Community Strategy

- better health and wellbeing for all
- feeling safe and included
- strengthening the local economy and improving job prospects
- a better place to live, work and enjoy, with quality amenities.

This strategy can be found on the internet at <http://www.wavesahead.org.uk/>

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £2.6m by 2021/22 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

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

E. DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Recruitment and induction

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

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

E. DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Training and development

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

Performance development and review

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

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Effective scrutiny

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

Financial management

The Chief Financial Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The Section 151 Officer together with finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Financial management

Financial Regulations were revised in 2013/14 by the Section 151 Officer so that the Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The Section 151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Risk management

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

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Joint Governance Committee

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

Internal audit

The Head of Internal audit is a qualified accountant who has full access to senior management and the Joint Governance Committee (which fulfils the role of an audit committee). The audit team is properly resourced. The Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010).

The Head of internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Annual accounts

The Council publishes full audited accounts each year which are published on the website at <https://www.adur-worthing.gov.uk/about-the-councils/finance/statement-of-accounts/> .

REVIEW OF EFFECTIVENESS

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

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

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

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

SIGNIFICANT GOVERNANCE ISSUES

There are three significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report or via a report from the Monitoring Officer;

i) Procurement and contract management procedures and processes:

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

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

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SIGNIFICANT GOVERNANCE ISSUES

- ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. There is now a high level plan in place which considers major causes of failure. The disaster recovery plan is due to be tested in September 2017. If successful, this issue can be removed from future Annual Governance Statements.

- iii) Housing repairs procedures and processes;

The Council identified the need to improve its management of the Housing Repairs Service following an in depth review of processes and procedures by Internal Audit. An internal working group was convened, actions are being taken to improve the service by way of:

- A review of the internal control environment to ensure that all works are properly commissioned and paid for;
- A major review of all the inspection regimes.
- A review of the staffing and management of the service.
- A review of the contractual arrangements for the housing repairs service

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2016 review together with any issues which have been identified during the current review.

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

ANNUAL GOVERNANCE STATEMENT

PROPOSED ACTION

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

Signed: _____

Councillor Neil Parkin
Leader of the Council
Adur District Council



Dated: 26th September, 2017

Signed: _____

Alex Bailey
Chief Executive of
Adur and Worthing Councils



Dated: 26th September, 2017

GLOSSARY OF ACCOUNTING TERMS

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

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2016/17 which means the year commencing 1st April 2016 and ending 31st March 2017. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits. Actuarial gains and losses which may result from:
ACTUARIAL GAINS AND LOSSES	(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of fixed assets used in the provision of services. The charges themselves consist of depreciation, based upon the useful lives of depreciable assets.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY OF ACCOUNTING TERMS

CAPITAL RECEIPTS	The proceeds from the sale of fixed assets.
CASH EQUIVALENTS	Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.
COMMUNITY ASSETS	Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
CURRENT SERVICE COST	Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
CURTAILMENT	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEFINED BENEFIT SCHEME	This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEPRECIATION	The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.

GLOSSARY OF ACCOUNTING TERMS

FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset from the provider (lessor) to the user (lessee). Although, strictly, the leased asset remains the property of the lessor, in substance the lessee may be considered to have acquired the asset and to have financed the acquisition by obtaining a loan from the lessor.
FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
IMPAIRMENT OF ASSETS	The objective is to ensure that assets are not carried in the Balance Sheet at more than their recoverable amount.
INFRASTRUCTURE ASSETS	Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.
INVESTMENTS	Current asset investments that are readily disposable by the Council without disrupting its business.
INVESTMENT PROPERTIES	Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
LIQUID RESOURCES	Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the Council.
NET BOOK VALUE	The amount at which fixed assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.

GLOSSARY OF ACCOUNTING TERMS

OPERATING LEASE	An operating lease is any lease which is not a finance lease. An operating lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets.
POST BALANCE SHEET EVENTS	Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
PROVISION	An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur, but uncertain as to the amounts involved or as to the dates on which they will arise are not determined.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in a previous year's statements have been changed due to a change in accounting policy.
PRUDENCE	The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.
PUBLIC WORKS LOAN BOARD (PWLB)	The Public Works Loan Board (PWLB) is a statutory body operating within the Debt Management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of a Council.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

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WORTHING BOROUGH
COUNCIL

***Statement of
Accounts
2016/2017***

WORTHING BOROUGH COUNCIL

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2017

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NARRATIVE REPORT

INTRODUCTION

This Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance Accountancy (CIPFA). It aims to provide information to our residents, Council Members, partners, stakeholders and other interested parties so that they can:

- Understand the financial position of the Council in 2016/17;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Be assured that the overall position of the Council is sound and secure.

This is the narrative report to the Statement of Accounts for the year ended 31st March 2017. This requirement was introduced as part of the 2015 Accounts and Audit Regulations. The narrative report provides information about any key issues which affect the Council and its accounts. It provides a summary of the financial position as at 31st March 2017 and is structured as below:

- Introduction To Worthing Borough Council
- Key facts about Worthing Borough Council
- Key information about the Council
- The 2016/17 revenue budget process and medium term financial plan
- Financial Overview of the Council 2016/17
 - * Revenue spend in 2016/17
 - * Capital strategy and Capital Programme 2016/17 to 2018/19
- Non-financial achievements of the Council in 2016/17
- Summary position

This is followed by an explanation of the Financial Statements

AN INTRODUCTION TO WORTHING BOROUGH COUNCIL

Worthing Borough Council is one of seven Local Authorities in West Sussex. It lies on the South coast and cover an areas of approximately 32.37 km². The council shares its boundaries with Adur District Council to the east, Arun District Council to the west, and Horsham District Council to the north. It is located at the foot of the South Downs at the southern edge of South Downs Nation Park.

NARRATIVE REPORT

KEY FACTS ABOUT WORTHING

Population:

Worthing has a population of approximately 107,430 according to the Office of National Statistics with an age profile of:

Age range	Worthing Borough Council	Nationally
0 - 19	21.95%	23.69%
20 - 64	55.80%	58.45%
66 - 90+	22.25%	17.86%

There are 3,390 businesses within the area. Business rate income was £32.6m in 2016/17, of which the Council kept £2.9m (8.9%). 10% of the income is paid to the County Council with the remainder being paid to Government.

KEY INFORMATION ABOUT WORTHING BOROUGH COUNCIL

Worthing Borough Council is a large complex organisation offering a wide range of services to its residents. Its policies are directed by the Political Leadership and implemented by the Council Leadership Team and Officers of the Council. The following section describes the political and management structures of the Council.

Political Structure in the 2016/17 Municipal Year

Worthing has 37 Councillors representing 13 wards. In 2016/17 the political make-up of the Council was:

Conservative Party	31 Councillors
Liberal Democrats	2 Councillors
UK Independence Party	2 Councillors
Green	1 Councillor
Independent	1 Councillor

The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has responsibility for the appointment of Members of the Executive, the allocation of portfolio responsibilities and the delegation of Executive Functions. Scrutiny of the Executive decision for 2016/17, including the financial strategy, has been undertaken by the Joint Overview and Scrutiny Committee

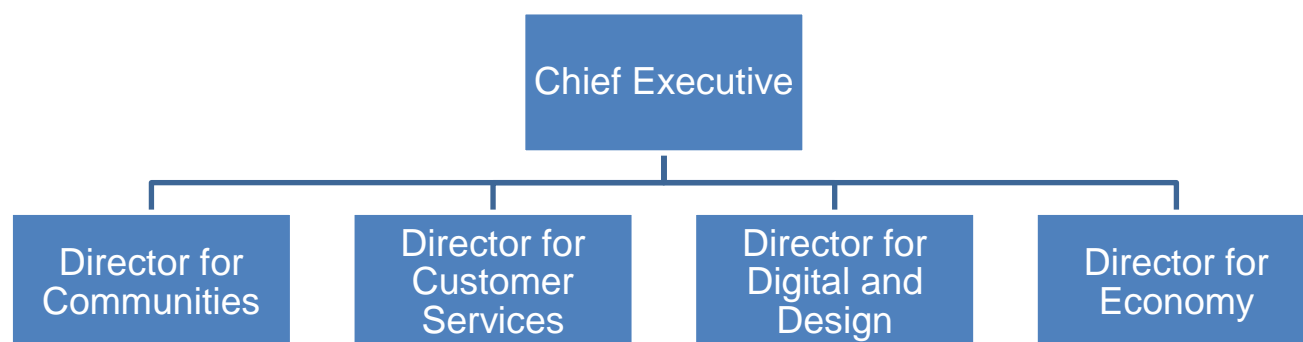
The current leader of the Council is Councillor Daniel Humphreys.

NARRATIVE REPORT

KEY INFORMATION ABOUT WORTHING BOROUGH COUNCIL

Management Structure

Supporting the work of the Councillors is the organisational structure of the Council headed by the Corporate Leadership Team led by the Chief Executive, Mr Alex Bailey.



Council plans and monitoring commitments

The Joint Strategic agenda for Adur and Worthing Councils was set out in “Catching The Wave”, in 2014. The harmonised prioritised outcomes for Adur and Worthing Councils evolved from this agenda are contained in “*Surf’s Up*” (a 24 month programme of activity approved by the Joint Strategic Committee on 2nd December 2014).

Surf’s Up contains around 40 different prioritised outcomes (framed as commitments) designed to guide the Councils between 2015 and 2017. These high level priorities are reviewed every six months by Elected Members.

The commitments are divided among the 3 ‘Wave Catchers’ (*Supporting Wealth Generators*, *Cultivating Enterprising Communities* and *Becoming Adaptive Councils and Systems*) and the fourth strand, ‘Waxing the Board’, - contains action points in order to be ‘fit for purpose’ and deliver the Councils’ agenda

The full list of commitments can be found on the following pages within “*Surf’s Up*”.

- **Supporting Wealth Generators** - the full list of commitments made to the Adur and Worthing communities by the directorate for the economy can be seen on page 24 – 29
- **Cultivating Enterprising Communities** - the full list of commitments made to the Adur and Worthing communities by the directorate for communities can be seen on pages 30 – 34
- **Becoming Adaptive Councils** - the full list of commitments made to the Adur and Worthing communities by the directorate for communities can be seen on pages 35 – 38
- **Waxing the Board** The full list of these ‘must do’s’ can be seen on pages 39 – 40

NARRATIVE REPORT

KEY INFORMATION ABOUT WORTHING BOROUGH COUNCIL

Council plans and monitoring commitments

The Councils have developed “realtime” progress tracking against the commitments which can be accessed through the Trello board (<https://trello.com/b/PqFkkv3q/surf-s-up-monitoring-report>). Trello is a free App that the Councils have started to use to move from the “static snapshot” reporting (which rapidly becomes out of date) to something that links to data in real time and to the individuals or teams with accountability for delivery. The Trello board has a column for each of the 3 Wave Catchers and Waxing the Board. Within each of the columns, the commitments are listed, containing activities with progress labels against each activity – green, amber red.

The “Surf’s Up” programme (and commitments) can be found:

<http://www.adur-worthing.gov.uk/catching-the-wave-and-surfs-up/>

Surf’s Up monitoring reports to JSC in 2016/17 may be viewed at:

Joint Strategic Committee report 13th July 2016 (18 month progress update)

<https://www.adur-worthing.gov.uk/media/media,140520,en.pdf>

Joint Strategic Committee report 3rd December 2016 – *Conclusion of the 24 month “Surf’s Up” Programme*

<https://www.adur-worthing.gov.uk/media/media,142448,en.pdf>

The Council approved “Platforms for our Places” - Unlocking the power of people, communities and our local geographies in February 2017 which sets out the Councils strategy for the next three years. The document identifies 5 key platforms namely:-

- Our Financial Economies
- Our Social Economies
- Stewarding our Natural Resources
- Services and Solutions for our places
- Leadership of our Places

The full programme can be found at:

<https://www.adur-worthing.gov.uk/platforms-for-our-places/>

Working in partnership

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

NARRATIVE REPORT

KEY INFORMATION ABOUT WORTHING BOROUGH COUNCIL

Working in partnership

The shared single officer structure, which was introduced in April 2008, includes all of the services that were intended to operate as shared Adur & Worthing services with a budget net cost of services of £21.7m in 2016/17. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget.
- As each service moved across from Adur and Worthing to the Joint Strategic Committee their respective budgets and spend were pooled.
- The joint net expenditure is recharged back to Adur and Worthing Councils.

THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Revenue Budget 2016/17

The budget strategy for 2016/17 was compiled in the context of the Government's Comprehensive Spending Review, the Chancellor's Budget and the local government settlement.

In addition to the national context, the Worthing Borough Council budget strategy has taken account of pressures and risks such as:

- inflation, the largest source of cost pressure
- income generated by the Council may be affected by lack of demand;
- withdrawal of funding by partners, potentially losing funding for key priorities;

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

Both councils agreed a budget strategy to meet this challenge in 2016/17 through 3 major work streams – developing commercial income, investing in property, and the delivery of a new digital strategy. In addition the council continues to pursue savings through efficiency reviews, good procurement and base budget reviews.

As a result significant savings of £1.6m were identified as part of the 2016/17 budget round and the Council set a balanced budget in February 2016.

Council Tax

The Council chose to increase Council Tax for 2016/17 by 1.96% for the first time in 6 years.

The comparison of the average Band D Council Tax charged in the area is shown below:

NARRATIVE REPORT

THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Council Tax

Band D Council Tax	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Worthing Borough Council	216.00	216.00	216.00	220.27
West Sussex County Council	1,161.99	1,161.99	1,161.99	1,207.89
West Sussex County Council Total as split below:				
WSSC – Core precept	-	-	-	1,184.65
WSSC – Adults Social Care Precept	-	-	-	23.24
Sussex Police and Crime Commissioner	138.42	141.12	143.91	148.91
	1,516.41	1,519.11	1,521.90	1,577.07

Council Tax base

The Council Tax base for 2016/17 was 37,360.30 which was an increase on the previous year's number of Band D equivalents of 795.9. This in part reflects the Council's support for local house building and economic regeneration.

Band D Council Tax	2013/14	2014/15	2015/16	2016/17
	£	£	£	£
Number of Band D equivalent dwellings	35,283.40	35,329.0	36,564.4	37,360.3

Budget Strategy for 2017/18 to 2021/22

In preparing the budget strategy for 2017/18 to 2021/22, the aim was to deliver the council's priorities outlined in 'Surf's up' and latterly 'Platforms for our Places'. The forecasts are updated throughout the year to give the Council a clear view of the forthcoming financial challenges. The budget strategy for the forthcoming 2017/18 budget was approved by Council on 13th September 2016 and it set the strategic direction to address the significant challenges not only for 2017/18 but onwards

The fall in government funding included in the forecasts highlighted that the Council needs to:

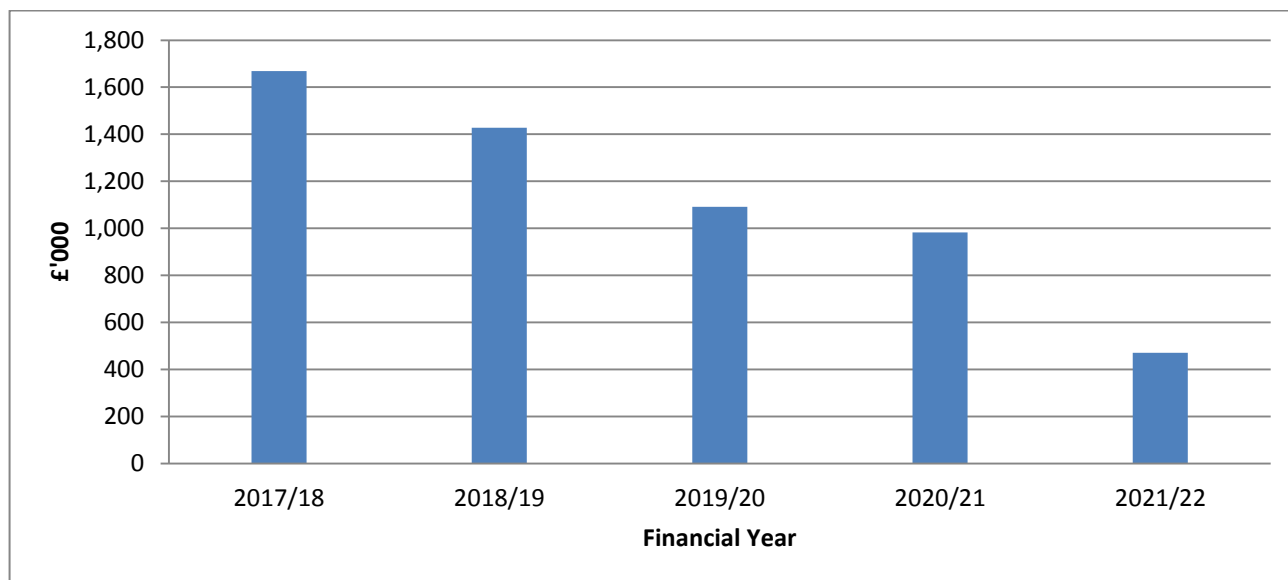
1. To transform services through the use of digital technology;
2. To invest in new property to generate income for the Council in the future;
3. To expand commercial activity

The Council will need to find significant budget reductions over the five years as follows:

NARRATIVE REPORT

THE REVENUE BUDGET 2016/17 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)

Budget Strategy for 2017/18 to 2021/22



Further details around the most recent forecasts for both councils are contained in the “*Outline Forecast 2017/18 To 2021/22 and Budget Strategy*”, which was reported to 13th September 2016 Joint Strategic Committee.

The link for this report is

<https://www.adur-worthing.gov.uk/media/media,141175,en.pdf>

Budget monitoring

Revenue and capital monitoring information is presented to the Executive four times a year. Any areas of concern are the subject to detailed scrutiny by the relevant Portfolio holder at ‘budget hotspot’ meetings. In addition, the Joint Overview and Scrutiny Committee can add areas of concern to their work programme.

FINANCIAL OVERVIEW

A comprehensive summary of the financial performance of the Partnership authorities – Adur District Council, Worthing Borough Council and the Joint Strategic Committee – is contained in the 11th July 2017 Joint Strategic Committee reports “Joint Revenue Outturn 2016/17” and the “Capital and Projects Outturn for Joint, Adur and Worthing 2016/17”. These are available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

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

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.

NARRATIVE REPORT

FINANCIAL OVERVIEW

- Capital spending results in an asset, which will provide benefit to the District over a number of years.

SUMMARY OF REVENUE SPEND

A more detailed summary of the Council's financial results for 2016/17 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council has again contained expenditure within the original budget levels despite facing a range of additional costs that were not part of the original budget. The current economic recession has impacted on income streams for the Council. In 2016/17 Worthing Borough Council reported an underspend of £522,885 against a budget of £14,038,620.

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

	£000s
MRP policy revision	(387)
Waste services shortfall in income and overspends on vehicles maintenance and agency staff	226
Building Control & Land charges income shortfall	65
Planning Income shortfall	109
Impact of increasing number of client on the homelessness budget net of grant	287
Car parking fee income	(149)
Fall in crematorium income	89
Overprovision of pay award	(122)
Additional income from Commercial Properties purchased in year	(184)
Review of Overpayments provision	(390)
Building Maintenance underspend	(89)
Other changes	22
	(523)

Where such items were identified when the 2017/18 budget was being prepared, an allowance for any impact on future years was built into the budget.

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

NARRATIVE REPORT

SUMMARY OF REVENUE SPEND

How the money was spent and how services were funded

CABINET MEMBER PORTFOLIOS	CURRENT ESTIMATE 2016/17	OUTTURN 2016/17	UNDER/ OVERSPEND
	£000s	£000s	£000s
Leader	996,520	982,769	(13,751)
CM for Environment	3,255,630	3,686,204	430,574
CM for Health & Wellbeing	1,356,520	1,302,969	(53,551)
CM for Customer Services	4,564,540	4,391,861	(172,679)
CM for Regeneration	2,750,990	2,561,959	(189,031)
CM for Resources	2,853,590	2,705,754	(147,836)
Holding Accounts	359,600	-	(359,600)
Total Cabinet Members	16,137,390	15,631,516	(505,874)
Credit Back Depreciation	(3,272,280)	(3,129,800)	142,480
Minimum Revenue Provision	1,326,130	976,560	(349,570)
Other grants	-	(108,209)	(108,209)
	14,191,240	13,370,067	(821,173)
Transfer to/from reserves:			
Transfer from reserves to fund specific expenditure	(152,620)	145,668	298,288
Net Underspend Transferred to Reserves	-	522,885	522,885
Total Budget requirement before External Support from Government	14,038,620	14,038,620	(0)

Approved Use of Underspends	£'000
Unspent 2016/17 budget approved for use in 2017/18	129
Net Underspend Transferred to Capacity Issues Reserve	394
Underspend declared in year	523

Funding from Central Government Support

The Council's share of Revenue Support Grant is £1.19m for the financial year 2016/17.

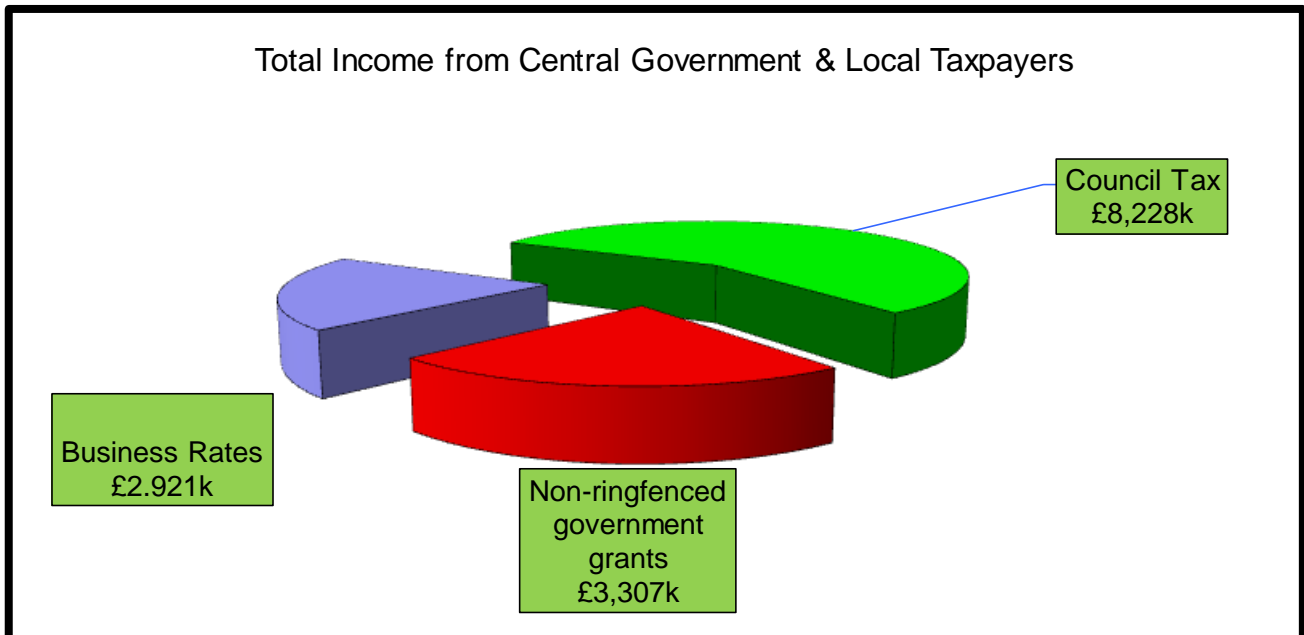
NARRATIVE REPORT

SUMMARY OF REVENUE SPEND

Funding from Local Taxpayers

The Council collected £59.500m of Council Tax relating to 2016/17, this represented 97.46% of the total Council Tax due to be collected. In addition, Council Tax Benefit totalled £5.17m. Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.84%, Sussex Police & Crime Commissioner 9.42% and Worthing Borough Council 13.74%.

The Council also collects non-domestic rates from local businesses. In 2013/14 the government introduced a business rate retention scheme which changed how business rates are administered nationally. Of the £32.6m collected, after allowing for exemptions, reliefs and provisions, the Council keeps 40%, 10% is paid to the County Council and the remaining 50% is paid over to the government's national pool.

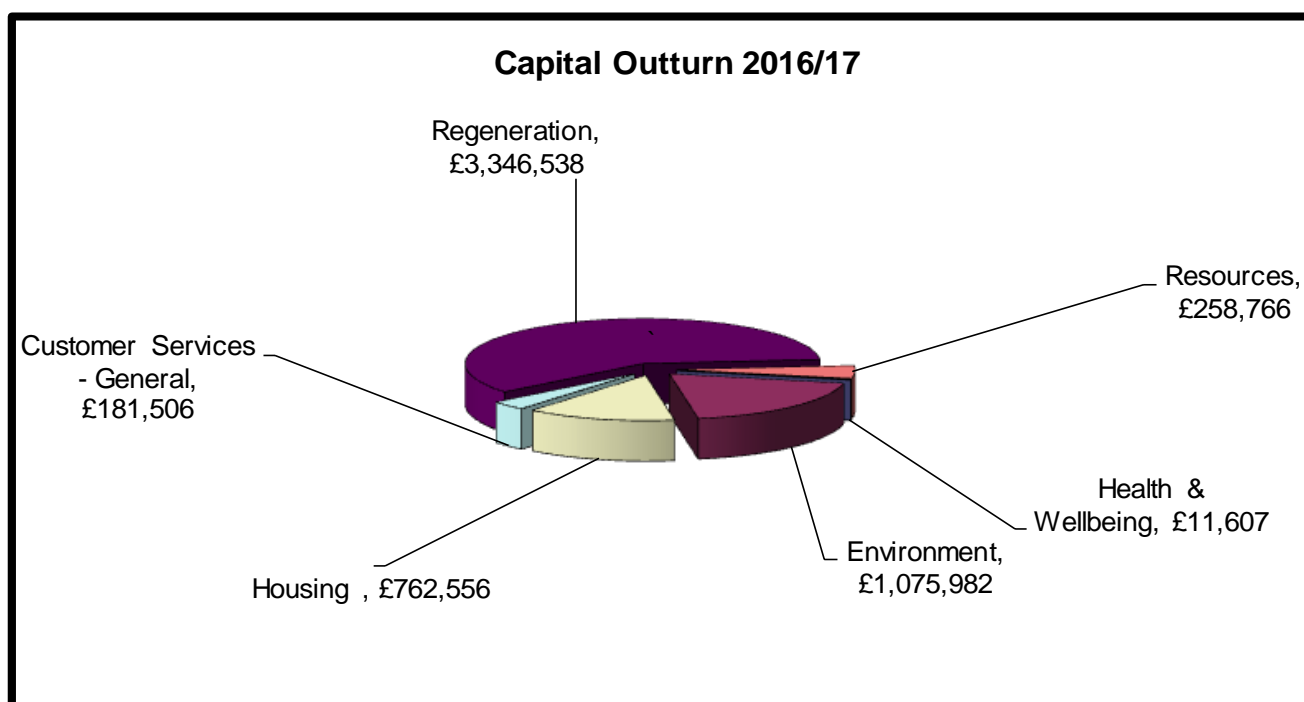


* Net of budgeted Collection Fund surplus/deficit.

NARRATIVE REPORT

SUMMARY OF CAPITAL SPEND

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



The Worthing capital investment programme for all Portfolios was originally estimated at £22,379,260. Subsequent approvals and re-profiling of budgets to 2016/2017 produced a total current budget of £13,212,610. Actual expenditure in the year totalled £5,636,954, a reduction of £7,575,656 on the revised estimate, comprising of a net slippage of £7,321,420 and a net underspend of £254,236. The major factors contributing to the re-profiling and slippage were:

1. Schemes where the Council does not have control over the scheme progress i.e. coast protection schemes were the lead officer works for another authority, or mandatory grant schemes where the Council has no control over when the grants will be paid.
2. Additional works or changes being identified after the scheme has commenced which either require additional financial resources or additional time.
3. Officer capacity has resulted in some schemes being unable to commence or complete within the financial year.
4. Works completed in advance of budget profiles.
5. Re-prioritisation of work priorities due to the emergence of new priority schemes.

The re-profiling of schemes has been on-going throughout the year and in total 18 schemes did not complete as planned in 2016/17.

NARRATIVE REPORT

SUMMARY OF CAPITAL SPEND

Expenditure in 2016/17 was financed as follows:

	2016/17
	£'000
Capital Receipts	1,123
Grants and Contributions	4,329
Revenue Contributions and Reserves	185
TOTAL	5,637

The Council's asset values have been increased as a result of the above capital investment. The Council plans to invest £55,328,670 in capital assets over the next 3 years, £29,277,630 in 2017/18, £13,257,480 in 2018/19 and £12,793,560 in 2019/20. The capital investment will be financed from a mix of funding including capital receipts, capital grants, revenue contributions, use of reserves, specific one-off external contributions and prudential borrowing.

Each Council's current capital programme, acquisitions, asset enhancements, an update on major projects, the capital outturn and internal and external sources of funds available to meet the capital expenditure is explained in more detail in the 11th July 2017 Joint Strategic Committee report "Capital and Projects Outturn for Joint, Adur and Worthing 2016/17". This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

BORROWING

A summary of the Council's borrowings, categories of financial liabilities, debt maturity structure, interest payable and the different types of risks are contained in Note 16 to these accounts. Sources and funds used to meet capital expenditure are summarised in the capital spend section of this Narrative Report and more detail is contained in the 11th July 2017 Joint Strategic Committee report "Capital and Projects Outturn for Joint, Adur and Worthing 2016/17". This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

Although financial times are challenging for the Council and the sector as a whole, progress has been made across all the 'Wave Catchers'.

A selection of updates on the Councils' commitments is as follows:

Wave Catcher 1: Supporting Wealth Generators

- The Place Plan for Adur and Worthing which sets out the County Council infrastructure investment required was approved earlier in the year.

NARRATIVE REPORT

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

- Local Growth Fund bids were successful and the Government announced that we have secured funding to help deliver the infrastructure and investment necessary to unlock development at Teville Gate, Union Place and Decoy Farm.
- The planning application for the redevelopment of the Aquarena site was approved.
- Our cultural offer has attracted national recognition and audiences have continued to grow. Customers booking our venues for performances are up by a third over the previous year and we have completed a detailed examination of the additional opportunities for driving revenue whilst maintaining our reputation for innovation and excellence

Wave Catcher 2: Cultivating Enterprising Communities

- The Councils' work in Think Family Neighbourhoods (TFNs) is regarded as an exemplar across West Sussex. We have continued to expand this programme supporting families inot work, into education, whilst addressing finance, benefit and debt issues.
- The "Going Local" social prescribing initiative launched in November 2016 and has now recieved its first referrals. This project, supported by the local Coastal Commissioning Group aims to tackle many of the underlying causes that lead to individuals presenting to GPs, but where alternative to medical interventions will benefit the individual's overall wellbeing.
- The roll out of the Eat out-Eat Well programme across both our regulatory and wellbeing functions continues.
- Continued management of parks and open spaces that encourage and enable our communities to stay well and resilient. This includes the continued programme to install outdoor public gym equipment and the proposed work at Brooklands lake.
- Multi-agency partnership to support and address the growing need in our communities for affordable and social housing.

Wave Catcher 3: Becoming Adaptive Councils (..... and waxing the board)

- The deployment of new contact centre technology has enabled customer services to start analyse incoming demand, and to start to develop customer insight, which will inform service improvements across the business. A restructure of the customer service teams provided for an improved focus on data analysis and cross-departmental advocacy of the customer. We are focussing on identifying and eliminating root causes of failure demand, and to drive up end to end service relevance.
- We have embarked on a programme of service improvement work which we are calling 'circles of influence'. This involves organising skills and processes in clusters which align more closely with customer need, and break down departmental process silos. This includes a review of building control and planning processes and working practices, to improve service speed, income generation and customer self-service wherever possible

NARRATIVE REPORT

NON-FINANCIAL ACHIEVEMENTS IN 2016/17

Wave Catcher 3: Becoming Adaptive Councils (..... and waxing the board)

- Real progress has been made on the identification of opportunities to commercialise our services, and in piloting behavioural change projects. The recent 'Recycling Together' project showed how the Councils can harness the peer to peer networks of our citizens to spread the word - extending our influence beyond what we would have otherwise achieved through just compliance and enforcement activities.

SUMMARY

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

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

The outturn position will inform the development of the 2018/19 budget. The intention is to build in recurring under spends into the budget where possible and so avoid the need for unnecessary service reductions.

FURTHER INFORMATION

Further information on Worthing Borough Council's accounts is available from the Section 151 Chief Financial Officer based at the Town Hall, Chapel Road, Worthing, or by accessing the joint Adur and Worthing Councils website, www.adur-worthing.gov.uk.

Information on joint policies and plans for the Adur Worthing partnership, and especially their joint Key Priorities are obtainable by accessing the joint Adur and Worthing Councils' website, www.adur-worthing.gov.uk

ACKNOWLEDGEMENTS

The production of the Statement of Accounts is not possible without exceptional hard work and dedication of staff across the Council, particularly with the Finance Department. I would like to thank all colleagues for their dedication and support during the financial year.



Sarah Gobey, Chief Financial Officer, BSc (Hons) CPFA

NARRATIVE REPORT

EXPLANATION OF ACCOUNTING STATEMENTS

The Accounts and Audit Regulations 2015 require that the Council produces a Statement of Accounts for each financial year.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code), and the "Update to the 2016/17 Code", issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) supported by the International Financial Reporting Standards (IFRS) and are in respect of the financial year ended 31st March 2017.

Changes to the CIPFA Code of Practice for 2016/17 and the Update To the Code, relevant to this authority include:-

- The requirement to produce an Expenditure and Funding analysis which reflects how the Council analyses costs internally and requires the Council to reconcile the net expenditure chargeable to the Council Tax Payer or the Council Tenant under statute to the Consolidated Income and Expenditure Statement. This new statement can be found on page 22 of the accounts.
- The Consolidated Income and Expenditure Statement note reports according to the Council's own reporting requirements rather than via nationally determined standard headings.

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

In accordance with Regulation 6 (4) of the 2015 Accounts and Audit Regulations, the Annual Governance Statement must be approved in advance of the approval of the Statement of Accounts. Once the Statement of Accounts has been approved, the already approved Governance Statement will be published at the end of this document.

The Statements are listed and explained in the next section.

The Statement of Accounts consists of:

Page No:

Statement of Responsibilities

19

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of the Council's accounts. This statement confirms that the accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the given financial year.

Movement in Reserves Statement

20

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and "unusable reserves".

Comprehensive Income and Expenditure Statement

21

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

NARRATIVE REPORT

EXPLANATION OF ACCOUNTING STATEMENTS

Page No:

The Expenditure and Funding Analysis

This note shows how the net annual expenditure is used and funding from general resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

22

The Balance Sheet

This statement summarises the Council's assets and liabilities as at 31st March 2017 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' Reserves.

23

The Cash Flow Statement

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

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Notes to the Accounts

25 - 115

Collection Fund

116 - 119

The Council is required to maintain a separate Collection Fund to detail monies received as a billing authority in relation to the Council Tax and Non-Domestic Rates and accounts for the distribution of Council Tax to preceptors (West Sussex County Council and The Police and Crime Commissioner) and the Council's own General Fund.

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

MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2016/17:

Post-employment benefits

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

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

NARRATIVE REPORT

MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2016/17:

Post-employment benefits

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the balance sheet have increased by £3.6m during the year, mainly as a result of the changes to the financial assumptions by the pension fund actuary (Hymans-Robertson). The main changes result from an increase to the discount rate used by the actuary to discount the future cash flows of the fund. These assumptions are determined by the actuary and are the assessment of the impact of market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate the actuarial valuation. Further details can be found in Note 48

Provisions, contingencies and material events

This council has provided for contingencies and these are laid out in Note 49.

As Note 5 confirms, there are no material income or expenditure items to disclose in 2016/17. Note 6 to the 2016/17 accounts confirms that there have been no material events after the balance sheet date. The provisions made in 2016/17 are laid out in Note 23.

CHANGES TO ACCOUNTING POLICIES

The accounting policies are laid out within Note 1 of the Accounts. These policies have been updated to reflect the changes in the 2016/17 Code of Practice Guidance Notes.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH, 2017

The Council's Responsibilities:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2016/17 that officer was the Chief Financial Officer.
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts by 30th September, 2017.

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

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

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

The Chief Financial Officer also has to keep proper accounting records which are up to date and to take reasonable steps to prevent and detect fraud and other irregularities.

This Statement of Accounts is prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March, 2017 and its income and expenditure for the year ended on that date.



SARAH GOBEY
Chief Financial Officer

Dated: 26th September, 2017

Certificate of Approval by Joint Governance Committee

I confirm that these Accounts were approved by the Joint Governance Committee of Adur District Council and Worthing Borough Council on 26th September 2017

ELIZABETH SPARKES
Chairman, Joint Governance Committee

Dated: 26th September, 2017

MOVEMENT IN RESERVES STATEMENT

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

Single Entity	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.15	(844)	(2,283)	(4,247)	(1,389)	(8,763)	(41,323)	(50,086)
Movement in Reserves during 2015/16							
Total Comprehensive Expenditure and Income	(4,576)	-	-	-	(4,576)	(17,198)	(21,774)
Adjustments between accounting and funding basis under Regs. (Note 7)	4,679	-	(126)	(993)	3,560	(3,560)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	103	-	(126)	(993)	(1,016)	(20,758)	(21,774)
Transfers to/from Earmarked Res. (Note 8)	(103)	103	-	-	-	-	-
(Increase)/Decrease in Year	-	103	(126)	(993)	(1,016)	(20,758)	(21,774)
Balance at 31.03.16 c/fwd	(844)	(2,180)	(4,373)	(2,382)	(9,779)	(62,081)	(71,860)
Movement in Reserves during 2016/17							
Total Comprehensive Expenditure and Income	(11,937)	-	-	-	(11,937)	2,088	(9,849)
Adjustments between accounting basis and funding basis under reg's (Note 7)	11,929	-	(726)	(841)	10,362	(10,362)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(8)	-	(726)	(841)	(1,575)	(8,274)	(9,849)
Transfers to/from Earmarked Res. (Note 8)	8	(8)	-	-	-	-	-
(Increase)/Decrease in Year	-	(8)	(726)	(841)	(1,575)	(8,274)	(9,849)
Balance at 31.03.17 c/ fwd	(844)	(2,188)	(5,099)	(3,223)	(11,354)	(70,355)	(81,709)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2016/17	2016/17	2016/17	2015/16	2015/16	2015/16	Note
	Gross Expenditure	Gross Income	Net Expenditure	Restated Gross Expenditure	Restated Gross Income	Restated Net Expenditure	
	£'000	£'000	£'000	£'000	£'000	£'000	
NET EXPENDITURE ON SERVICES							
The Leader	1,258	(227)	1,031	1,106	(302)	804	
Environment	7,866	(7,744)	122	8,961	(8,859)	102	
Health and Wellbeing	2,068	(613)	1,455	1,779	(361)	1,418	
Customer Services	41,082	(41,189)	(107)	45,628	(43,757)	1,871	
Regeneration	4,002	(1,234)	2,768	4,656	(1,918)	2,738	
Resources	3,956	(495)	3,461	4,190	(1,103)	3,087	
Net Cost of Services	60,232	(51,502)	8,730	66,320	(56,300)	10,020	
Other operating expenditure			(1,259)			32	9
Financing and Investment Income and Expenditure			(1,224)			841	10
Taxation and non-specific grant income			(18,184)			(15,458)	11
(Surplus) or Deficit on Provision of Services			(11,937)			(4,565)	
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			(1,999)			(6,861)	25
Remeasurements of the net defined pension benefit liability			4,087			(10,337)	25
Other			-			(11)	
Other Comprehensive Income and Expenditure			2,088			(17,209)	
Total Comprehensive Income and Expenditure			(9,849)			(21,774)	

The Code of Accounting Practice now requires the Comprehensive Income and Expenditure Account to be presented as the Council reports internally. Worthing Council reports to its Members on a portfolio basis. The 2015/16 position has been restated to allow the reader to compare the two financial years.

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, Council Tax, and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2016/17 Net Expenditure Chargeable to the General Fund Balance	2016/17 Adjustments between Funding and Accounting Basis	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement	2015/16 Net Expenditure Chargeable to the General Fund Balance	2015/16 Adjustments between Funding and Accounting Basis	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
The Leader	944	87	1,031	744	60	804
Environment	2,144	(2,022)	122	2,004	(1,902)	102
Health & Wellbeing	1,294	161	1,455	1,288	130	1,418
Customer Services	2,681	(2,788)	(107)	3,090	(1,219)	1,871
Regeneration	2,140	628	2,768	2,125	613	2,738
Resources	3,363	98	3,461	3,356	(269)	3,087
Net Cost of Services	12,566	(3,836)	8,730	12,607	(2,587)	10,020
Other income and expenditure	(12,574)	(8,093)	(20,667)	(12,504)	(2,092)	(14,596)
Surplus or deficit	(8)	(11,929)	(11,937)	103	(4,679)	(4,576)
Opening balance on General Fund reserves as at 1 April	(3,024)			(3,127)		
Deficit/surplus on General Fund in Year	(8)			103		
Closing balance on reserves as at 31 March*	(3,032)			(3,024)		

* For a split of the balance on reserves, please see the Movement in Reserves Statement on page 20.

BALANCE SHEET

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

	See Note No:	As at 31st March 2017	As at 31st March 2016
		£'000	£'000
Long Term Assets:			
Property, Plant & Equipment	12	109,824	100,358
Heritage Assets	13	11,991	11,991
Investment Properties	14	5,817	4,536
Intangible Assets	15	182	191
Assets Held for Sale	21	-	4,784
Long Term Investments/Available for sale fin assets	16	75	75
Long Term Debtors	19	10	10
Total Long Term Assets		127,899	121,945
Current Assets:			
Short Term Investments	16	6,016	5,010
Assets Held For Sale	21	4,784	-
Inventories	17	134	142
Short Term Debtors	19	13,454	9,566
Cash & Cash Equivalents	20	6,719	4,458
Total Current Assets		31,107	19,176
Current Liabilities:			
Short Term Borrowing	16	(12,418)	(11,934)
Short Term Creditors	22	(13,111)	(11,833)
Provisions	23	(919)	(1,063)
Grants Receipts In Advance - Revenue	39	(637)	(550)
Grants Receipts In Advance - Capital		(3)	-
Total Current Liabilities		(27,088)	(25,380)
Long Term Liabilities:			
Long Term Borrowing	16	(10,050)	(7,361)
Other Long Term Liabilities	47	(40,159)	(36,520)
Total Long Term Liabilities		(50,209)	(43,881)
Net Assets		81,709	71,860
Financed By Reserves:			
Usable Reserves	24	(11,354)	(9,779)
Unusable Reserves	25	(70,355)	(62,081)
Total Reserves		(81,709)	(71,860)

CASH FLOW STATEMENT

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

	See Note No:	2016/17	2015/16
		£'000	£'000
Net surplus or (deficit) on provision of services	26	11,937	4,565
Adjustments to net surplus or deficit on the provision of services for non cash movements	26	(8,225)	(5,650)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(7,032)	(1,572)
Net cash flows from Operating Activities	26	(3,320)	(2,657)
Investing Activities	27	1,186	1,746
Financing Activities	28	4,395	1,459
Net increase or decrease in cash and cash equivalents		2,261	548
Cash and cash equivalents at the beginning of the reporting period		4,458	3,910
Cash and cash equivalents at the end of the reporting period	20	6,719	4,458

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES 2016/17

General

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) / The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in United Kingdom – 2016/17 Accounts, which is based on International Reporting Standards (IFRS).

As outlined in the Narrative Report, there are no significant changes to the CIPFA Code of Practice for 2016/17 which affect this Council.

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

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

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

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

Accruals

The non-cash effects of transactions have been reflected in the statements for the financial year in which they occur, not when any cash is received or paid. The current de minimis is £1,000.

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

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

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

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

UNDERLYING ASSUMPTION TO THE STATEMENT OF ACCOUNTS

Going Concern

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

FUNDAMENTAL QUALITATIVE CHARACTERISTICS OF FINANCIAL STATEMENTS

Relevance and faithful representation

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

Materiality

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

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

ENHANCED QUALITATIVE CHARACTERISTICS

Comparability

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

ENHANCED QUALITATIVE CHARACTERISTICS

Verifiability

A faithful representation of the economic position.

Timeliness

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

Understandability

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

Elements of financial statements

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

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

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

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

Primacy of Legislative Requirements

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

INCOME AND EXPENDITURE

Revenue Recognition

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

COSTS OF SUPPORT SERVICES

The net cost of support services are allocated to reflect the use by each service. The allocation bases used for the main costs are outlined below. The majority of services are allocated out on a time allocation basis with the exception of the following:

Admin Buildings	Headcount
Human Resources inc training	Headcount
Payroll	Headcount
ICT	Headcount
Customer Services	Number of calls multiplied by length of time per call
Cashiers	Number of transactions
Exchequer Services	Number of transactions
Insurance - Employees	Headcount
Insurance - Premises	Premises Valuation
Insurance - Vehicles	Number of Vehicles

Jointly Controlled Operations and Jointly Controlled Assets

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

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

VALUE ADDED TAX

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

GRANTS AND CONTRIBUTIONS

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

- the Authority will comply with the conditions attached to the payments, and

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

GRANTS AND CONTRIBUTIONS

- the grants or contributions will be received.

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

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

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

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

LEASES

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

The Council as Lessee – Finance Leases:

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

The asset recognised is matched by a corresponding liability on the balance sheet for the obligation to pay the lessor (asset provider) the amounts due in respect of the capital cost of acquiring the asset. This is because the transaction is considered to be the same as if the Council had purchased the asset and financed it through taking out a loan. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses on the periods in which they are incurred. The lease payments from lessee to lessor are therefore apportioned between:

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

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

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

The Council as Lessor – Finance Leases:

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

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

LEASES

Lease rentals receivable are apportioned between:

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

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

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

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

The Council as Lessee – Operating Lease:

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

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

The Council as Lessor – Operating Lease:

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

Expenditure on the acquisition, creation or enhancement of non-current assets is required to be capitalised on an accruals basis in the Balance Sheet, provided that the non-current asset yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets and operating leases which are charged directly to service revenue accounts.

Non-current assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the International Financial Reporting Standards (IFRS) code. The surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve. The exception to this is where previous revaluation losses have been debited to the Comprehensive Income and Expenditure Account. Where this has occurred the surplus on revaluation is credited to the Comprehensive Income and Expenditure Account up to the value of the previous revaluation loss, less the value of depreciation that would have been charged had there been no revaluation loss. Surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Revaluation Reserve only includes gains since its inception from 1st April, 2007, prior gains were incorporated into the Capital Adjustment Account. The Council applies a five-year rolling programme of revaluations. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and included in the balance sheet at current value. Where there is no open market value, assets are included in the balance sheet at depreciated replacement cost. Community assets and infrastructure assets are stated at depreciated historical cost, assets under construction are stated at cost. Donated assets are revalued at current value.
- Investment properties, are included in the balance sheet at fair value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Assets held for sale are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.
- Assets reclassified as Held for Sale when the following criteria are met:
 - i) The asset is available for sale in its present condition subject only to terms that are customary for sales of such assets (or disposal groups).
 - ii) The sale must be highly probable.
 - iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
 - iv) An active programme to locate a buyer and complete the sale must have been initiated.
 - v) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the current value.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Expenditure and Valuation principles

- vi) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale, or that significant changes to the plan will be made or that the plan will be withdrawn.

For 2016/17 the Council's values of land and buildings have been included in the accounts based on valuations either by external valuers or by the Authority's Estates office. A *de minimis* value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and £10,000 for new land and buildings. Assets valued below these limits are not included, unless they are included in the rolling revaluation programme.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability, or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest,

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements 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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Disposals

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

Charges to Revenue for non-current Assets

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

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

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

Charges to Revenue for non-current Assets

Buildings	8-68 years except when impairment has occurred.
Vehicles	7-10 years
Equipment	from over 1 to 25 years
Intangible Assets, Software	from over 1 to 7 years
Infrastructure Assets	25 years
Community Assets	Held in perpetuity
Assets (Finance Leases)	Up to 10 years

Impairment

The value at which each category of assets is included in the balance sheet has been reviewed at the year-end, and were there to be reason to believe that the value had reduced materially in the period due to impairment, the valuation would be adjusted accordingly. Further information is supplied in Note 44.

Depreciation

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

- newly acquired assets are depreciated on asset values at 1st April in the year following their confirmation as fully operational assets, except where the acquisition is material when depreciation is calculated at the date of acquisition. Assets in the course of construction are not depreciated until they are brought into use.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

NON CURRENT ASSETS

Depreciation

- assets disposed of are depreciated in the year of disposal.
- depreciation is calculated using the straight-line method over the useful life of the asset, based on asset values at 1st April except where there are material acquisitions or disposals in any year where depreciation is calculated at date of acquisition or disposal.
- assets acquired under Finance Leases are depreciated over the asset life, or the lease term if shorter.
- assets held for sale, investment properties, assets under construction and community assets are not depreciated.

Componentisation of Assets

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

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

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

Land

Main building structures

Replaceable building structures

Services

External works

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

INTANGIBLE ASSETS

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

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

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

HERITAGE ASSETS

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

Definition of Heritage Assets

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

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

Recognition of Heritage Assets

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

Valuation of Heritage Assets

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

HERITAGE ASSETS

Valuation of Heritage Assets

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

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

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

Depreciation, Amortisation and Impairment of Heritage Assets

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

Accounting for Heritage Assets

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

INVESTMENT PROPERTIES

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

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

CAPITALISATION OF BORROWING COSTS

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

INVENTORIES

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

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

WORK IN PROGRESS

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

PROVISIONS

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

Non Domestic Rates Appeals

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

DEBTORS AND CREDITORS

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

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

DEBTORS AND CREDITORS

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

ACCOUNTING FOR 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 are 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.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

Loans and Receivables

Loans and receivables 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. They are subsequently measured 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 most of the loans that the authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) 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 that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Soft Loans

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

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

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.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

Available-for-Sale Assets

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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 of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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).

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

DEBT REDEMPTION

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

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

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

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

INTERNAL INTEREST

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

CASH AND CASH EQUIVALENTS

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

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

EXCEPTIONAL ITEMS

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

PRIOR PERIOD ADJUSTMENTS

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

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

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

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

RESERVES

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

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

EMPLOYEE BENEFITS

Pension Costs

The pension costs in the Council's accounts show the attributable share of the assets and liabilities of West Sussex Local Government Pension Fund, which provides Council employees with defined benefits relating to pay and service. This accounting treatment complies fully with the requirements of IAS 19 and presentational revisions reflect the 2016/17 Code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS 19.

Employees of the Council are members of a pension scheme:

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

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

- The liabilities of the West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bonds.
- The assets of West Sussex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value which is the bid value as required by IAS19.
- The change in the net pensions liability is derived from two components:
 - Present Value of the defined benefit obligation which represents the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. This is calculated from several factors including:
 - The current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - The interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - The past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - Contributions by members made into the West Sussex County Council pension fund;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
 - Estimate of benefits paid to pensioners.

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Pension Costs

- Fair value of plan assets which is calculated from several factors including:
 - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - Contributions paid to the West Sussex County Council pension fund by members and the employer – cash paid as contributions to the pension fund in settlement of liabilities; not accounted for as an expense;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
 - Estimate of benefits paid to pensioners.

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

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

Discretionary Benefits

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

Termination Benefits

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

EMPLOYEE BENEFITS

Termination Benefits

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

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

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

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

Current Employee Benefits And Accumulated Absences

The Council reviews the cost of accumulated absences as required by the IFRS code of practice.

The review reveals that the level of this is not material and therefore has chosen not to accrue these costs.

EVENTS AFTER THE REPORTING PERIOD

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

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

Non-adjusting Events - Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

CONTINGENT LIABILITIES

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

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

CAPITAL RECEIPTS

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

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2016/17 requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) has been postponed from 1st April 2016 and will be reviewed in future years. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost.

The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period.

In addition there are a number of minor amendments to International Financial Reporting Standards, and changes in format to the accounts, but these are not expected to have any material impact on the Council's 2016/17 Statement of Accounts.

The other minor amendments, which are not expected to have material effect on the Council's Statement of Accounts are as follows:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)

NOTES TO THE ACCOUNTS

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

- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

Annual Improvements to IFRSs 2012 – 2014 Cycle, which includes the introduction of an Expenditure Funding Analysis and supporting disclosure note.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

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

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

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

The items in the Council's Balance Sheet at 31st March 2017 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S.</p> <p>There would also be a corresponding decrease in the carrying amount of the assets.</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>During 2016/17, the Council's actuaries advised that the net pension liability has increased by a net £3.619m. £0.469m decrease as a result of estimates being corrected as a result of experience and an increase of £4.088m attributable to updating of the assumptions.</p>

NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Effect if actual results differ from assumptions
Arrears	At 31 st March 2017 the Council had a net balance of debtors due (excluding government departments) of £9.7m. A review of significant balances suggested that an impairment of doubtful debt of £1.53m was appropriate.	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.
Non-Domestic Rate Appeals Provision	At March 2017 the Council had made a provision of £3.6m for the impact of appeals on business rate income. The provision is based on the appeals lodged with the Valuation Office which is then reviewed by an external consultant to establish the likely impact of the appeals on the business rate income.	The appeals provision is reviewed each year and adjusted for the likely impact of any increase or decrease in the level appeals.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

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

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2017 and the date when the Statement of Accounts is authorised for issue 26th September 2017.

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.

NOTES TO THE ACCOUNTS

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

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

2016/17 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Charges for depreciation and impairment of non current assets (note 12 & 25)	(3,085)	-	-	3,085
Revaluation losses on Property Plant and Equipment (note 12 & 25)	6,067	-	-	(6,067)
Movements in the market value of investment Properties (note 25)	1,319	-	-	(1,319)
Amortisation of intangible assets (note 15 & 25)	(44)	-	-	44
Capital grants and contributions applied (note 25)	4,065	-	-	(4,065)
Donated Assets credited to the Comprehensive Income and Expenditure Account (note 25)	(4)	-	4	-
Revenue Expenditure funded from capital under statute (note 25)	(785)	-	-	785
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 12)	(385)	-	-	385
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	977	-	-	(977)
Capital expenditure charged against the General Fund (note 25)	185	-	-	(185)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure A/c	1,123	-	(1,123)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)	-	-	278	(278)

NOTES TO THE ACCOUNTS

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

2016/17 USABLE RESERVES	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	1,849	(1,849)	-	-
Use of the Capital Receipts Reserve to finance new and historic capital expenditure (note 41)	-	1,123	-	(1,123)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-		-	-
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(3,875)	-	-	3,875
Employers Pension Contributions and direct payments to pensioners payable in the year (note 48)	4,344	-	-	(4,344)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax and non domestic rating income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non domestic rating income calculated for the year in accordance with statutory requirements (note 25)	178	-	-	(178)
TOTAL ADJUSTMENTS 2016/17	11,929	(726)	(841)	(10,362)

2015/16 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Charges for depreciation and impairment of non current assets (note 25)	(3,091)	-	-	3,091
Revaluation losses on Property Plant and Equipment (note 25)	4,815	-	-	(4,815)

NOTES TO THE ACCOUNTS

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

2015/16 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Movements in the market value of investment Properties (note 25)	89	-	-	(89)
Amortisation of intangible assets (note 25)	(48)	-	-	48
Capital grants and contributions applied (note 25)	716	-	-	(716)
Movement in the Donated Assets Account	3	-	-	(3)
Revenue Expenditure funded from capital under statute (note 25)	(820)	-	-	820
Amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (note 25)	(607)	-	-	607
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the financing of capital investment (note 25)	931	-	-	(931)
Capital expenditure charged against the General Fund (note 25)	212	-	-	(212)
Adjustment primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive income and Expenditure Account	1,142	-	(1,142)	-
Application of grants to capital financing transferred to the Capital Adjustment Accounts (note 25)	-	-	149	(149)
Adjustment primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive income and Expenditure Statement	715	(715)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure (note 41)	-	590	-	(590)
Contribution from Capital Receipts Reserve towards administrative costs of non current asset disposals	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1)	-	1

NOTES TO THE ACCOUNTS

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

2015/16 USABLE RESERVES COMPARATIVE FIGURES RESTATED	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Movement in Unusable Reserve
	£'000	£'000	£'000	£'000
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive income and Expenditure Statement (note 48)	(4,002)	-	-	4,002
Employers Pension Contributions & direct payments to pensioners payable in year (note 48)	4,295	-	-	(4,295)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements (note 25)	329	-	-	(329)
TOTAL ADJUSTMENTS 2015-2016	4,679	(126)	(993)	(3,560)

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/17.

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

Movement in Earmarked Reserves	Balance at 01.04.15	Decrease 2015/16	Increase 2015/16	Balance at 31.03.16	Decrease 2016/17	Increase 2016/17	Balance at 31.03.17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Rev'ue							
Capacity Issues Fund	890	(693)	259	456	(133)	522	845
Insurance	461	(101)	31	391	(33)	31	389
Joint Health Promotion	22	(12)	-	10	-	-	10
Leisure Lottery & Other Partnerships	78	-	-	78	(1)	-	77
Grants & Contributions	477	(47)	466	896	(424)	102	574
Museum Reserve	107	-	7	114	-	-	114
Theatres Ticket Levy	35	(15)	51	71	(64)	57	64
Planning Delivery Grant	98	(49)	-	49	(49)	-	-
Special & Other Emergency Expenditure	42	-	-	42	-	-	42
Total General Fund	2,210	(917)	814	2,107	(704)	712	2,115

NOTES TO THE ACCOUNTS

NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES

Movement in Earmarked Reserves	Balance at 01.04.15	Decrease 2015/16	Increase 2015/16	Balance at 31.03.16	Decrease 2016/17	Increase 2016/17	Balance at 31.03.17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure Reserve	73	-	-	73	-	-	73
Total Earmarked Reserves	2,283	(917)	814	2,180	(704)	712	2,188

- (i) The Capacity Issues Fund was set up in 2005/06 to give the Council scope to deal with a range of cost pressures expected to arise in future years.
- (ii) The Insurance Reserve was established in 1993/94 to fund risk management initiatives, fund minor self-insurance and to achieve longer term revenue savings.
- (iii) The Joint Health Promotion Reserve was established in 2005 with funding received from the local teaching Primary Care Trust for health promotion projects.
- (iv) The Leisure, Lottery and Other Partnerships Reserve was established in 1995/96 to assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.
- (v) The Grants and Contributions Reserve was created to comply with changes in accounting policy required by the Code of Practice. The reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the balance sheet date.
- (vi) The Museum Reserve was established in 1993/94 to support the overall service aims of the Museum and Art Gallery on occasions where annual budgets do not allow the work of the Museum and Art Gallery to progress in a manner which will contribute to achieving these aims.
- (vii) Theatre Tickets Levy is a new fund set up in 2013/14, specifically to fund maintenance on Worthing Theatres.
- (viii) The Planning Delivery Grant Reserve was set up in 2006/07 to carry forward grant received in previous years, which has been approved by Cabinet to be spent on specific planning initiatives
- (ix) The Special and Other Emergency Expenditure Reserve was set up to fund expenditure such as seaweed removal, uninsured losses (i.e. storm damage) and any other strategic or unforeseen one-off expenditure which may arise.
- (xi) The Capital Expenditure Reserve was set up in 1993/94 to finance capital schemes which may have been delayed, to provide an alternative source of finance should the income from capital receipts decline and to assist in the financing of new or accelerated capital projects.

NOTES TO THE ACCOUNTS

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	31-Mar-17	31-Mar-16
	£'000s	£'000s
De-recognition of assets	323	238
Gains/losses on the disposal of non-current assets	(1,582)	(206)
TOTAL	(1,259)	32

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2016/17	2015/16
	£000	£000
Interest Payable & similar charges	271	189
Net interest on net defined benefit liability (asset)	1,214	1,440
Interest Receivable & similar income	(91)	(101)
Income and expenditure in relation to investment properties (Note 14)	(1,050)	(211)
Changes in fair value to investment properties	(1,319)	(89)
Trading Operations	(249)	(387)
TOTAL	(1,224)	841

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2016/17	2015/16
	£'000s	£'000s
Council Tax Income	(8,281)	(7,975)
Non Domestic Rates	(2,545)	(2,147)
Non-ringfenced Government Grants	(3,307)	(4,121)
Capital Grants and Contributions	(4,051)	(1,215)
TOTAL	(18,184)	(15,458)

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2016/17	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	82,727	9,292	4,785	4,963	6,553	649	108,969
Historic Cost Adjustment	-	245	-	-	-	-	245
Additions	3,687	258	389	-	-	482	4,816
Donated Assets	-	7	-	-	7	-	14
Revaluation increases/(decreases) recognised in the Revaluation Res've	1,849	6	-	-	-	-	1,855
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	5,592	-	-	-	-	-	5,592
Derecognition - Other	(343)	(747)	-	-	-	-	(1,090)
Reclassifications between asset classes, including transfers to intangible assets	444	27	54	-	25	(550)	-
At 31 March 2017	93,956	9,088	5,228	4,963	6,585	581	120,401
Accu'lated Deprec'ion & Impairm't							
At 1 April 2016	(1,394)	(5,993)	(1,222)		(2)	-	(8,611)
Historic Depreciation Adjustment	-	(245)	-	-	-	-	(245)
Depreciation charge	(2,136)	(763)	(185)	-	(1)	-	(3,085)
Depreciation written out to the Revaluation Reserve	144	-	-	-	-	-	144
Deprecation written out to the Surplus/Deficit on the Provision of Services	475	-	-	-	-	-	475
Derecognition - Other	22	723	-	-	-	-	745
Reclassifications between asset classes, including transfers to intangible assets	-	25	-	-	(25)	-	-
At 31 March 2017	(2,889)	(6,253)	(1,407)	-	(28)	-	(10,577)
Net Book Value at 31 March 2017	91,067	2,835	3,821	4,963	6,557	581	109,824
Net Book Value at 31 March 2016	81,333	3,299	3,563	4,963	6,551	649	100,358

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

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

Movements in 2016/17	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2016	8,010	52	8,062
Cost Adjustment	225	-	225
Additions	154	93	247
Reclassifications between asset categories	52	(52)	-
De-recognition - Other	(638)	-	(638)
At 31 March 2017	7,803	93	7,896
Accumulated Depreciation			
At 1 April 2016	(5,213)	-	(5,213)
Depreciation Adjustment	(225)	-	(225)
Depreciation charge	(689)	-	(689)
Derecognition - Other	624	-	624
At 31 March 2017	(5,503)	-	(5,503)
Net Book Value at 31 March 2017	2,300	93	2,393
Net Book Value at 31 March 2016	2,797	52	2,849

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Comparative Movements 2015/16

Movements in 2015/16	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Constr-uction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2015	67,156	10,318	4,466	4,963	1,080	101	88,084
Additions	517	365	307	-	-	342	1,531
Revaluation increases/(decreases) recognised in the Revaluation Res've	1,173	6	-	-	5,195	-	6,374
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	3,406	-	-	-	318	-	3,724
Derecognition - Other	(244)	(1,397)	-	-	(53)	-	(1,694)
Assets reclassified (to)/from Held for Sale	10,950	-	-	-	-	-	10,950
Reclassifications between asset classes, including transfers to intangible assets	(231)	-	12	-	13	206	-
At 31 March 2016	82,727	9,292	4,785	4,963	6,553	649	108,969
Accumulated Depreciation and Impairment							
At 1 April 2015	(764)	(6,056)	(1,050)	-	(42)	-	(7,912)
Depreciation charge	(1,950)	(965)	(172)	-	(4)	-	(3,091)
Depreciation written out to the Revaluation Reserve	214	-	-	-	-	-	214
Deprecation written out to the Surplus/Deficit on the Provision of Services	1,090	-	-	-	-	-	1,090
Derecognition - Other	14	1,028	-	-	46	-	1,088
Reclassifications between asset classes, including transfers to intangible assets	2	-	-	-	(2)	-	-
At 31 March 2016	(1,394)	(5,993)	(1,222)	-	(2)	-	(8,611)
Net Book Value at 31 March 2016	81,333	3,299	3,563	4,963	6,551	649	100,358
Net Book Value at 31 March 2015	66,392	4,262	3,416	4,963	1,038	101	80,172

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Comparative Movements 2015/16

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

Movements in 2015/16	Vehicles, Furniture & Equipment	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2015	8,574	24	5	8,603
New assets transferred from Worthing Borough Council	6	-	-	6
Additions	282	-	47	329
Derecognition - Other	(852)	(24)	-	(876)
At 31 March 2016	8,010	-	52	8,062
Accumulated Depreciation and Impairment				
At 1 April 2015	(5,141)	(13)	-	(5,154)
Depreciation charge	(891)	(4)	-	(895)
Derecognition - Other	819	17	-	836
At 31 March 2016	(5,213)	-	-	(5,213)
Net Book Value at 31 March 2016	2,797	-	52	2,849
Net Book Value at 31 March 2015	3,433	11	5	3,449

Depreciation

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

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

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Capital Commitments

At 31st March 2017 the Authority has entered into two significant contracts for the acquisition and enhancement of assets, and one contract to provide a loan in 2017/18. The significant contracts are estimated to cost £7,768,169. The significant commitments at 31st March 2016 were £149,152. The significant commitments at 31st March 2017 are:

- Loan to Worthing Homes for the delivery of affordable housing within the Borough - £5,000,000
- Replacement of the refuse and recycling fleet - £2,647,701
- Replacement of the financial information system - £120,468

Revaluations

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

The significant assumptions applied in estimating the current values are:

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

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra- structure Assets	Comm- unity Assets	Surplus Assets	Assets Under Const- ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	3,168	2,835	3,821	4,963	-	581	15,368
Valued at current value as at:							
31st March 2017	33,398	-	-	-	7	-	33,405
31st March 2016	10,629	-	-	-	6,550	-	17,179
31st March 2015	23,374	-	-	-	-	-	23,374
31st March 2014	17,900	-	-	-	-	-	17,900
31st March 2013	2,582	-	-	-	-	-	2,582
31st March 2012	16	-	-	-	-	-	16
Total Cost or Valuation	91,067	2,835	3,821	4,963	6,557	581	109,824

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

NON-OPERATIONAL PROPERTY, PLANT EQUIPMENT (SURPLUS ASSETS)

Details of the authority's surplus assets and information about the fair value hierarchy as at 31st March 2017 and 31st March 2016 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£'000	£'000	£'000	£'000
Land	-	6,456	-	6,456
Office	-	19	-	19
Residential	-	5	-	5
Sub Stations	-	77	-	77
TOTAL	-	6,557	-	6,557

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016
	£'000	£'000	£'000	£'000
Land	-	6,449	-	6,449
Office	-	20	-	20
Residential	-	5	-	5
Sub Stations	-	77	-	77
TOTAL	-	6,551	-	6,551

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The fair value for surplus assets 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 is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

NOTES TO THE ACCOUNTS

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

NON-OPERATIONAL PROPERTY, PLANT EQUIPMENT (SURPLUS ASSETS)

Significant Unobservable Inputs – Level 3

There are no land or property assets within the Authority's surplus asset portfolio which are classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Surplus Assets

In estimating the fair value of the authority's surplus assets, the highest and best use of the properties is their current use, apart from the following properties:

- Land at Fulbeck Avenue which is being held by the Authority for future housing.
- Coventry Plantation Plots which were acquired for future use in connection with the Crematorium.
- Land at Ripley Road is subject to access agreements which still have a number of years remaining.
- Land rear of the Dome Cinema which has access issues.
- Sub-stations which are all leased to the electricity company for continued use as sub-stations.
- Land at Hollyacres which has limited development potential due to the size of the land.

The highest and best use for the above properties would be for their development, either for residential or commercial use depending on their location.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The Authority carries out a rolling valuation programme which ensures all surplus assets are revalued at least every 5 years and are reviewed for significant increases/decreases at the reporting date. Valuations are either carried out by external valuers, Wilks, Head and Eve, or by the Authority's Estates Office. The valuations were made in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Office and finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

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

Movements in 2016/2017	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	491	3,659	3,874	1,553	1,763	651	11,991
At 31 March 2017	491	3,659	3,874	1,553	1,763	651	11,991
Net Book Value at 31 March 2016	491	3,659	3,874	1,553	1,763	651	11,991

COMPARATIVE MOVEMENTS 2015/2016

Restated Movements in 2015/2016	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	491	3,570	3,781	1,516	1,722	635	11,715
Donated Assets	-	3	-	-	-	-	3
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	86	93	37	41	16	273
At 31 March 2016	491	3,659	3,874	1,553	1,763	651	11,991
Net Book Value at 31 March 2015	491	3,570	3,781	1,516	1,722	635	11,715

Civic Regalia

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

Art and Sculpture

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

NOTES TO THE ACCOUNTS

NOTE 13: HERITAGE ASSETS

Costume and Jewellery

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

Toys

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

Social History

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

Archaeology and Geology

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

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

NOTE 14: INVESTMENT PROPERTIES

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

	2016/17	2015/16
	£'000	£'000
Rental income from investment property	(1,241)	(834)
Direct operating expenses arising from investment property	191	623
Net (gain)/loss	(1,050)	(211)

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

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

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

	2016/17	2015/16
	£'000	£'000
Balance at start of the year 1st April	4,536	15,397
Additions:		
Subsequent expenditure	-	-
Disposals:	(38)	-
Net gains/(losses) from fair value adjustments:	1,319	89
Transfers:		
To/from Property, Plant and Equipment	-	(10,950)
Balance at end of the year	5,817	4,536

Fair Value Measurement of Investment Property

Details of the authority's investment properties and information about the fair value hierarchy as at 31st March 2017 and 31st March 2016 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£'000	£'000	£'000	£'000
Car Parking	-	202	-	202
Community Facility	-	36	-	36
Office	-	1,069	-	1,069
Retail	-	4,380	-	4,380
Residential	-	86	-	86
Workshop	-	44	-	44
TOTAL	-	5,817	-	5,817

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016
	£'000	£'000	£'000	£'000
Car Parking	-	201	-	201
Community Facility	-	36	-	36
Office	-	1,049	-	1,049
Retail	-	3,111	-	3,111
Residential	-	96	-	96
Workshop	-	43	-	43
TOTAL	-	4,536	-	4,536

NOTES TO THE ACCOUNTS

NOTE 14: INVESTMENT PROPERTIES

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for land, woodland, workshops, parking, office, retail, and residential assets 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 is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

There are no land or property assets within the Authority's asset portfolio which are classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use apart from the following property:

Marine Place Car Park – 3 parking spaces which are subject to a number of agreements for car parking. The highest and best use would be for the development of the land.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at 1st April each year and reviewed for significant increases/decreases at the reporting date. All valuations are carried out by external valuers, Wilks, Head and Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Department and finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

NOTE 15: INTANGIBLE ASSETS

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

NOTES TO THE ACCOUNTS

NOTE 15: INTANGIBLE ASSETS

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

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £44,311 has been charged to the Income and Expenditure Statement.

	2016/17	2015/16
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	362	341
Accumulated amortisation	(171)	(123)
Net carrying amount at start of year	191	218
Additions:		
Purchases	37	21
Disposals:	(21)	-
Amortisation for the period:	(44)	(48)
Amortisation written off on disposal:	19	-
Net carrying amount at end of year	182	191
Comprising		
Gross carrying amounts	378	362
Accumulated amortisation	(196)	(171)
	182	191

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

	2016/17	2015/16
	£'000	£'000
Balance at start of the year 1st April		
Gross carrying amounts	347	326
Accumulated amortisation	(167)	(122)
Net carrying amount at start of year	180	204
Additions:		
Purchases	26	21
Disposals:	(19)	-
Amortisation for the period:	(42)	(45)
Amortisation written off on disposal:	17	-
Net carrying amount at end of year	162	180
Comprising		
Gross carrying amounts	354	347
Accumulated amortisation	(192)	(167)
	162	180

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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

Financial liabilities and assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. These are initially measured at fair value and are carried in the Balance Sheet at their amortised cost, that is the outstanding principal, adjustments, plus accrued interest. Interest in the Comprehensive Income and Expenditure Statement is the amount payable or receivable for the year according to the agreement.

Financial assets are classified into two types:

Loans and receivables:

Assets that have fixed or determinable payments, but are not quoted in an active market.

Available-for-sale assets:

Assets that have a quoted market price and/or do not have fixed or determinable payments.

There has been no change in the valuation technique used during the year for the financial instruments.

The valuation applied to fixed term cash deposits is their carrying value, as these assets cannot be sold and hence there is no material valuation.

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

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

	Long Term		Current		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowings						
Financial liabilities (principal amount)	(10,050)	(7,361)	(12,288)	(11,804)	(22,338)	(19,165)
Accrued interest	-	-	(130)	(130)	(130)	(130)
Financial liabilities at Amortised Cost	(10,050)	(7,361)	(12,418)	(11,934)	(22,468)	(19,295)
Creditors	-	-	(2,628)	(3,263)	(2,628)	(3,263)
Investments						
Loans and Receivables	25	25	6,000	5,000	6,025	5,025
Accrued interest	-	-	16	10	16	10
Loans and Receivables at Amortised Cost	25	25	6,016	5,010	6,041	5,035
Available-for-sale financial assets	50	50	-	-	50	50
Total Investments	75	75	6,016	5,010	6,091	5,085
Debtors loans and receivables	10	10	1,819	1,235	1,829	1,245
Cash and cash equivalents	-	-	6,719	4,458	6,719	4,458
Total Debtors	10	10	8,538	5,693	8,548	5,703

Accrued interest on Long-term assets and liabilities is included in the Current columns because it is receivable or payable within 12 months.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Items of income, expense, gains or 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		FINANCIAL ASSETS Loans and Receivables		TOTAL	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Interest Expense	(271)	(189)	-	-	(271)	(189)
Total expense in Surplus or Deficit on the Provision of Services	(271)	(189)	-	-	(271)	(189)
Interest Income	-	-	91	101	91	101
Decrease/(Increase) in Impairment	-	-	(31)	(51)	(31)	(51)
Total income in Surplus or Deficit on the Provision of Services	-	-	60	50	60	50
Net Gain/(Loss) in Year	(271)	(189)	60	50	(211)	(139)

The losses and gains in impairment relate solely to the change in the provisions for losses on trade debtors calculated in accordance with accounting policies. There was no movement in the value of the available for sale asset, which is a £50,000 bond held with the Municipal Bonds Agency.

The Fair Values of Financial Liabilities and Financial Assets that are not measured at Fair Value (but for which Fair Value Disclosures are required)

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

The fair value of the reported carrying amounts at 31st March 2017 can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:-

- For loans from the PWLB, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

The Fair Values of Financial Liabilities and Financial Assets that are not measured at Fair Value (but for which Fair Value Disclosures are required)

- 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 has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

Fair Values – Financial Liabilities

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

	31st March 2017		31st March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities				
Borrowing PWLB	(9,354)	(9,587)	(6,147)	(6,275)
Other Loans	(13,114)	(13,171)	(13,148)	(13,166)
Total Borrowing	(22,468)	(22,758)	(19,295)	(19,441)
Trade and Other Payables	(2,628)	(2,628)	(3,561)	(3,561)
	(25,096)	(25,386)	(22,856)	(23,002)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2017) arising from a commitment to pay interest to lenders above current market rates.

The Authority has used a transfer value of financial liabilities. We have also calculated an exit price fair value of £23.25m, which is calculated using early repayment discount rates. The Authority has no contractual obligations to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

The fair value of trade and other payables (creditors) is taken to be the invoiced amount. The disclosure for Financial Liabilities excludes statutory creditors, consequently the creditors figures differ from those in the Balance Sheet and the Creditors disclosure note.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Fair Values – Loans and Receivables

Financial Assets	31st March 2017		31st March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash & Cash Equivalents	6,719	6,719	4,458	4,458
Short term investments	6,016	6,030	5,010	4,947
Long Term investments	75	75	75	75
Short term debtors	1,819	1,819	1,235	1,235
Long term debtors	10	10	10	10
Total Financial Assets	14,639	14,653	10,788	10,725

The fair value of the assets is higher than the carrying amount because the Council's fixed rate loans held at 31st March, 2017 are at interest rates higher than the rates for similar loans in the market at the Balance Sheet date. They show a notional future gain (based on economic conditions at 31st March 2017) arising from a right to receive interest above current market rates.

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The disclosure for Financial Assets excludes statutory debtors, consequently the debtors figures differ from those in the Balance Sheet and the Creditors disclosure note.

The Council does not hold any unquoted equity investments or financial assets at fair value through profit and loss.

Nature and Extent of Risks Arising From Financial Instruments

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

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

Overall procedures for managing risk

The Council'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 annual Treasury Management Strategy Statement and Annual Investment Strategy. The Council 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.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

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, in accordance with the Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

- Credit ratings of Short Term of F1, Long Term A-, Support AA- (Fitch or equivalent rating), with the lowest available rating being applied to the criteria
- UK institutions provided with support from the UK Government
- The top five Building Societies by asset size

Limits on the size and length of time of deposits are:

- Banks - £4m (up to £5m for group) for a maximum of 5 years;
- Buildings Societies - £4m for the Nationwide and £2m for the others on the approved list, for a maximum of 5 years;
- Money Market Funds (MMF) AAA rated - £3m (for any one MMF) for short term operational cash flow purposes. Total investments in MMFs shall not exceed £5m or 30% of the total investment portfolio, whichever is the higher, for more than one week at any one time;

The full investment strategy for 2016/17 was approved by the Council on 2 February 2016 and is available on the Council's website.

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 Council.

The Council's maximum exposure to credit risk in relation to its total investments of £11,450,000 in banks, building societies and money market funds 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. Recent experience has shown that it is rare for investment counterparties with which the Council holds investments to be unable to meet their commitments. Although the potential risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31st March 2017 that this was likely to crystallise.

The following analysis summarises the Council'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.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Credit Risk

Credit Risk Exposure	Carrying Amount at 31-Mar-17	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31-Mar-17	Estimated Maximum Exposure to Default and Uncollectability at 31-Mar-17	Estimated Maximum Exposure at 31-Mar-16
	£'000	%	%	£'000	£'000
Customers*	1,829	8.82%	7.89%	144	113

*Excluding statutory debtors – Council Tax/NNDR

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

The Council does not generally allow credit for its customers. Generally therefore, all amounts outstanding (apart from those amounts raised as accruals at 31st March 2017 as part of the final accounts process) are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and Note 19.

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy Statement and Annual Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedure, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Refinancing and Maturity Risk

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	31-Mar-17	31-Mar-16
	£'000s	£'000s
An analysis of loan debt by maturity is:		
Maturing within one year	12,418	11,934
Maturing in 1-2 years	1,250	760
Maturing in 2-5 years	5,350	4,051
Maturing in 5-10 years	2,500	2,550
Maturing in more than 10 years	950	-
TOTAL	22,468	19,295

Market Risk

(a) Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

(a) Interest Rate Risk

- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, 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 the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31st March 2017, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	54
Impact on Surplus or Deficit on the Provision of Services	54
Decrease in fair value of fixed rate investment assets	43
Impact on Other Comprehensive Income and Expenditure	43
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)	497

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Fair Value of Assets and Liabilities tables.

NOTES TO THE ACCOUNTS

NOTE 16: FINANCIAL INSTRUMENTS

Market Risk

(b) Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds and does not have shareholdings in joint ventures or local industry. Therefore, the Council has no exposure to losses arising from movements in the prices of shares.

(c) Foreign Exchange Risk

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

NOTE 17: INVENTORIES

	2016/17	2015/16
	£'000s	£'000s
Worthing balance outstanding at start of year	47	87
Movement net of purchases/issues	(5)	(40)
Worthing balance outstanding at year-end	42	47
Worthing Borough Council share of the inventories from the Joint Strategic Committee (approximately 60%)	92	95
Total balance outstanding at year end	134	142

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

NOTE 18: CONSTRUCTION CONTRACTS

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

NOTES TO THE ACCOUNTS

NOTE 19: DEBTORS

	31-Mar-17	Restated 31-Mar-2016
	£'000s	£'000s
Amounts falling due in one year net of the bad debt provision:		
Central Government Bodies	3,906	1,912
Other Local Authorities	4,940	3,536
NHS Bodies	5	22
Other Entities and Individuals	4,603	4,096
TOTAL	13,454	9,566

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

Overall Aged Debt Analysis	31-Mar-17	Restated 31-Mar-2016
	£'000	£'000
Less than 1 Year	13,356	9,509
1-2 Years	50	33
2-3 years	28	12
Over 3 years	20	12
	13,454	9,566

Long term debtors disclosed in the balance sheet comprises of:

Long Term Debtors	31-Mar-17	31-Mar-16
	£'000s	£'000s
Council house purchase	8	8
Legal Charges	2	2
TOTAL	10	10

NOTES TO THE ACCOUNTS

NOTE 20: CASH AND CASH EQUIVALENTS

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

	31-Mar-17	31-Mar-16
	£'000	£'000
The balance is made up of the following elements:		
Cash held by the Authority	24	272
Bank Current Accounts	1,245	1,134
Call accounts and Money Market Funds	5,450	3,052
Total Cash & Cash Equivalents	6,719	4,458

NOTE 21: ASSETS HELD FOR SALE

	Current 2016/17	Current 2015/16	Non Current 2016/17	Non Current 2015/16
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	-	-	4,784	4,784
Assets classified as Held for Sale:				
Transfers from Non Current Assets Held for Sale to Current Assets Held for Sale	4,784	-	(4,784)	-
Balance outstanding at year-end	4,784	-	-	4,784

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

- The Aquarena Swimming Pool was recognised as a non-current asset held for sale in 2013/14 as the sale was not expected to complete within 12 months. The Authority has exchanged contracts for the sale of the property and planning permission has been obtained. As the sale is anticipated to complete in 2017/18 the asset has been reclassified as a current asset held for sale.

NOTES TO THE ACCOUNTS

NOTE 22: CREDITORS

	31-Mar-17	Restated 31-Mar-2016
	£'000s	£'000s
Central Government Bodies	2,524	3,443
Other Local Authorities	5,712	2,761
NHS	-	4
Public Corporations and Trading Funds	-	-
Othe Entities and Individuals	4,875	5,625
TOTAL	13,111	11,833

NOTE 23: PROVISIONS

The table below identifies the movements in the year in the amounts set aside for provisions. Below the table is a brief description of the nature of each provision and any information on likely timings and uncertainties surrounding its use.

	Balance at 31-Mar-16	Additional provisions made in 2016/17	Amounts used in 2016/17	Unused Amounts Reversed in 2016/17	Balance at 31-Mar-17
	£'000	£'000	£'000	£'000	£'000
HMRC Claims - Leisure Self Employed	1	-		-	1
Land Charges - Personal Search Fees	13	-		-	13
Business Rate appeals	1,049	141	(285)	-	905
	1,063	141	(285)	-	919

Business Rates Appeals: A provision has been made for appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The gross provision is £2.3m, Worthing Borough Council's share is £0.9m, being 40% of the total.

NOTE 24: USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement of Reserves Statement, which can be found on page 20.

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

31-Mar-17	Unusable Reserves	31-Mar-16
£'000s		£'000s
(43,136)	Revaluation Reserve	(41,436)
(67,152)	Capital Adjustment Account	(57,138)
(8)	Deferred Capital Receipts Reserve	(8)
39,979	Pension Reserve	36,361
(38)	Collection Fund Adjustment Account	140
(70,355)	TOTAL UNUSABLE RESERVES	(62,081)

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

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

The reserve contains only revaluation gains accumulated since 1st 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.

NOTE 25: UNUSABLE RESERVES

Revaluation Reserve	2016/17	2015/16
	£'000	£'000
Balance at 1 April	(41,436)	(34,940)
Upward revaluation of assets	(5,816)	(7,075)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,817	214
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(43,435)	(41,801)
Difference between fair value depreciation and historical cost depreciation	299	362
Accumulated gains on assets sold or scrapped	-	3
Amount written off to the Capital Adjustment Account	299	365
Balance at 31 March	(43,136)	(41,436)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account

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

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

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

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Capital Adjustment Account

Capital Adjustment Account	2016/17	2015/16
Balance at 1 April	(57,138)	(53,834)
Charges for depreciation and impairment of non-current assets	3,085	3,091
Revaluation losses on Property, Plant and Equipment	(6,067)	(4,815)
Amortisation of intangible assets	44	48
Revenue expenditure funded from capital under statute	785	820
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	385	607
Net written out amount of the cost of non-current assets consumed in the year	(1,768)	(249)
Adjusting amounts written out of the Revaluation Reserve	(299)	(366)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,123)	(590)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,065)	(719)
Application of grants to capital financing from the Capital Grants Unapplied Account	(278)	(148)
Statutory provision for the financing of capital investment charged against the General Fund	(977)	(931)
Capital expenditure charged against the General Fund	(185)	(212)
	(6,927)	(2,966)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,319)	(89)
	(1,319)	(89)
Balance at 31 March	(67,152)	(57,138)

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Pension Reserve

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

Pension Reserve	2016/17	2015/16
	£'000	£'000
Balance at 1 April	36,361	46,991
Remeasurements of the net defined benefit liability / (asset)	4,087	(10,337)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	3,875	4,002
Employer's pension contributions and direct payments to pensioners payable in the year	(4,344)	(4,295)
Balance at 31 March	39,979	36,361

Collection Fund Adjustment Account

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

Unused Collection Fund Adjustment Account	2016/17	2015/16
	£'000	£'000
Balance at 1 April	140	469
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)	(79)
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(174)	(250)
Balance at 31 March	(38)	140

NOTES TO THE ACCOUNTS

NOTE 25: UNUSABLE RESERVES

Accumulated Absences Account

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

There is a requirement under IFRS to accrue for compensated absences (mainly cost of carried forward holiday). A substantial review has been undertaken across the Council and Joint Strategic Committee. The value of this is not deemed material to justify restatement.

NOTE 26: CASH FLOW OPERATING ACTIVITIES

	Net 2016/17	Net 2015/16
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	87	110
Interest paid	(423)	(133)
Dividends received	-	-
Total	(336)	(23)

NOTES TO THE ACCOUNTS

NOTE 26: CASH FLOW OPERATING ACTIVITIES

Net Cash flows from operating activities

	Net 2016/17	Net 2015/16
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	11,937	4,565
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	3,085	3,091
Impairment and downward valuations	(6,067)	(4,815)
Amortisation	44	48
Increase/(Decrease) in Interest Creditors	-	56
Increase/(Decrease) in Creditors	(879)	(1,303)
(Increase)/Decrease in Interest and Dividend Debtors		9
(Increase)/Decrease in Debtors	(2,868)	(2,873)
(Increase)/Decrease in Inventories	8	41
Pension Liability	(469)	(292)
Carrying amount of non-current assets sold property plant and equipment, investment property and intangible assets	385	607
Other non-cash items charged to the net surplus or deficit on the provision of services	(1,464)	(219)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(8,225)	(5,650)
Capital Grants credited to surplus or deficit on the provision of services	(5,184)	(1,857)
Proceeds from the sale of short and long term investments	-	1,000
Premiums or Discounts on the repayment of financial liabilities	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,848)	(715)
	(7,032)	(1,572)
Net Cash Flows from Operating Activities	(3,320)	(2,657)

NOTES TO THE ACCOUNTS

NOTE 27: CASH FLOW INVESTING ACTIVITIES

	Net 2016/17	Restated Net 2015/16
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(4,844)	(1,499)
Purchase of short-term and long-term investments	(1,002)	385
Other payments for investing activities	(5)	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,849	1,002
Proceeds from short-term and long-term investments	-	-
Other receipts from investing activities	5,188	1,858
Net cash flows from investing activities	1,186	1,746

NOTE 28: CASH FLOW FINANCING ACTIVITIES

	Net 2016/17	Restated Net 2015/16
	£'000	£'000
Cash receipts of short- and long-term borrowing	11,536	18,500
Other receipts from financing activities	-	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases	-	-
Repayments of short- and long-term borrowing	(8,209)	(17,452)
Other payments for financing activities	1,068	411
Net cash flows from financing activities	4,395	1,459

NOTES TO THE ACCOUNTS

NOTE 29: EXPENDITURE FUNDING ANALYSIS

2016/17				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	70	17		87
Environment	(1,990)	(32)		(2,022)
Health & Wellbeing	127	34		161
Customer Services	(1,238)	(1,550)		(2,788)
Regeneration	559	69		628
Resources	319	(221)		98
Net Cost of Services	(2,153)	(1,683)	-	(3,836)
Other income and expenditure from the Funding Analysis	(9,129)	1,214	(178)	(8,093)
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(11,282)	(469)	(178)	(11,929)

2015/16				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	31	29		60
Environment	(1,637)	(265)		(1,902)
Health & Wellbeing	53	77		130
Customer Services	297	(1,516)		(1,219)
Regeneration	464	149		613
Resources	(62)	(207)		(269)
Net Cost of Services	(854)	(1,733)	-	(2,587)
Other income and expenditure from the Funding Analysis	(3,203)	1,440	(329)	(2,092)
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(4,057)	(293)	(329)	(4,679)

NOTES TO THE ACCOUNTS

NOTE 29: EXPENDITURE FUNDING ANALYSIS

Income and Expenditure analysed by nature	2016/17 £'000	2015/16 £'000
Employee Expenses	5,248	6,285
Depreciation, amortisation, impairment	4,257	(1,765)
Other service expenditure	52,570	63,578
Total Expenditure	62,075	68,098
Grants and contributions	(7,358)	(5,336)
Fees, charges and other service income	(53,105)	(56,687)
Gain/loss on disposal of non current assets	(1,582)	(206)
Income from council tax and business rates	(10,826)	(10,122)
Interest and Investment Income	(1,141)	(312)
Total Income	(74,012)	(72,663)
Deficit or surplus on Provision of Services	(11,937)	(4,565)

The other service expenditure figure includes the Councils share of the Joint Service costs including the employee expenses.

NOTE 30: ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations during 2016/17.

NOTE 31: TRADING OPERATION

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

	2016/17 Gross Expenditure	2016/17 Gross Income	2016/17 Net Expenditure	2015/16 Net Expenditure
	£'000	£'000	£'000	£'000
Trade Refuse	941	(1,190)	(249)	(387)
	941	(1,190)	(249)	(387)

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

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

NOTE 32: AGENCY SERVICES

Worthing Borough Council entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2016/17 income collected was £1.908m (£1.918m 2015/16) and expenditure was £1.182m (£1.223m 2015/16). The surplus of £726,481 (£694,092 2015/16) is paid to West Sussex County Council.

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

NOTE 33: ROAD CHARGING

This note is not applicable to Worthing Borough Council.

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Since July 2007, Adur District Council and Worthing Borough Council have been working in partnership. During 2016/17 the services that have been provided jointly are Customer Services and Waste Management, Community Safety and Housing Strategy, Planning, Regeneration and Wellbeing, Legal and Democratic Services, Financial Services, Corporate Strategy and a single senior officer structure. The Joint Strategic Committee Balance Sheet is consolidated into the Council's Balance Sheet.

	Gross Expenditure 2016/17	Gross Income 2016/17	Net Expenditure 2016/17
	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES			
Net Cost of General Fund Services	18,776	(5,020)	13,756
Holding Accounts	9,040	(304)	8,736
NET COST OF SERVICES	27,816	(5,324)	22,492
Other operating expenditure			-
Financing and investment income and expenditure			209
Taxation & non-specific grant income			-
Funded by:			
Adur District Council			(8,670)
Worthing Borough Council			(13,125)
(Surplus) or Deficit on Provision of Services			906
Remeasurments of the net defined pension benefit liability			(2,929)
Other Comprehensive Income & Expenditure			(2,929)
Total Comprehensive Income and Expenditure			(2,023)

Census ICT

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

NOTES TO THE ACCOUNTS

NOTE 34: JOINT BUDGETS

Census ICT

Census ICT	Mid Sussex District Council	Horsham District Council	Adur District Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	£'000	£'000
Net Operating Expenditure for CenSus ICT Services incurred by each Council	91	2,218	19	-	2,328
Proportional Share of Costs	727	610	396	595	2,328

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

Census Balance Sheet as at 31st March 2017				
	Revenues and Benefits	ICT	2016/17	2015/16
	£	£	£	£
Current Assets				
Debtors	475	-	475	546
Payment in Advance	21	382	403	424
Total Assets	496	382	878	970
Current Liabilities				
Creditors	(101)	(12)	(113)	(128)
Receipts in Advance	-	-	-	(16)
Notional Cash	(395)	(370)	(765)	(826)
Total Liabilities	(496)	(382)	(878)	(970)
Net Assets	-	-	-	-
Funded by:				
Useable reserves	-	-	-	-
Total Reserves	-	-	-	-

NOTES TO THE ACCOUNTS

NOTE 35: MEMBERS' ALLOWANCES

Total allowances paid to Members were as follows:

2016/17	2015/16
£ 258,607	£ 244,054

NOTE 36: OFFICERS' REMUNERATION

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

Remuneration Band	2016/17 Number of employees	2015/16 Number of employees
£50,000 to £54,999	-	1
£55,000 to £59,999	-	-
£60,000 to £64,999	-	-
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £80,000	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	1
£90,000 to £94,999*	-	-
	-	2

* This include redundancy, efficiency of service and settlement payments relating to 2015/16. Please see the exit packages table at the end of this note and Note 46 termination benefits for a breakdown of these payments.

NOTES TO THE ACCOUNTS

NOTE 36: OFFICERS' REMUNERATION

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

Remuneration Bands	Number of Employees	
	2016/17	2015/16
£50,000 to £54,999*	13	8
£55,000 to £59,999*	4	5
£60,000 to £64,999*	4	5
£65,000 to £69,999	4	6
£70,000 to £74,999	4	4
£75,000 to £79,999	-	-
£80,000 to £84,999	1	-
£85,000 to £89,999	-	1
£90,000 to £94,999	1	-
£95,000 to £99,999	2	3
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-
£110,000 to £114,999	-	-
£115,000 to £119,999	1	1
£120,000 to £124,999	-	-
£125,000 to £129,999	-	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	-	-
£145,000 to £149,999	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
	34	33

* These include redundancy, efficiency of service and settlement payments relating to 2016/17 & 2015/16. Please see the exit packages table at the end of this note and Note 46 termination benefits for a breakdown of these payments.

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

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

Note 1: There were no staff whose salary was more than £150,000 in 2016/17 and in 2015/16.

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

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

There were no bonuses paid to these staff in either 2016/17 or 2015/16.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Chief Executive								
2016/17	116,150	-	-	116,150	20,462	136,612	68,306	68,306
2015/16	115,473	-	-	115,473	22,655	138,128	69,064	69,064
Director for Customer Services								
2016/17	98,848	-	-	98,848	19,815	118,663	71,198	47,465
2015/16	97,319	-	-	97,319	19,089	116,408	69,845	46,563
Director for Communities								
2016/17	40,065	-	-	40,065	7,293	47,358	25,336	22,022
start date 25/10/2016								
2016/17	20,694	-	25,000	45,694	2,057	47,751	25,547	22,204
end date 25/10/2016								
2015/16	93,729	-	-	93,729	18,486	112,215	56,108	56,107
Director for Digital & Resources								
2016/17	95,726	-	-	95,726	19,427	115,153	68,355	46,798
2015/16	93,840	-	-	93,840	18,486	112,326	67,396	44,930
Director for the Economy								
2016/17	93,849	-	-	93,849	14,629	108,478	74,850	33,628
2015/16	73,738	-	-	73,738	14,526	88,264	63,550	24,714

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Growth								
2016/17	72,948	-	-	72,948	15,053	88,001	44,881	43,120
2015/16	71,640	-	-	71,640	14,100	85,740	52,301	33,439
Head of Wellbeing								
2016/17	80,899	-	-	80,899	16,844	97,743	67,443	30,300
2015/16	69,401	-	-	69,401	13,769	83,170	49,902	33,268
Head of Finance								
2016/17	71,575	-	-	71,575	13,879	85,454	46,316	39,138
2015/16	71,575	-	-	71,575	14,100	85,675	51,405	34,270
Head of Business and Technical Services								
2016/17	66,304	-	-	66,304	13,879	80,183	48,110	32,073
2015/16	64,790	-	-	64,790	12,624	77,414	46,448	30,966
Head of Legal								
2016/17	66,304	-	-	66,304	13,648	79,952	42,838	37,114
2015/16	65,323	-	-	65,323	13,012	78,335	38,917	39,418
Head of Environment								
2016/17	71,911	-	-	71,911	14,816	86,727	58,107	28,620
2015/16	69,239	-	-	69,239	13,396	82,635	49,581	33,054

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Head of Digital & Design								
2016/17 see note*	-	-	-	-	-	-	-	-
2016/17 end date 04/11/2016	44,624			44,624	6,185	50,809	31,756	19,053
2015/16 start date 24/08/2015	66,233	-	-	66,233	8,102	74,335	44,601	29,734
Head of Housing								
2016/17 start date 22/02/2017	7,362	-	-	7,362	1,524	8,886	1,333	7,553
2016/17 end date 07/10/2016	39,274	-	20,000	59,274	1,872	61,146	9,172	51,974
2015/16	69,458	-	-	69,458	13,683	83,141	-	83,141
Head of Culture:								
2016/17	72,721	-	-	72,721	14,816	87,537	87,537	-
2015/16	70,328	-	-	70,328	13,855	84,183	75,765	8,418
Head of Waste Management & Cleansing Services:								
2016/17	60,997			60,997	12,626	73,623	44,100	29,523
2015/16	59,782	-	-	59,782	11,771	71,553	43,146	28,407

* There are no direct payroll costs after 4/11/2016 as these duties are currently fulfilled via the CenSus joint ICT service which is a collaborative service provided by Adur District Council, Horsham District Council, Mid Sussex District Council and Worthing Borough Council.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000, but more than £50,000 per year - See Note 2 above								
Postholder	Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contribution - Employer Only	Total Remuneration including Pension Contributions	Net Cost borne by Worthing B.C. and paid to Adur D.C.	Net Cost borne by Adur D.C. Employing Authority
Strategic Head of Human Resources & Organisat-ional Development:								
2016/17	-	-	-	-	-	-	-	-
see note**								
2015/16	12,724	-	38,106	50,830	640	51,470	30,882	20,588
Head of Customer Contact & Engagement:								
2016/17	62,772			62,772	12,626	75,398	41,469	33,929
2015/16	-	-	-	-	-	-	-	-
Head of Communi-cations:								
2016/17	50,953			50,953	-	50,953	25,476	25,477
2015/16	-	-	-	-	-	-	-	-
Head of Place & Investment:								
2016/17	65,529			65,529	12,994	78,523	47,114	31,409
2015/16	-	-	-	-	-	-	-	-
Executive Head for Technical Services:								
2016/17	-	-	-	-	-	-	-	-
2015/16	-	-	56,000	56,000	-	56,000	33,600	22,400
* There are no direct payroll costs after 4/11/16 as duties are currently fulfilled through joint working with other local authorities via the Census Partnership.								
** The direct payroll costs have been replaced with a contribution to another Council who provides strategic HR services to the Council.								

NOTES TO THE ACCOUNTS

NOTE 36 OFFICERS' REMUNERATION

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

{a}	{b}		{c}		{d}		{e}	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
							£	£
£0 £20,000	2	2	23	18	25	20	234,598	161,003
£20,000 £40,000	2	-	9	2	11	2	307,494	50,705
£40,000 £60,000	-	-	2	-	2	-	90,462	-
£60,000 £80,000	-	-	-	-	-	-	-	-
£80,000 £100,000	-	-	-	-	-	-	-	-
£100,000 £150,000	-	-	-	-	-	-	-	-
Total cost included in bandings	4	2	34	20	38	22	632,554	211,708
Add: Amounts provided for in CIES not included	-	-	-	-	-	-	-	-
Total cost included in CIES	4	2	34	20	38	22	632,554	211,708
<p>* These redundancy costs are shared between Worthing and Adur Council's in proportion to the service allocation. The total cost of £211,708 in the table above includes £159,111 for exit packages that have been charged to Worthing's Comprehensive Income and Expenditure Statement in the current year.</p>								

NOTE 37: EXTERNAL AUDIT COSTS

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

	2016/17	2015/16
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	47	58
Fees payable to external auditors for the certification of grant claims and returns for the year	7	9
Proportionate share of Adur and Worthing Joint Committee fees		
	54	67

NOTES TO THE ACCOUNTS

NOTE 38: SCHOOLS

This note is not applicable to Worthing Borough Council.

NOTE 39: GRANT INCOME

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

	2016/17	2015/16
	£'000s	£'000s
Credited to Taxation and Non specific Grant Income		
Non Domestic Rates	-	-
Revenue Support	1,193	2,042
Council Tax Freeze Grant	-	91
Council Tax Transission	100	24
New Homes Bonus Scheme	1,605	1,089
Section 31 Grant	400	777
Council Tax Discount for Family	1	-
New Burdens Grant	8	98
	3,307	4,121
Credited to Services - Capital Grants		
S106 Developer Contributions: Open Spaces	338	437
S106 Developer Contributions: Transport	36	111
S106 Developer Contributions: Affordable Housing	272	480
S106 Developer Contributions: Miscellaneous	38	207
S106 receipts returned to WSCC	-	(1)
DCLG - Coastal Communities	-	37
Community Infrastructure Levy	6	-
Community Infrastructure Levy - Local Ward	1	-
	691	1,271
Donated Assets		
Museum - donated assets	-	3
	-	3
Capital Grants & Donations - Specific		
DEFRA/Environment Agency - Coast Protection	62	16
CLG Pocket Parks	-	10
Scope Dome Toilets	-	10
Local Enterprise Partnership	3,352	-
Southdown Leisure Trust	82	-
DCLG Better Care Fund - Disabled Facilities Grant	987	550
	4,483	586

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

	2016/17	2015/16
Grants recognised in Joint Committee	836	586
Cabinet Office - IER s31 grant	22	38
WSCC - Local Assistance Network Grant	-	18
DCLG-Strengthening Accom.Based Domestic Abuse Svce	-	31
DCLG - Right to Move grant	-	3
DCLG - Smoke and CO2 Alarms	-	1
DCLG - Lettings Agents Redress Scheme	1	1
DCLG - Transformation Challenge Award	-	100
DCLG - 2017 NDR Revaluation Flyer Grant	2	-
DCLG - Self & Custom Build	15	-
DCLG - Transparency Grant	8	-
DCLG - New Burdens, Brownfield	14	-
DWP - New Burdens, Benefits Cap	20	-
DWP - New Burdens, Revenues & Benefits	2	-
DWP - New Burdens, Claims	11	-
DWP - HCQ Universal Credit	2	-
DWP - Pension Credit Assessed Income Period Changes	1	-
DWP - New Burdens, Work Related Activity Component	2	-
DWP - RTI New Burdens Bulk matching	8	7
DWP - RTI New Burdens Rent Allowances	9	-
DWP - Local Authority Data sharing programme	15	1
DWP - Single Fraud initiative service	2	3
DWP - Fraud & Error Reduction Incentive Scheme	21	-
DWP - Local Authority IT payment	-	6
DWP - Implementing welfare reform	19	13
DWP - Migrant access to benefits	-	1
Eastbourne Borough Council - Rough Sleepers Grant	-	10
Greater Brighton One Public Estate	26	-
Local Government Association - Going Local	-	8
WSCC - Local Vision	2	-
Coastal Clinical Commissioning Group - Local Vision	2	-
Leadership Centre - Local Vision	8	-
Heritage Lottery Fund - Costume Trail	60	-
Heritage Lottery Fund - Highdown Signage	-	9
Highdown Donations	7	5
Arts Council & Heritage Lottery - Arts Funding	3	-
Burton Properties - Bluebell Way Public Art	-	9
DCLG - Coastal West Sussex	-	5
CR & C I LTD - Interns Grant	-	10
DCLG - Commit to Culture	59	11
	1,177	876
TOTAL	9,658	6,857

NOTES TO THE ACCOUNTS

NOTE 39: GRANT INCOME

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that might require the monies or property to be returned to the giver. The balances at the end of the year were as follows:

	2016/17	2015/16
	£'000s	£'000s
Revenue Grants Receipts in Advance		
Grants recognised in Joint Committee	353	406
DCLG - Commit to Culture	86	85
Seaeconomics	-	7
DCLG - Coastal West Sussex Revival Funds	5	5
DCLG - Coastal Communities Team	10	-
DCLG - Making Every Adult Matter S31 grant	70	-
WSCC Local Enterprise Apprenticeship Platform funding	71	-
Arts Council & Heritage Lottery - Arts funding	3	-
Heritage Lottery Fund - Costume Trail	8	-
South East Museums Deveopment	-	31
Theatre Interns	-	15
Leadership Centre - Local Vision	2	-
Bluebell Way Public Art	-	1
Museum Donations	1	-
Greater Brighton One Public Estate	28	-
TOTAL	637	550

NOTE 40: RELATED PARTIES

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grant receipts outstanding at 31st March 2017 are shown in Note 39.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 35. Details of all members' transactions are recorded in the Register of Members' Interest, open to public inspection on the Council's website.

During 2016/17, Worthing Borough Council agreed a loan of £10m to Worthing Homes Limited for the purpose of building social housing in the borough in which 1 Worthing member had an interest. This member was a paid director of Worthing Homes Limited, but did not personally benefit from the loan.

NOTES TO THE ACCOUNTS

NOTE 40: RELATED PARTIES

Officers

There were no related party transactions declared by officers in 2016/17.

Other Public Bodies

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

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

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

Entities Controlled or Significantly Influenced by the Authority

The Council has a 20 year agreement with South Downs Leisure Trust to manage two leisure centres as one community swimming pool.

Payment of £83,935 was received from South Downs Leisure Trust in 2016/17.

NOTE 41: CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2016/17	2015/16
	£'000	£'000
Opening Capital Financing Requirement	23,361	23,586
Capital Investment		
Property, Plant and Equipment	4,815	1,531
Investment Properties	-	
Intangible Assets	37	21
Revenue Expenditure Funded from Capital Under Statute	785	820
Sources of Finance		
Capital receipts	(1,123)	(590)
Government grants and other contributions	(4,329)	(864)
Sums set aside from revenue:		
Direct revenue contributions	(117)	(138)
MRP/loans fund principal	(977)	(931)
Revenue funding	(68)	(74)
Closing Capital Financing Requirement	22,384	23,361
Explanation of movements in year		
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(977)	(225)
Increase/(decrease) in Capital Financing Requirement	(977)	(225)

NOTES TO THE ACCOUNTS

NOTE 42: LEASES

Operating Leases - Lessee

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

	31-Mar-17	31-Mar-16
	£'000	£'000
Not later than one year	60	16
Later than one year and not later than five years	5	133
Later than five years	-	-
	65	149

Operating Leases – Lessor

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

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

Future minimum lease payments are calculated using current payment contract information. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31-Mar-17	31-Mar-16
	£'000	£'000
Not later than one year	932	867
Later than one year and not later than five years	2,270	2,215
Later than five years	27,603	27,952
	30,805	31,034

NOTE 43: PFI AND SIMILAR CONTRACTS

This is not applicable for Worthing Borough Council.

NOTE 44: IMPAIRMENT LOSSES

There were no impairment losses in 2016/17.

NOTES TO THE ACCOUNTS

NOTE 45: CAPITALISATION OF BORROWING COSTS

This note is not applicable to Worthing Borough Council.

NOTE 46: TERMINATION BENEFITS

	Worthing
	£
Redundancy costs	159,111
Enhanced Pension Benefits	87,622
Total termination benefit 2016/17	246,733
Termination benefits 2015/16	492,444

A total £159,111 is payable in the form of compensation for loss of office for staff working for the Joint Strategic Committee and £87,622 is the 2016/17 working cost of enhanced pension benefits which normally spread over 3 years. This cost also relates to enhanced pensions from previous year terminations.

NOTE 47: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities	31-Mar-17	31-Mar-16
	£'000s	£'000s
See Note No.		
Commuted Sums	(180)	(159)
Pension Reserve Liability 48	(39,979)	(36,361)
TOTAL	(40,159)	(36,520)

NOTE 48: DEFINED BENEFIT PENSION PLAN

Participation in Pension Plans

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

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

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

	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Joint Comm'tee 2016/17	Worthing 2016/17	Total 2016/17	2015/16
	£'000s	£'000s	£'000s	£'000s
Cost of services				
Current service cost	(2,177)	(467)	(2,644)	(3,081)
Past service cost	-	(17)	(17)	(23)
(gain)/loss from settlements	-	-	-	542
Financing & Investment Income &				
Net Interest cost	(125)	(1,089)	(1,214)	(1,440)
Total post employment benefit charged to the surplus or deficit on the provision of services	(2,302)	(1,573)	(3,875)	(4,002)
Other post employment benefit charged to the CI&E Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding the amount included in the net interest expense)	9,254	8,195	17,449	(966)
Actuarial gains and losses arising on changes in demographic assumptions	1,030	2,814	3,844	
Actuarial gains and losses arising on changes in financial assumptions	(11,490)	(11,982)	(23,472)	9,520
Other (if applicable)	2,964	(4,872)	(1,908)	1,783
Total remeasurements recognised in other comprehensive income	1,758	(5,845)	(4,087)	10,337
Total post-employment benefits charged to the CI&E statement	(544)	(7,418)	(7,962)	6,335

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Transactions Relating to Post-employment Benefits

Movement in Reserves Statement	Joint Comm'tee 2016/17	Worthing 2016/17	Total 2016/17	Restated 2015/16
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	(2,302)	(1,573)	(3,875)	(4,002)
Actual amounts charged against the General Fund balance for pensions in the year:				
Employer's contributions payable to the scheme	1,793	2,311	4,104	4,016
Retirement benefits payable to pensioners	-	240	240	279

Pension Assets and Liabilities

Pensions Assest and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme					
	2016/17			2015/16		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(91,113)	(58,410)	(149,523)	(78,374)	(47,021)	(125,395)
Fair value of plan assets	53,172	56,372	109,544	45,300	43,734	89,034
Net liability arising from defined benefit obligation	(37,941)	(2,038)	(39,979)	(33,074)	(3,287)	(36,361)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Pension Assets and Liabilities

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme					
	2016/17			2015/16		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	45,300	43,734	89,034	48,977	41,096	90,073
Interest income	1,508	-	1,508	1,406	-	1,406
Remeasurement gain / (loss):						-
The return on plan assets, excluding the amount included in the net interest expense	8,195	9,253	17,448	(461)	(505)	(966)
Other	-	1,605	1,605	-	1,385	1,385
Contributions from employer	2,551	1,793	4,344	2,617	1,678	4,295
Contributions from employees	116	589	705	130	571	701
Benefits paid	(4,498)	(602)	(5,100)	(4,231)	(491)	(4,722)
Effect of Settlements	-	-	-	(3,138)	-	(3,138)
Closing fair value of scheme assets	53,172	56,372	109,544	45,300	43,734	89,034

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Pension Assets and Liabilities

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities: LGPS					
	2016/17			2015/16		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 1 April	(78,374)	(47,020)	(125,394)	(87,866)	(49,198)	(137,064)
Current service cost	(467)	(2,177)	(2,644)	(577)	(2,504)	(3,081)
Interest cost	(2,597)	(1,730)	(4,327)	(2,565)	(1,666)	(4,231)
Contributions from scheme members	(116)	(589)	(705)	(130)	(571)	(701)
Remeasurement (gains) and losses:						
Actuarial gains / losses arising from changes in demographic assumptions	2,814	1,030	3,844	-	-	-
Actuarial gains / losses arising from changes in financial assumptions	(11,982)	(11,490)	(23,472)	3,074	6,447	9,521
Other experience	(4,872)	2,964	(1,908)	1,780	3	1,783
Past service cost	(17)	-	(17)	(1)	(22)	(23)
Losses/(Gains) on curtailment	-	-	-	-	-	-
Liabilities assumed on a entity combinations	-	-	-	-	-	-
Benefits paid	4,498	602	5,100	4,231	491	4,722
Liabilities extinguished on	-	-	-	3,680	-	3,680
Closing balance at 31 March	(91,113)	(58,410)	(149,523)	(78,374)	(47,020)	(125,394)

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLAN

Local Government Pension Scheme Assets Comprised:

The scheme assets listed below are valued at bid value.

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair value of scheme assets					
	2016/17			2015/16		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,368.4	1,450.8	2,819.2	933.9	901.6	1,835.5
Equity instruments:						
Consumer	7,564.4	8,019.7	15,584.1	7,399.9	7,144.3	14,544.2
Manufacturing	4,859.9	5,152.4	10,012.3	1,548.4	1,494.8	3,043.2
Energy and Utilities	2,567.9	2,722.4	5,290.3	1,566.9	1,512.7	3,079.6
Financial Institutions	8,660.5	9,181.7	17,842.2	7,338.2	7,084.6	14,422.8
Health and Care	3,684.2	3,905.9	7,590.1	2,924.1	2,823.0	5,747.1
Information Technology	7,266.1	7,703.5	14,969.6	5,852.2	5,649.9	11,502.1
Other	2,449.8	2,597.2	5,047.0	3,965.2	3,828.1	7,793.3
Sub-total equity	37,052.8	39,282.8	76,335.6	30,594.9	29,537.4	60,132.3
Debt Securities:						
UK Government	985.9	1,045.3	2,031.2	788.7	761.4	1,550.1
Bonds	6,662.6	7,063.6	13,726.2	6,365.4	6,145.3	12,510.7
Equities	-	-	-	-	-	-
Property:						
UK Property	4,193.2	4,445.6	8,638.8	4,087.5	3,946.2	8,033.7
Overseas Property	-	-	-	5.0	4.8	9.8
Sub-total property	4,193.2	4,445.6	8,638.8	4,092.5	3,951.0	8,043.5
Private equity	2,285.8	2,423.4	4,709.2	2,177.2	2,101.9	4,279.1
Other investment funds	623.3	660.8	1,284.1	347.4	335.4	682.8
Derivatives	-	-	-	-	-	-
Total assets	53,172.0	56,372.3	109,544.3	45,300.0	43,734.0	89,034.0

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March, 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2016/17	2015/16
Mortality assumptions:		
<i>Longevity at 65 for current pensioners</i>		
Male	23.6	24.4
Female	25.0	25.8
<i>Longevity at 65 for future pensioners</i>		
Male	26.0	26.9
Female	27.8	28.5
Rate of increase in salaries	3.1%	3.6%
Rate of increase in pensions	2.4%	2.1%
Rate for discounting scheme liabilities	2.5%	3.4%

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

Change in assumptions at 31 March 2017	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	7%	5,954
0.5% increase in Salary Increase Rate	0%	307
0.5% increase in the Pension Increase Rate	6%	5,600

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

NOTES TO THE ACCOUNTS

NOTE 48: DEFINED BENEFIT PENSION PLANS

Impact on the Council's Cash Flow:

The Council anticipates paying £2,239,000 contributions to the scheme in 2017/2018.

NOTE 49: CONTINGENT LIABILITIES

Pension Guarantees - The Council entered into a long term contract for the provision of Leisure Services with South Downs Leisure Trust. This involved the transfer of Council employees to this new service provider. Employees rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulation 2006 (TUPE). However pension rights are not fully covered within TUPE regulations. The Council has provided a guarantee that in the event the Leisure Trust ceases trading, the Council will meet pension obligations with respect to employees within the West Sussex Pension Scheme.

NHS Trust Business Rates Claims - NHS Trusts are currently in a legal dispute with the Council regarding mandatory charitable relief on business rates. Previously NHS Trusts were taxed as public sector funded organisations, rather than charities, because they have boards of directors, rather than trustees. NHS Trusts have applied for mandatory charitable relief, which means that they would be eligible for an 80% discount, backdated for six years. This is the subject of a legal dispute.

NOTE 50: CONTINGENT ASSETS

There are no contingent assets for 2016/17.

NOTE 51: HERITAGE ASSETS: SUMMARY OF TRANSACTIONS

The Authority has not acquired, had donated or disposed of any significant heritage assets in the last 3 years and it is not practicable to provide information prior to this date.

NOTE 52: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

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

Highdown Gardens

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

NOTES TO THE ACCOUNTS

NOTE 52: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

War Memorial Monument

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

Pigeon Memorial

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

The Miller's Tomb

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

Amelia Park Gateway

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

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

Art and Sculpture

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

Costume and Jewellery

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

Toys

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

NOTES TO THE ACCOUNTS

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

Social History

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

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

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

Archaeology and Geology

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

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

Heritage Assets of Particular Importance

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

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

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

Preservation and Management

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

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

NOTES TO THE ACCOUNTS

NOTE 54: TRUST FUNDS

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

	2016/17 Capital Value of Fund	2015/16 Capital Value of Fund
	£'000	£'000
Highdown Tower Gardens Income used to make improvements to the garden	34	34
Dr Chester's Charity Aid to people in poverty	21	21
TOTAL	55	55

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

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

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

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

Collection Fund - Business Rates and Council Tax						
	2016/17			2015/16		
	Business Rates	Council Tax	TOTAL	Business Rates	Council Tax	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME (A)						
Council Tax Receivable	32,553	59,500	92,053	-	56,483	56,483
Business Rates Receivable	-	-	-	31,329	-	31,329
Transitional; Protection Payments Receivable	48	-	48	118	-	118
	32,601	59,500	92,101	31,447	56,483	87,930
Contribution Towards Previous Year Deficit						
Central Government	218	-	218	247	-	247
Worthing Borough Council	175	-	175	198	2	200
West Sussex County Council	44	-	44	50	10	60
Sussex Police and Crime Commissioner	-	-	-	-	1	1
	437	-	437	495	13	508
TOTAL INCOME (C) = (A+B)	33,038	59,500	92,538	31,942	56,496	88,438
EXPENDITURE (D)						
Payment From Previous Year Surplus						
Central Government	-	-	-	-	-	-
Worthing Borough Council	-	49	49	-	-	-
West Sussex County Council	-	261	261	-	-	-
Sussex Police and Crime Commissioner	-	32	32	-	-	-
	-	342	342	-	-	-
Precepts, Demands and Shares (E)						
Central Government	16,251	-	16,251	15,498	-	15,498
Worthing Borough Council	13,000	8,228	21,228	12,399	7,898	20,297
West Sussex County Council	3,250	45,127	48,377	3,100	42,487	45,587
Sussex Police and Crime Commissioner	-	5,563	5,563	-	5,262	5,262
	32,501	58,918	91,419	30,997	55,647	86,644
Charges to Collection Fund (F)						
Less: write offs of uncollectable amounts	166	25	191	25	55	80
Less: Incr. / Decr. (-) in Bad Debt Provision	164	179	343	266	231	497
Less: Incr. / Decr. (-) in Provision for Appeals	(358)	-	(358)	(103)	-	(103)
Less: Cost of Collection	131	-	131	132	-	132
	103	204	307	320	286	606
TOTAL EXPENDITURE (G) = (D+E+F)	32,604	59,464	92,068	31,317	55,933	87,250
Surpl. / Def. (-) arising during the yr (C-G)	434	36	470	625	563	1,188
Surplus / Deficit (-) b/fwd. 1st April	(472)	349	(123)	(1,097)	(214)	(1,311)
Surplus / Deficit (-) c/fwd. 31st March	(38)	385	347	(472)	349	(123)

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

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

	No. of Chargeable Dwellings	Less Discounts	Add New Homes Forecast	Net Dwellings	Ratio to Band D	No. of Band D Equivalents
Band A-	6.00	3.20	0.00	2.80	5/9ths	1.6
Band A	7,483.00	2,735.40	20.00	4,767.60	6/9ths	3,178.4
Band B	10,897.00	2,797.80	51.50	8,150.70	7/9ths	6,339.4
Band C	12,650.00	2,294.25	207.50	10,563.25	8/9ths	9,389.7
Band D	9,023.00	1,085.80	59.50	7,996.70	9/9ths	7,996.7
Band E	5,231.00	416.85	2.00	4,816.15	11/9ths	5,886.4
Band F	2,315.00	140.10	0.50	2,175.40	13/9ths	3,142.2
Band G	865.00	53.20	0.50	812.30	15/9ths	1,353.8
Band H	7.00	1.50	0.00	5.50	18/9ths	11.0
	48,477.00	9,528.10	341.50	39,290.40		37,299.2
Add : New Homes						301.1
Less : allowance for loss on collection and void properties						-240.0
						37,360.3

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

	Demand or Precept £	Council Tax Base	Band D Council Tax £
West Sussex County Council	45,127,133	÷ 37,360.3	= 1,207.89
Sussex Police & Crime Commissioner	5,563,322	÷ 37,360.3	= 148.91
Worthing Borough Council	8,227,860	÷ 37,360.3	= 220.23

NOTE 2: NON-DOMESTIC RATES (NDR)

From 1st April 2015, the authority participated in the West Sussex County Council Business Rates Pool. The pool consists of Worthing Borough Council, Adur District Council, Arun District Council, Chichester District Council and West Sussex County Council. The levy for 2016/17 is paid into the West Sussex County Council Pool and together the members share the levy and it is redistributed. Without the Pool, the levy would be paid to DCLG and not retained in the area to the benefit of local residents.

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 2: NON-DOMESTIC RATES (NDR)

The total amount contributed to the Pool in 2016/17 is £2.7m. The amount this authority paid into the Pool was £375k. The funds generated by the Pool are used to fund projects which promote economic regeneration projects, contributions to the LEPS (Local Economic Partnership) and other invest to save initiatives. The contribution is shown within the Comprehensive Income and Expenditure Statement..

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole which was 48.4p in 2016/17 (48.0p in 2015/16). The overall rateable value for Worthing Borough Council as at 31st March 2017 was £78/01m (£77.65m as at 31st March 2016).

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £1,872k and £1,294k for bad and doubtful debts for Council Tax and National Non Domestic Rates has been provided for in 2016/17 in line with Worthing Borough Council's accounting policy for maintaining the provision.

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

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

	West Sussex County Council Closing Balance	Sussex Police and Crime Commissioner Closing Balance	Preceptors Total	Worthing Closing Balance	TOTAL
	£	£	£	£	£
Demand on Collection Fund 2017/18	47,498,091	5,822,292		8,497,970	61,818,353
Applicable proportions based on 2017/18 demand	76.83%	9.42%		13.75%	100.00%
(This %age used to allocate (surplus)/deficit for 2016/17)					
Council Tax arrears as at 31/03/17	2,928,068.98	358,906.16	3,286,975.14	523,877.98	3,810,853.12
Provision for bad debts as at 31/03/17	(1,438,378.86)	(176,308.35)	(1,614,687.21)	(257,348.79)	(1,872,036.00)
Receipt in advance as at 31/03/17	(747,541.07)	(91,629.36)	(839,170.43)	(133,746.95)	(972,917.38)
(Surplus)/Deficit as at 31/03/16	(268,995.13)	(33,160.36)	(302,155.49)	(49,045.17)	(351,200.66)
In year (Surplus)/Deficit for 2016/17	(28,107.77)	(3,256.83)	(31,364.60)	(4,111.25)	(35,475.85)
Balance as on 31st March, 2017	445,046.15	54,551.26	499,597.41	79,625.82	579,223.23

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	West Sussex County Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	
Business Rates Arrears	327,247.76	65,449.15	261,798.24	654,495.15
Provision for Bad Debts	(647,127.00)	(129,425.40)	(517,701.60)	(1,294,254.00)
Provision for Appeals	(1,796,387.27)	(359,277.46)	(1,437,109.80)	(3,592,774.53)
RV List Amendments	663,569.72	132,713.94	530,855.77	1,327,139.43
Receipt in Advance	(309,142.18)	(61,828.45)	(247,313.75)	(618,284.38)
(Surplus)/Deficit	18,700.53	3,740.21	14,960.41	37,401.15
Balance as at 31st March 2017	(1,743,138.44)	(348,628.01)	(1,394,510.73)	(3,486,277.18)

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 (the Framework). The Framework expects that local authorities will put in place proper arrangements for the governance of their affairs and which facilitate the effective exercise of functions and ensures that the responsibilities set out above are met.

At least once a year, Local Authorities are statutorily required to review their governance arrangements. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils this requirement.

A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Worthing Borough Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at the Council for the financial year ended 31st March 2017 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

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

WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

THE GOVERNANCE FRAMEWORK

Key elements of the Council's Governance Framework

Council, Executive and Leader

- Provides leadership and develops the Council's vision of its purpose and intended outcome for residents and service users.
- Develops the vision into objectives for the Council and its partnerships

Decision making

- All decisions are made in the open
- Decisions are recorded on the Council website
- The scheme of delegations which details the decision making arrangements is regularly updated
- The monitoring Officer ensures that all decisions made comply with relevant laws and regulations

Risk Management

- Risk registers identify both operational and strategic risks
- Key risks and opportunities are considered by the Corporate Leadership Team every quarter
- Risks and opportunities are reported to the Joint Governance Committee every quarter and inform the work of the internal audit team

Scrutiny and Review

- The Joint overview and Scrutiny Committee reviews Council policy and can challenge the decisions made.
- The Joint Governance Committee undertakes all of the core functions of an audit committee.
- The Joint Governance Committee is responsible for review and approving the Council's Governance arrangements and undertakes the role of a Standards Committee ensuring that members comply with the Code of Conduct

Corporate Leadership Team

- The Council's Corporate Leadership Team comprises of the Chief Executive and four Directors who are responsible for the delivery of the Council's aims and objectives
- The head of paid service is the Chief Executive who is responsible for all Council Staff and leading an effective Corporate Leadership Team.
- CLT seeks advice from the Council's Chief Financial Officer who is responsible for safeguarding the Council's financial position
- CLT seeks advice from the Monitoring Officer who is the Head of Legal Services. They are responsible for enduring legality and promoting high standards of public conduct.

The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the new Framework during 2016/17.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

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

WHAT WE NEED TO DO	HOW WE DO IT
<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<ul style="list-style-type: none"> • The Constitution • The Monitoring Officer • Section 151 Officer • Codes of conduct • Whistleblowing Policy • Bribery Act 2010 policy guidance • Anti-corporate fraud work • Procurement Strategy
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • Community and engagement policy • Consultations • Terms of reference for partnerships • Freedom of information requests • Complaints procedure
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<ul style="list-style-type: none"> • Organisational goals • Service planning • Performance Management • Community Strategy
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<ul style="list-style-type: none"> • Service planning • Performance Management • Options appraisals • Whole life costing
<p>Principle E Developing the Council's capability, including the capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> • Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management • HR Policies & procedures
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p>	<ul style="list-style-type: none"> • Effective member scrutiny function • Financial management and MTFP • Corporate risk register • Annual audit plan • Information Security policies • Compliance with the requirements of the Public Service Network (PSN)
<p>Principle G Implementing good practices in transparency reporting and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • Reports are held on the website • Annual audited financial statements are publically available • Annual Governance Statement • Effective Internal Audit Service

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

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

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

The Constitution

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

The Monitoring Officer

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

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the Section 151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council this is Sarah Gobey, who is also the Chief Financial Officer.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

Codes of Conduct

Codes of Conduct exist for both staff and members.

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

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

Whistleblowing

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

Anti-fraud, bribery and corruption

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

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

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

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff.

ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Transparency

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

All reports and details of decisions made can be found on the Council's website at <https://www.adur-worthing.gov.uk/meetings-and-decisions/>

Freedom of Information enquiries

The Freedom of Information Act 2000 (Fol) gives anyone the right to ask for any information held by a public authority, which includes this Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Engagement and communication

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

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

Consultations

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

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Complaints

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

Partnership working

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

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

Joint Corporate Priorities

The Councils have agreed three priorities for 2016/17 which set out its aspirations for the town.

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

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

The Council has received regular reports on the progress in delivering the outcomes set out within 'Surfs Up'

Community Strategy

The Waves Ahead Partnership is a strategic partnership for Adur and Worthing. The Partnership, non-statutory since 2010, is made up of key interested parties from the public and private sectors, community, voluntary and faith-based groups and local residents. The aim is to work more effectively through collaboration, adding value to local initiatives, projects and ideas.

Together, partners have produced a collective vision for future which is captured in the Waves Ahead Sustainable Community Strategy. The Strategy has four themes:

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C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

Community Strategy

- better health and wellbeing for all
- feeling safe and included
- strengthening the local economy and improving job prospects
- a better place to live, work and enjoy, with quality amenities.

This strategy can be found on the internet at <http://www.wavesahead.org.uk/>

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £1.9m by 2021/22 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

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

E. DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Recruitment and induction

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

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

E. DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Training and development

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

Performance development and review

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

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Effective scrutiny

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

Financial management

The Chief Financial Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The Section 151 Officer together with finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Financial management

Financial Regulations were last fully revised in 2013/14 by the Section 151 Officer so that the Council can meet all of its responsibilities under various laws and are annually reviewed. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The Section 151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Risk management

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

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Joint Governance Committee

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

Internal audit

The Head of Internal audit is a qualified accountant who has full access to senior management and the Joint Governance Committee (which fulfils the role of an audit committee). The audit team is properly resourced. The Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010).

The Head of internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards.

Annual accounts

The Council publishes full audited accounts each year which are published on the website at <https://www.adur-worthing.gov.uk/about-the-councils/finance/statement-of-accounts/> .

ANNUAL GOVERNANCE STATEMENT

REVIEW OF EFFECTIVENESS

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

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

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

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

SIGNIFICANT GOVERNANCE ISSUES

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

- i) Procurement and contract management procedures and processes:

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

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

- ii) Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. There is now a high level plan in place which considers major causes of failure. The disaster recovery plan is due to be tested in September 2017. If successful, this issue can be removed from future Annual Governance Statements.

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OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2015 review together with any issues which have been identified during the current review.

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

PROPOSED ACTION

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

Signed: _____

Councillor Daniel Humphreys
Leader of the Council
Worthing Borough Council



Dated: 26th September, 2017

Signed: _____

Alex Bailey
Chief Executive of
Adur & Worthing Councils



Dated: 26th September, 2017

GLOSSARY OF ACCOUNTING TERMS

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

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2016/17 which means the year commencing 1st April 2016 and ending 31st March 2017. The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.
ACTUARIAL GAINS AND LOSSES	Actuarial gains and losses which may result from: <ul style="list-style-type: none">(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and(b) the effects of changes in actuarial assumptions.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of fixed assets used in the provision of services. The charges themselves consist of depreciation, based upon the useful lives of depreciable assets.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	The proceeds from the sale of fixed assets.

GLOSSARY OF ACCOUNTING TERMS

CASH EQUIVALENTS	Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.
COMMUNITY ASSETS	Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
CURRENT SERVICE COST	Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
CURTAILMENT	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEFINED BENEFIT SCHEME	This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEPRECIATION	The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.

GLOSSARY OF ACCOUNTING TERMS

FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset from the provider (lessor) to the user (lessee). Although, strictly, the leased asset remains the property of the lessor, in substance the lessee may be considered to have acquired the asset and to have financed the acquisition by obtaining a loan from the lessor.
FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
IMPAIRMENT OF ASSETS	The objective is to ensure that assets are not carried in the Balance Sheet at more than their recoverable amount.
INFRASTRUCTURE ASSETS	Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.
INVESTMENTS	Current asset investments that are readily disposable by the Council without disrupting its business.
INVESTMENT PROPERTIES	Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
LIQUID RESOURCES	Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the Council.
NET BOOK VALUE	The amount at which fixed assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.

GLOSSARY OF ACCOUNTING TERMS

OPERATING LEASE	An operating lease is any lease which is not a finance lease. An operating lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets.
POST BALANCE SHEET EVENTS	Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
PROVISION	An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur, but uncertain as to the amounts involved or as to the dates on which they will arise.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in a previous year's statements have been changed due to a change in accounting policy.
PRUDENCE	The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.
PUBLIC WORKS LOAN BOARD (PWL B)	The Public Works Loan Board (PWL B) is a statutory body operating within the Debt management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of a Council.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

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