



ACCOUNTS, AUDIT & GOVERNANCE COMMITTEE

THURSDAY 29TH SEPTEMBER 2011 AT 3.00pm
COUNCIL CHAMBER, PARK NORTH, NORTH STREET, HORSHAM

Councillors: David Holmes (Chairman)
Gordon Lindsay (Vice-Chairman)
John Bailey Leonard Crosbie
Jonathan Chowen Jim Rae
Roy Cornell

Tom Crowley
Chief Executive

AGENDA

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1. Apologies for absence	
2. To approve as correct the minutes of the meeting of the Committee held on 28 th June 2011	1
3. To receive any declarations of interest from Members of the Committee	
4. To receive any announcements from the Chairman of the Committee or the Chief Executive	
5. Annual Governance Report 2010/11 - to be presented by the District Auditor – <i>please see separate appendix</i>	
6. Statement of Accounts 2010/11 <i>(Hard copies of the appendix to this report are available on request or it may be viewed online with the agenda at: http://www.horsham.gov.uk/council/3015.aspx)</i>	9
7. Letter of Representation	13
8. Treasury Management Activity and Prudential Indicators 2010/11 and part year 2011/12	15
9. Outturn 2010/11 – additional information	25



10.	Internal Audit – Quarterly Update Report	36
11.	Risk Management – quarterly update	42
12.	Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as urgent because of the special circumstances	

ACCOUNTS, AUDIT & GOVERNANCE COMMITTEE
28TH JUNE 2011

Present: Councillors: John Bailey, Roy Cornell, Leonard Crosbie, David Holmes, Gordon Lindsay, Jim Rae
Apologies: Councillor: Jonathan Chowen

Also present: Councillor Claire Vickers

AAG/1 **ELECTION OF CHAIRMAN**

RESOLVED

That Councillor David Holmes be elected Chairman of the Committee for the current Council year.

AAG/2 **APPOINTMENT OF VICE-CHAIRMAN**

RESOLVED

That Councillor Gordon Lindsay be appointed Vice-Chairman of the Committee for the current Council year.

AAG/3 **TIME OF MEETINGS**

RESOLVED

That meetings of the Committee be held at 5.30pm for the ensuing Council year.

AAG/4 **MINUTES**

The minutes of the meeting held on 30th March 2011 were approved as a correct record and signed by the Chairman.

AAG/5 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

AAG/6 **ANNOUNCEMENTS**

The Chairman requested that the possibility of changing the date of the next meeting from 28th September to 29th September 2011 be explored.

The Director of Corporate Resources reported that a letter of objection to the Annual Governance Statement had been received from a resident and advised the Committee why it was not appropriate for it to be considered. He would draft a reply for the Chairman of the Committee to send.

AAG/7 **OPINION AUDIT PLAN 2010/11**

The Chairman of the Committee welcomed Helen Thompson, District Auditor and Emma Bryant, Audit Manager to the meeting, to present the Audit Commission's Opinion Audit Plan for the audit of the 2010/11 financial statements. The Plan set out the audit work the District Auditor proposed to undertake for the audit of financial statements and the value for money conclusion 2010/11 and reflected audit work specified by the Audit Commission for 2010/11; current national risks relevant to local circumstances; and local risks.

In particular, it was noted that:

- Based on the work completed so far, the District Auditor considered the fee originally proposed remained appropriate, although this would be kept under review as the audit progressed. The position regarding proposed rebates was also noted.
- The District Auditor would review the Council's progress in introducing international financial reporting standards (IFRS) in 2010/11 and would undertake specific work to review the restated balances from 2009/10.
- As part of the post-statements work, the District Auditor would ensure that transactions relating to the CenSus Shared Services Partnership were materially correct and she would ensure that totals within the fixed asset register were properly derived and agreed with amounts in the ledger.
- The recommendations contained within the action plan were being addressed by the Director of Corporate Resources.

Helen Thompson also gave a further update on the future of local authority audit.

RESOLVED

That the Opinion Audit Plan 2010/11 be noted.

AAG/8 **OUTTURN 2010/11 – REVENUE, CAPITAL AND REPAIR & RENEWAL BUDGETS**

The Director of Corporate Resources reported on the 2010/11 outturn on revenue, capital and repairs and renewals funds, compared with the revised budget for the year. It was noted that, in general, expenditure had been kept within budget and an underspend had been achieved.

The underspend on revenue against the approved budget amounted to £2,423,000, and included budgets which were proposed for slippage and an exceptional item (a one-off VAT refund of £1,371,000). There had also

AAG/8 Outturn 2010/11 – Revenue, Capital and Repair & Renewal Budgets (cont.)

been a substantial underspend on the salaries budget, mainly due to the Corporate Management Team's management of vacant posts.

Members suggested that, where possible, likely year-end underspends should be reported at an early stage. The Director of Corporate Resources advised that it was not always possible to predict underspends due to the phasing of payments/projects and that, apart from the large items highlighted above, many of the underspends were the result of prudence on the part of spending officers.

Capital outturn for 2010/11 was £5,350,684 against a budget of £6,446,446, with the balance of £1,095,762 being slipped to the current year to fund schemes where expenditure had been delayed

Expenditure from the Repairs and Renewals Fund totalled £199,777 against a revised budget of £395,205. It was noted that the Budget Review Working Group would be examining expenditure on repairs and renewals.

It was noted that the number of applications for significant developments within Horsham District received in the last year had lead to income being higher than projected. Given that it was anticipated that planning activity would remain at a high level during the current and possibly future years it was recommended that the additional income received in this respect in 2010/11 should be transferred to a planning reserve. This would allow for the financing of additional staff resources that might be needed without impacting directly on the revenue budget.

Members welcomed the level of detail provided in the report and suggested that it could be further improved by providing details of both the original and revised budgets against which to compare the final outturn figure. Some concern was expressed regarding possible adverse effects in respect of loss of expertise and the impact on Council's services as a result of either not filling vacancies or holding posts vacant for a period of time.

Members requested that an updated outturn report, incorporating original budget figures and further information in respect of budgets carried forward and underspends on the Repairs and Renewals fund should be submitted to the next meeting of the Committee.

RESOLVED

- (i) That the report be noted and a further report be submitted to the next meeting, as outlined above.
- (ii) That the slippage approved by the Director of Corporate Resources be noted.

AAG/8 Outturn 2010/11 – Revenue, Capital and Repair & Renewal Budgets (cont.)

- (iii) That approval be given to the setting-up of a Development Management Reserve of £87,000.

REASON

There is a statutory requirement to report on the Council's financial position at the end of each year.

AAG/9 **ANNUAL GOVERNANCE STATEMENT**

The Director of Corporate Resources reported that the Accounts and Audit Regulations (2003) required the Council to review, at least once a year, the effectiveness of its governance arrangements and to publish an Annual Governance Statement. The draft Statement had been considered at the last meeting of the Committee and the comments made at that time had been incorporated into the final version (Minute No. AAG/35 (30.3.11) refers).

The review included information and assurance gathering processes to ensure that the published Annual Governance Statement was correct, as well as a review of the Council's Governance framework against the best practice framework devised by CIPFA/SOLACE.

The aim of the review process was to ensure that the Council had effective governance, risk management and internal control processes in place to assist with accountability and the delivery of objectives. Additionally, the review process identified any shortfalls in these arrangements to enable them to be addressed.

Members commented on the Annual Governance Statement with particular reference to the risk identified in the action plan for 2011/12 regarding major projects. Arising from this, an update was requested in respect of the action plan agreed by Council as part of the review of the Acorn Plus overspend.

RESOLVED

That the Annual Governance Statement for 2010/11 be approved.

REASON

There is a statutory duty for the Council to approve the Annual Governance Statement each year.

AAG/10 **INTERNAL AUDIT – QUARTERLY UPDATE REPORT**

The Chief Internal Auditor submitted a report summarising the work of the Internal Audit Section from March 2011 relating to the 2010/11 financial year.

A summary of audit findings in respect of creditors, risk management and Member allowances was submitted. Members expressed particular concern regarding the percentage of invoices paid without an official order having been raised. The Director of Corporate Resources assured Members that this was being addressed through the implementation of a new process for the electronic authorisation of orders and invoices. It was also noted that a formal report had been produced by the Chief Internal Auditor summarising the positive outcomes and control weaknesses identified during the audit review of the Acorn Plus Project. The report also contained a number of audit recommendations, all of which had been agreed with the Chief Executive and Director of Corporate Resources, which helped to define how the organisation could move forward, so that lessons learnt from the project were not repeated in the future.

It was noted that Internal Audit was continuing to support the joint Information Security Project, an initiative designed to ensure all Councils participating in the CenSus Partnership were implementing an acceptable level of control over information held.

RESOLVED

That the summary of audit work undertaken since March 2011 be noted.

REASON

- (i) To comply with the requirements set out in the CIPFA Code of Practice for Internal Audit.

AAG/11 **INTERNAL AUDIT ANNUAL REPORT 2010/11**

The Chief Internal Auditor advised that the annual report had been compiled to document and communicate an overall opinion based on the work undertaken by Internal Audit during 2010/11.

The internal audit team worked to a four-year strategic audit plan, prepared by the Chief Internal Auditor, and aimed to review the Council's entire major areas of operation and systems on a rolling cycle. The strategic plan had been developed using a risk-based assessment which determined priorities and time allocations for each audit. Areas and systems which were considered to be fundamental to the Council's operations, or which were considered to be high risk, were normally reviewed on an annual basis.

AAG/11 Internal Audit Annual Report 2010/11 (cont.)

During 2010/11, 85% of the planned work had been completed, including a review of all key financial systems. A summary of progress against the 28 discrete projects as at 31st March 2011 was submitted.

In September 2009, the Audit Commission auditors had concluded that Internal Audit was compliant with the CIPFA Code for Internal Auditing 2006 and, since this review, further process improvements had been implemented including the introduction of formal audit opinions and improved reporting standards.

The percentage of agreed action items implemented was one of the key measures used to demonstrate the effectiveness of the section, although the actual implementation of agreed actions was a management responsibility. From a review of 99 agreed actions due to be implemented during 2009/10, a total of 72 had now been implemented. In 2010/11, a total of 94 actions had been agreed and 77 had so far been followed up, of which 38 had been fully implemented. Outstanding actions continued to be pursued. Members requested that a further update be given at the next Committee meeting on the number of actions outstanding.

The Chief Internal Auditor was of the overall opinion that moderate assurance could be given that there was generally a sound system of internal control, designed to meet the Council's objectives, and that the controls were generally being applied consistently. Areas of particular comment included:

- Risk Management - During 2010/11, the Council had made further progress in embedding risk management. The majority of risk registers were formally reviewed on a quarterly basis, and the Council's revised Risk Management Strategy set out the actions needed to further embed risk management into the culture of the organisation.
- Governance - The Council was committed to the principles of good corporate governance, which were already demonstrated through many aspects of good practice. However, although some progress had been made in reviewing the Council's Constitution, further revisions were needed. In particular, the Constitution had now been amended to include a new provision providing that the Committee, or any Sub-committee, would be chaired by a minority group member who was neither chairman nor vice-chairman of the Scrutiny and Overview Committee.
- Internal Control - Internal controls were basically sound in most areas but there were a few significant weaknesses in respect of:
 - Information Security, where policies, data classification and business continuity needed to be addressed; and
 - Project Management, where there was a need to tighten up project management controls and to ensure that these were consistently applied across the organisation. An action plan was being developed to address this.

AAG/11 Internal Audit Annual Report 2010/11 (cont.)

Members expressed concern regarding the overall level of assurance which has been assessed as “Moderate”.

RESOLVED

That the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the Council's internal control environment, governance and risk management systems be noted.

REASON

To comply with the CIPFA Code of Practice for Internal Auditing in Local Government 2006.

AAG/12 **RISK MANAGEMENT – QUARTERLY UPDATE REPORT**

The Director of Corporate Resources reminded the Committee that it was charged with responsibility for monitoring the effectiveness of the Council's risk management arrangements.

It was noted that the corporate risk register had been fully reviewed by the Corporate Management Team and it was recommended that one risk: CRR26 – increased financial burden and further damage to Council's reputation due to failure to contain the Operational Services overspend (including Acorn Plus) should now be removed as costs for the scheme had been contained in accordance with the recovery plan (up to the end of March 2011), and the review period had now expired.

It was also noted that, in order to assist managers with the completion of their departmental risk registers, a small officer group had been set up to offer support and guidance to ensure departmental risks were identified and assessed as appropriate.

RESOLVED

- (i) That the updated Corporate Risk Register be approved.
- (ii) That risk CRR26 be removed from the Corporate Risk Register.
- (ii) That the progress made in respect of departmental risk registers be noted.

AAG/12 Risk Management – Quarterly Update Report (cont.)

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/13 **URGENT MATTERS**

There were no urgent matters to be considered.

The meeting finished at 7.30pm having commenced at 5.30pm.

CHAIRMAN

Annual governance report

Horsham District Council

Audit 2010/11



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Traffic light explanation

Red  Amber  Green 

Key messages

This report summarises the findings from the 2010/11 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

	Our findings
Unqualified audit opinion	
Proper arrangements to secure value for money	

Audit opinion and financial statements

I plan to issue an unqualified audit opinion on the financial statements.

The financial statements you submitted for audit were sent to me on a timely basis. The work was well planned and supported by good quality working papers. In 2010/11, local government financial statements were required to be produced under International Financial Reporting Standards (IFRS) for the first time. Re-stating the accounts to comply with the requirements of IFRS is a complex task, which has caused significant difficulties for a number of local government bodies. You completed the restatement work to a good standard early in the year. However the draft financial statements submitted for audit did not include an IFRS transition note and an opening balance sheet for 1 April 2009, although prepared, was also not included in the statements. There were two instances of material reclassification within the financial statements and there were also a number of inconsistencies within the notes to the draft financial statements.

Your internal financial control arrangements continue to be sound.

Value for money

My detailed work to inform my value for money conclusion is now complete. I intend to issue an unqualified value for money conclusion stating that you have proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

You responded well to the need to make budgets cuts following the comprehensive spending review, although you have called on reserves to balance the budget in 2011/12. You continue to maintain the level of reserves approved in the medium term financial strategy, however a budget gap remains for 2012/13 and it is essential that that you

continue to identify efficiencies and make savings over the short to medium term to bridge this gap.

You identified an overspend in 2010/11 on operational services and the Acorn plus project. You developed action plans to address this, although there is scope to improve the clarity of the action plans and budget monitoring.

Audit Certificate

I have received correspondence from a local elector. I am currently considering whether it meets the requirements of a valid objection. I also need to consider whether the issues raised affect my opinion on the financial statements or my value for money conclusion.

Before I complete my audit

I confirm to you

My report includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence. I can also confirm there were no relationships resulting in a threat to independence, objectivity and integrity.

I ask you to confirm to me

I ask the Accounts, Audit and Governance Committee to:

- take note of the adjustments to the financial statements which are set out in this report (Appendix 3);
- approve the letter of representation, on behalf of the Council before I issue my opinion and conclusion (appendix 2) ; and
- agree your response to the proposed action plan (Appendix 4).

Financial statements

The financial statements you submitted for audit were sent to me on a timely basis and were supported by good quality working papers. In 2010/11, local government financial statements were required to be produced under International Financial Reporting Standards (IFRS) for the first time. Re-stating the accounts to comply with the requirements of IFRS is a complex task, which has caused significant difficulties for a number of local government bodies. You completed the restatement work early to a good standard early in the year. However the draft financial statements submitted for audit did not include an IFRS transition note, and an opening balance sheet for 1 April 2009, although prepared, was also not included in the statements. There were two instances of material reclassification within the financial statements and there were also a number of inconsistencies within the notes to the draft financial statements.

Opinion on the financial statements

My work on the 2010/11 financial statements is substantially complete apart from the following:

- review of the amended statements and supporting working papers; and
- clearance of review points.

Subject to the satisfactory completion of my work I plan to issue an unqualified audit opinion on the financial statements.

Appendix 1 contains a copy of my draft report.

Errors in the financial statements

I identified number of errors during the audit that I am required to draw to your attention. Officers have amended the financial statement for all errors identified and full details of these errors are set out in Appendix 3. In addition, I identified an uncertainty in relation to car parking income which, although not material, I am required to bring to your attention.

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Key audit risk and our findings

Key audit risk	Finding
1. Implementation of IFRS You have produced financial statements under IFRS for the first time in 2010/11. The new standards require restatement of both opening and closing balances from the previous year as well as more disclosures. There is a risk that councils that do not prepare fully for the new requirements will not succeed in preparing the necessary information in time. I have monitored your progress in introducing IFRS as set out in your implementation plan. I have also undertaken specific work to review the restated balances from 2009/10 and to review the treatment of complex transactions such as leases.	Your work to produce IFRS compliant financial statements was well planned and supported by good quality working papers. This allowed you to produce financial statements with little slippage against your planned timetable. Re-stating the accounts to comply with the requirements of IFRS is a complex task, which has caused significant difficulties for many local government bodies. The introduction of IFRS has caused a substantial increase in both the level of disclosure and length of local government financial statements. You have met the statutory deadlines for the production of the financial statement although I found that your draft financial statements did not include an IFRS transition note or a 1 April 2009 opening balance sheet as required by the standards. Finance officers worked well with my team and were responsive to queries raised throughout the year. I am grateful for their help.
2. CenSuS Shared Services Partnership You are part of the Shared Services Partnership with Adur District Council and Mid Sussex District Council. Mid Sussex hosts the shared revenues and benefits service and Horsham hosts the IT shared service. Although I did not identify any issues in the 2009/10 financial statements, I	I confirmed that transactions relating to the Shared Services Partnership within the financial statements were correctly disclosed as part of my post-statements work,

Key audit risk	Finding
<p>undertook work to confirm that the Council's share of the partnership's assets and liabilities are correctly accounted for in the accounts.</p>	
<p>3. End User Policy</p> <p>My IT risk assessment identified that the Council does not have an end user computing policy in place. End user computing is the term applied to small scale office-system developments by user departments, e.g. spreadsheets developed by the Finance department as part of the financial reporting process. The fixed asset register is held on a spreadsheet and, without a specific End User Policy, there is a risk that errors in financial data may result due to:</p> <ul style="list-style-type: none"> ■ lack of testing to ensure developments work correctly and are fit for purpose; ■ inappropriate access to change data, either in error or maliciously; and ■ poor or no documentation leading to a lack of contingency or weaknesses in systems knowledge 	<p>I undertook an analysis of the fixed asset register spreadsheet and confirmed that that totals within the spreadsheet were properly derived and agreed to the amounts in the ledger.</p>

Financial statements

Significant weaknesses in internal control

Your internal financial control environment continues to be sound and there are no significant weaknesses in internal control that I wish to bring to your attention.

Under ISA (UK&I) 265 (communicating deficiencies in internal control to those charged with governance and management) I am required to report any significant deficiencies in any of your internal controls that I identify during the audit. I have identified a weakness in internal control which, although not significant, I report here for completeness.

Internal Audit identified a control weakness with car parking income and I seek to rely on their testing of controls. This identified that variances between income recorded by the car parking machines and income banked are not being investigated and resolved as the machines are old and do not record income accurately. I have obtained a report of the unders and overs banked during the period and this shows a net difference of £47,000 with less income recorded on the machines than has been banked. This has resulted in a non-material uncertainty within the financial statements. Internal Audit has made a number of recommendations to address the weaknesses identified.

Recommendation
R1 Ensure that differences between car parking income recorded by the machines and income banked are investigated as far as possible.
R2 Consider replacement or upgrade of car parking machines where possible to ensure the completeness of car parking income.

I have co-ordinated my work to test financial controls with that of Internal Audit to maximise efficiency and minimise any duplication of effort. Where I relied on Internal Audit work it was delivered on time and to a good standard.

The reliable operation of controls in all larger financial systems provides assurance to management and members, and also allows me to complete my audit more efficiently. I was able to rely on the operation of controls to gain assurance for my audit opinion where I planned to do so, with the exception of car parking income as noted above.

As part of my work on the financial statements I undertake a risk assessment of your IT control environment. In doing this, I identified a small number of weaknesses which I am satisfied are not capable of leading to a material misstatement of the accounts. Specifically that you do not have an end user policy to mitigate the risk of data loss or manipulation.

I raised a recommendation for improvement to address this issue as part of my 2010/11 opinion audit plan which I presented to you at the June meeting of the Accounts, Audit and Governance Committee. Officers have agreed these recommendations.

I am not expressing an opinion on the overall effectiveness of internal control.

Financial statements

Quality of your financial statements

You submitted your financial statements and supporting working papers to me for audit on a timely basis. However the draft financial statements submitted for audit did not include an IFRS transition note, and an opening balance sheet for 1 April 2009, although prepared, was also not included in the statements. There were two instances of material reclassification within the financial statements and there were also a number of inconsistencies within the notes to the draft financial statements. I wish to draw your attention to the following qualitative aspects of your financial reporting.

I consider aspects of your accounting practices, accounting policies, accounting estimates and financial statements disclosures. These are the issues I want to raise with you.

Accounting practices, policies, estimates and financial closures

Issue	Findings and recommendations
The financial statements did not include an IFRS transition note which is required by IFRS 1, First-time Adoption of International Financial Reporting Standards.	The revised financial statements include an IFRS transition note which meets the requirements of IFRS 1.
The financial statements did not include a restated 1 April 2009 opening balance sheet as required by IFRS 1, First-time Adoption of International Financial Reporting Standards.	The revised financial statements include a 1 April 2009 opening balance. The Finance Team had prepared this information to restate the 2009/10 comparatives under IFRS but had not included this disclosure in the draft statements.
Five members did not submit related party declarations. Related party transactions can arise where the close family of a councillor or senior officer holds a position of influence with an organisation with which the Council transacts. I carried out additional procedures to ensure the related parties' disclosure in the accounts was	The revised financial statements include an expanded related party disclosure in the notes to the financial statements to highlight that these returns were not received. See recommendation 3 below

Issue	Findings and recommendations
<p>correctly stated.</p> <p>My review of the accounting policies identified that a number of accounting policies used terminology which had changed under IFRS or required expansion.</p>	<p>The accounting policies which form part of the financial statements have been amended to reflect the changes in terminology as a result of IFRS. For example, references to fixed assets have been amended to property, plant and equipment and references to the income and expenditure account have been changed to the comprehensive income and expenditure statement. The financial instrument accounting policy has been expanded to include further detail on the recognition and measurement of financial instruments.</p> <p>Note 2 – Critical judgements and assumptions made has been expanded to include the assumptions made in preparing the financial statements and the major sources of estimation uncertainty which were not originally included, such as depreciation and provisions.</p>
<p>I reviewed your approach to componentisation of assets. IAS 16 requires each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost to be depreciated separately.</p>	<p>You have developed componentisation thresholds as part of your preparation for IFRS, and you considered componentisation against each asset which was revalued during the year. No components have been identified through the revaluation process this year. Generally, I accept this was reasonable.</p> <p>However, there were no components identified for the North Point office building which was revalued in the period. I would expect the building could be componentised applying the Council's thresholds. I could not see evidence of the assessment of individual components against the thresholds identified for each asset.</p> <p>I note that the leisure centres and other corporate offices are due for revaluation in 2011/12 and 2012/13. I am satisfied that your approach this year cannot lead to a material mis-statement. However, I recommend that you give further consideration to componentisation of assets revalued in forthcoming years to ensure you componentise assets which meet the criteria and that your consideration of components against the thresholds is clearly evidenced.</p> <p>See recommendation 4 below</p>
<p>There were a number of rounding, internal consistency and disclosure errors in the draft financial statements.</p>	<p>There were a number of inconsistencies in disclosure between Note 6, Adjustments between accounting basis and funding basis under regulations and other disclosure notes in the draft financial statements, some of which were material. These have been adjusted in the revised financial statements. I am satisfied that these errors were made in the process of producing</p>

Issue	Findings and recommendations
	<p>the financial statements and are not caused by underlying accounting errors. These are detailed in appendix 3.</p> <p>In addition, there were a number of minor rounding and text errors between the notes in the financial statements which have been amended.</p>
Annual Governance Statement	<p>I reviewed the Annual Governance Statement (AGS) and found that, whilst it reflected the findings from the Internal Audit Annual Report and the significant governance issues at the Council, the links between the AGS and the sources of assurance used to compile it could be clearer. The Head of Internal Audit's Annual Report was considered at the same Accounts, Audit and Governance Committee. However, it was considered after members had approved the AGS. Aligning the items more closely will provide members with an opportunity to consider the assurance given by Internal Audit before approving the AGS.</p> <p>See recommendation 5 below</p>

Recommendation
<p>R3 Members should ensure that declaration of interest returns are completed as I am required to undertake further work if the forms are not returned.</p>
<p>R4 Componentise assets revalued in forthcoming years to ensure compliance with IAS 16 and your componentisation thresholds and ensure that your consideration of components against the thresholds is clearly evidenced.</p>
<p>R5 Ensure there are clear links between the Annual Governance Statement and the key sources of assurance which are used to compile it.</p>

Financial statements

Letter of representation

Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation.

Value for money

I am required to conclude whether the Council put in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against two criteria specified by the Audit Commission. I intend to issue an unqualified conclusion stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

My conclusion on each of the two areas is set out below.

Value for money criteria and our findings

Criterion	Findings
1. Financial resilience The organisation has proper arrangements in place to secure financial resilience. Focus for 2010/11: The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.	<p>To assess your arrangements to secure financial resilience I considered the changes made to the 2011/12 budget and medium term financial strategy (MTBS) to accommodate reductions in funding following the comprehensive spending review (CSR). In particular I considered the realism and achievability of those changes. I also considered the impact of funding reductions on your priorities.</p> <p>I found that you planned well for cuts in funding prior to CSR. You undertook scenario planning in advance of the settlement announcement and although reductions in funding exceeded your expectations you responded quickly to revise the 2011/12 budget accordingly.</p> <p>You plan to rely on a small amount of reserves, approximately £0.1 million, to balance the 2011/12 budget. You have an agreed reserves strategy as part of your medium term financial strategy which requires a minimum level of reserves at £4 million. Your financial plans show that this will be maintained through the period of the medium term financial</p>

Criterion	Findings
	<p>strategy to 2013/14. However, you are facing a budget gap of £1 million for 2012/13 which you will need to address.</p> <p>I noted that members receive reports which highlight variances and provide explanations for them. However, members do not receive budget monitoring reports which provide detailed income and expenditure information. You should consider revising the format of the budget reports to show income and expenditure and variances in a standard format on a quarterly basis.</p> <p>See recommendation 6</p> <p>In July 2010, the Cabinet received a report showing a significant overspend on operational services and the Acorn Plus waste collection service. In response you approved a revised budget for this service. I identified this as risk to my VFM conclusion and I reviewed the action you took in response.</p> <p>It is clear that you acted swiftly to identify and address the causes of the overspend in Operational Services and you monitored the financial position closely during the latter part of the 2010/11 financial year. You prepared an action plan to address the organisational issues arising, and have also reviewed the performance of officers. Additionally, a review of the role of members was reinstituted after the May elections. I note that the first meeting to take this forward took place in July.</p> <p>However, my review identified two issues which you should consider.</p> <p>The briefing notes provided to members in January, March and June were different in format each time. This partly reflects the level of information available, and I note that the financial information for March and June is more directly comparable. The report in January forecast a reduction of £94,000 in the overspend, acknowledging that this would be affected by the ongoing increase in fuel costs, but without providing an estimate. The March report referred to an £20,000 estimated increase in fuel costs and the final report was an increase of £102,000. The actual net reduction at year end was £12,000, which reflected savings of £226,000, but additional costs totalling £214,000, almost half of which related to fuel. This suggests that you should continue to focus on the accuracy of forecasting. You might also want to consider how results are reported to members, aiming for consistency to make it easier to track progress over a period of time.</p>

Criterion	Findings
	<p>There are a number of work streams arising from the reviews: the operational services action plan; the action plan from the Internal Audit review; and potentially an action plan arising from the members working group. The Internal Audit report has 22 recommendations and there are 11 actions in the operations services action plan. It is not clear from the documents I have seen how frequently these will be monitored by the Corporate Management Team or reported to Cabinet or the Accounts, Audit and Governance Committee. You may wish to bring these together to form a single monitor of progress to ensure all actions are managed effectively, and agree who will receive reports on progress against the actions agreed.</p> <p>See recommendations 7 and 8</p>
<p>2. Securing economy efficiency and effectiveness</p> <p>The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.</p> <p>Focus for 2010/11:</p> <p>The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.</p>	<p>To assess your arrangements to challenge how you secure economy, efficiency and effectiveness I reviewed your costs and other aspects of your finances using the Audit Commission's value for money profiles, both in total and for a number of specific services. I also considered some of the actions you are taking to improve efficiency and productivity. From my discussions with the leadership team, I can see that you clearly understand the scale of cuts and efficiencies required to address the financial settlement post CSR.</p> <p>You had a Corporate Plan which ran until March 2011. This set out your priorities from 2008-2011. You undertook a review of the outcomes of the Corporate Plan at the end of the year showing progress against each of the key priorities. Where these areas have remained priorities, the outcomes are linked to the new District Plan 2011-15.</p> <p>You developed the District Plan at the same time as the budget for 2011/12 to ensure that these were integrated. It is underpinned by service plans which are available on your website. These annual plans for each department set out how the department will help to achieve the priorities in the Plan. These were agreed with Portfolio Holders and Heads of Service to ensure 'buy-in' throughout the Council. There are clear links between the District Plan, service plans and the budget for the year.</p> <p>The VFM profiles 2010 provide good evidence that you are driving down costs. For example, your running costs as a proportion of total net expenditure have decreased by 5% over the</p>

Criterion	Findings
	<p>last 4 years. You have also reduced your corporate and democratic core costs over the last four years and this places you in the lowest percentile of your neighbour group.</p> <p>You have a good history of looking at alternative and improved methods of service provision. For example, the CENSUS partnership for benefits and ICT provision and the joint procurement partnership with Crawley Borough Council and Mid Sussex District Council.</p>

Recommendation
R6 Consider revising the format of the budget reports to show income and expenditure and variances in a standard format on a quarterly basis.
R7 Improve the transparency of reporting and accuracy of forecasting to members.
R8 Bring together the various action plans on the Acorn Plus scheme to form a single monitor of progress to ensure all actions are managed effectively.

Appendix 1 – Draft audit report

Independent auditor's report to the members of Horsham District Council

Opinion on the Authority accounting statements ⁱ

I have audited the accounting statements of Horsham District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Horsham District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Corporate Resources and auditor

As explained more fully in the Statement of the Director of Corporate Resources Responsibilities, the Director of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the

ⁱ Wording to be reviewed subject to conclusion on local elector correspondence

explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Horsham District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

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

Authority's responsibilities

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

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Horsham District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

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

Helen Thompson
District Auditor

Audit Commission
Bicentennial Building
Southern Gate
Chichester West Sussex PO19 8EZ

30 September 2011

Appendix 2 – Draft Letter of Representation

Horsham District Council - Audit for the year ended 31 March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Horsham District Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the financial statements.

Internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Investments and borrowing

I confirm that long and short term investments and long and short term borrowing have been completely disclosed in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of Horsham District Council's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of Horsham District Council

I confirm that the this letter has been discussed and agreed by the Council on 29 September 2011

Signed

Name

Position

Date

Appendix 3 - Amendments to the draft financial statements

I identified the following misstatements during my audit and management have adjusted the financial statements. I bring them to your attention to aid you in fulfilling your governance responsibilities. I have not completed my review of the revised statements to confirm that all of the amendments shown here have been processed.

Item of account	Description of error
Opening balance sheet as at 1 April 2009	The draft financial statements provided for audit did not include an opening balance sheet (1.4.09) or comparatives for 1.4.09 for the balance sheet notes as required under IFRS.
IFRS transition note	The financial statements did not include a transition note as required by IFRS 1, First-time Adoption of International Financial Reporting Standards, which sets out the changes to the accounts as a result of the move to IFRS. The revised financial statements include a transition note.
Movement in Reserves Statement	<p>The 2090/10 movement in reserves statement split 'other comprehensive income and expenditure' of £14,034,978 between usable and unusable reserves with £1,648,637 being taken to the General Fund Balance.</p> <p>The financial statements have been adjusted to show £1,648,637 within 'Transfers to/from Earmarked Reserves' rather than within 'Other Comprehensive Expenditure & Income'. The 'total comprehensive income and expenditure statement' value in the movements in reserves statement of £5,198,605 agrees to the comprehensive income and expenditure statement (CIES).</p>

Item of account	Description of error
<p>Revaluation losses on property, plant and equipment</p>	<p>The disclosure of revaluation losses and impairments on property, plant and equipment in Note 6 to the accounts (adjustment between accounting basis and funding basis under regulations) was inconsistent with the disclosure in notes 11 (property, plant and equipment), 12 (investment properties) and 35 (impairment losses) in the draft financial statements for 10/11.</p> <p>Amendments were also required to the prior year comparatives for the same classification error.</p> <p>The impact on Note 6 - Adjustment between accounting basis and funding basis under regulations is:</p> <ul style="list-style-type: none"> • 2010/11 - An adjustment of £439,000 was required to note 6 - from revaluation losses on property, plant and equipment to movements in the market value of investment property. • 2009/10 - An adjustment of £1,649,000 was required to note 6 - from revaluation losses on property, plant and equipment to movements in the market value of investment property.
<p>Movement in the market value in investment property</p>	<p>The disclosure of the movements in the market value of investment property in Note 6 to the accounts (adjustment between accounting basis and funding basis under regulations) was inconsistent with the disclosure in notes 12 (investment properties) and 33 (impairment losses) of the statements for 10/11.</p> <p>The impact on Note 6 - Adjustment between accounting basis and funding basis under regulations is:</p> <ul style="list-style-type: none"> • 2010/11 - an adjustment of (£81,000) was required to note 12 - net gains/ (losses) from adjustments to other changes
<p>Gain on disposal of non current assets</p>	<p>Right to buy proceeds had been incorrectly disclosed as a disposal in Note 6 (adjustments between accounting basis and funding basis under regulations). This should have been disclosed as a capital receipt.</p> <p>This has also been incorrectly treated in the restatement exercise for 2009/10.</p> <p>The impact on Note 6 - Adjustment between accounting basis and funding basis under regulations is:</p>

Item of account	Description of error
	<ul style="list-style-type: none"> 2010/11 - An adjustment of £443,000 was required to note 6 - from adjustments primarily involving the capital adjustment account - 'amounts of non current assets written off on disposal or sale as part of the gain/ loss on disposal to the CIES' to adjustments 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'. 2009/10 - An adjustment of £909,000 was required to note 6 - from adjustments primarily involving the capital adjustment account - 'amounts of non current assets written off on disposal or sale as part of the gain/ loss on disposal to the CIES' to adjustments 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'.
Revenue expenditure financed by capital under statute (REFCUS)	<p>The disclosure of REFCUS in Note 6 to the accounts (adjustment between accounting basis and funding basis under regulations) was inconsistent with the disclosure in notes 22 (capital adjustment account) and 31 (capital financing requirement).</p> <p>Amendments were also required to the prior year comparatives for the same error.</p> <p>The impact on Note 6 - adjustment between accounting basis and funding basis under regulations is:</p> <ul style="list-style-type: none"> 2010/11 - An adjustment of £(1,770,000) was required to note 6 - from adjustments primarily involving the capital adjustment account REFCUS to capital grants and contributions applied. 2009/10 - An adjustment of £(1,302,000) was required to note 6 - from adjustments primarily involving the capital adjustment account - REFCUS to capital grants and contributions applied.
Capital grants unapplied	<p>As part of the IFRS restatement the s106 contributions that had no conditions attached have been incorrectly transferred to the Capital Receipts Reserve (CRR) instead of the Capital Grants Unapplied Account (CGUA). The contributions that have been applied in 2009/10 and 2010/11 have then been debited to the CRR instead of the CGUA. The associated entries in Note 6 (accounting adjustments) and Note 22 (CAA) are therefore incorrect.</p> <p>The impact on Note 6 - adjustment between accounting basis and funding basis under regulations is:</p>

Item of account	Description of error
	<ul style="list-style-type: none"> 2010/11 - An adjustment of £717,000 was required to note 6 to capital grants applied and capital grants credited to the CAA and the capital grants unapplied account. This was also adjusted in Note 22 – capital adjustment account. 2009/10 – An adjustment of £58,000 was required to note 6 to capital grants applied and capital grants credited to the CAA and the capital grants unapplied account. This was also adjusted in Note 22 – capital adjustment account.
Capital receipts reserve	The capital receipts reserve included £44,000 of grants that have not been applied and should therefore have been included in the capital grants unapplied account. This has now been amended.
Capital adjustment account	The 2009/10 capital adjustment account (CAA) in Note 22 of the financial statements disclosure of the movement in investment properties was inconsistent with the 2010/11 disclosure. The financial statements have now been amended.
Operating lease disclosure	The operating lease disclosure was incorrectly disclosed for those due within 1 year. This was due to an error on the calculation spreadsheet which added in a balancing total. The disclosure was initially £9.2 million, when it should have been £2.5 million. This only impacted on the disclosure within the note and has now been amended.
Comprehensive income and expenditure account (CIES)	<p>The 2009/10 comparatives in the draft financial statements included net expenditure rather than gross income and gross expenditure as required by the Code. This has now been amended in the revised financial statements.</p> <p>When processing the amendments in the financial statements, the client identified that £23,136 of impairment costs related to investment properties had been incorrectly included in the cost of services figures. These should have been included in the financing and investment income and expenditure line of the CIES.</p> <p>The impact on the CIES is:</p> <ul style="list-style-type: none"> - Cultural, Environmental and Planning Services is understated by £23,136 - Financing and investment income and expenditure is overstated by £23,136.

Item of account	Description of error
Transfers to earmarked reserves	The transfers to earmarked reserves note did not include the general fund balance and therefore did not agree to the transfers to/from earmarked reserves line of the movement in reserves statement. This additional disclosure has now been included.
Financial instruments	The financial instruments note included the income, expense, gains and losses for 2010/11 but did not include any comparatives as required by the Code. This has now been amended in the revised financial statements.
Minor rounding, inconsistency and disclosure errors between the notes on the financial statement	I identified minor rounding errors in twelve notes which have now been amended in the revised financial statements. The details have been shared with your officers.

Action plan

Recommendations

Recommendation 1

Ensure that differences between car parking income recorded by the machines and income banked are investigated as far as possible.

Responsibility	Sue McMillan
Priority	Medium
Date	March 2012
Comments	The unreliability of the car park machines makes it impossible to reconcile all income to ticket sales records. Variations will be monitored and replacement of the machines (see below) should improve the situation.

Recommendation 2

Consider replacement or upgrade of car parking machines where possible to ensure the completeness of car parking income.

Responsibility	Ray Lee
Priority	Medium
Date	March 2012
Comments	It is anticipated that a report to request approval of a supplementary estimate for this purpose will be discussed at Council in October 2011.

Recommendation 3

Members should ensure that declaration of interest returns are completed as I am required to undertake further work if the forms are not returned.

Responsibility	Members
Priority	High

Date	March 2012
Comments	Non-responding Members all left the Council in May 2011. Group leaders will be asked to stress the importance of this requirement to their members.

Recommendation 4

Componentise assets revalued in forthcoming years to ensure compliance with IAS 16 and your componentisation thresholds and ensure that your consideration of components against the thresholds is clearly evidenced.

Responsibility	Julian Olszowka/ John Loxley
Priority	Medium
Date	March 2012
Comments	In future years we will supply detailed records to provide evidence that we have considered which assets have component parts whose values exceed the thresholds specified in our accounting policies.

Recommendation 5

Ensure there are clear links between the Annual Governance Statement and the key sources of assurance which are used to compile it.

Responsibility	Director of Corporate Resources
Priority	Medium
Date	March 2012
Comments	The recommendation is noted and will be followed up for the 2011/12 Annual Governance Statement.

Recommendation 6

Consider revising the format of the budget reports to show income and expenditure and variances in a standard format on a quarterly basis.

Responsibility	Sue McMillan
Priority	Medium
Date	October 2011
Comments	Budget variances are reported in detail to Corporate Management Team on a monthly basis. The volume of data is large and at present the information is summarised and key data and any significant variances are reported to each Cabinet meeting. We will review the adequacy of existing reports in consultation with Cabinet

Members.

Recommendation 7

Improve the transparency of reporting and accuracy of forecasting to members.

Responsibility	All Service Heads with assistance from Accountancy staff
Priority	Medium
Date	October 2011
Comments	Service Heads will be reminded that relevant budgets should be prepared with clear supporting documentation analysing assumptions regarding volumes and prices. Budget variances can then be analysed against the budget assumptions to improve forecasting.

Recommendation 8

Bring together the various action plans on the Acorn Plus scheme to form a single monitor of progress to ensure all actions are managed effectively.

Responsibility	Ray Lee/ Ian Jopling
Priority	Medium
Date	December 2011
Comments	The outcomes from the action plans are being drawn together and a new Depot Manager has been appointed tasked with maintaining efficient and effective operation of the services.

Glossary

Annual governance statement

A statement of internal control prepared by an audited body and published with the financial statements.

Audit closure certificate

A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the financial statements.

Audit opinion

On completion of the audit of the financial statements, I must give my opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

Opinion

If I agree that the financial statements give a true and fair view, I issue an unqualified opinion. I issue a qualified opinion if:

- I find the statements do not give a true and fair view; or
- I cannot confirm that the statements give a true and fair view.

Materiality and significance

The Auditing Practices Board (APB) defines this concept as ‘an expression of the relative significance or importance of a particular matter for the financial statements as a whole. A matter is material if its omission would reasonably influence users of the financial statements, such as the addressees of the auditor’s report; also a misstatement is material if it would have a similar influence. Materiality may also be considered for any individual primary statement within the financial statements or of individual items included in them. We cannot define materiality mathematically, as it has both numerical and non-numerical aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

'Significance' applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements. Significance has both qualitative and quantitative aspects.

Weaknesses in internal control

A weakness in internal control exists when:

- a control is designed, set up or used in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements quickly; or
- a control necessary to prevent, or detect and correct, misstatements in the financial statements quickly is missing.

An important weakness in internal control is a weakness, or a combination of weaknesses that, in my professional judgement, are important enough that I should report them to you.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources based on criteria specified by the Audit Commission.

The Code of Audit Practice defines proper arrangements as corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:

- planning finances effectively to deliver strategic priorities and secure sound financial health;
- having a sound understanding of costs and performance and achieving efficiencies in activities;
- reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
- commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money;
- producing relevant and reliable data and information to support decision making and manage performance;
- promoting and displaying the principles and values of good governance;
- managing risks and maintaining a sound system of internal control;
- making effective use of natural resources;
- managing assets effectively to help deliver strategic priorities and service needs; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

If I find that the audited body had adequate arrangements, I issue an unqualified conclusion. If I find that it did not, I issue a qualified conclusion.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



Report to Accounts, Audit and Governance Committee

29th September 2011

By the Director of Corporate Resources

DECISION REQUIRED

Not exempt



Statement of Accounts 2010/11

Executive Summary

It is a requirement of the Accounts and Audit (England) Regulations 2011 that the statutory Statement of Accounts is approved by a resolution of the Council or the relevant Committee of the Council by 30th September. The accounts have been subject to audit by the District Auditor and her report is elsewhere on the agenda for this meeting.

Recommendations

The Committee is recommended:

- i) To approve the 2010/11 Statement of Accounts

Reasons for Recommendations

- i) It is a requirement of the Accounts and Audit (England) Regulations 2011 that the Statement of Accounts is approved by 30th September.
- ii) The District Auditor plans to issue an unqualified audit opinion on the financial statements.
- iii)

Background Papers

Consultation **External Auditors**

Wards affected **All**

Contact Tony Higgins/Sue McMillan Ext 5300/5302

Background Information

1 Introduction

The purpose of this report

- 1.1 It is a requirement of the Accounts and Audit (England) Regulations 2011 that the statutory Statement of Accounts is approved by a resolution of the Council or the relevant Committee of the Council by 30th September. This report provides background information to the statements.

2 Format of the Accounts

- 2.1 The format of the accounts follows the requirements of the CIPFA Code of Practice on Local Authority Accounting 2010/11 and is based on International Financial Reporting Standards. This represents a major change to the format of the accounts and full details of the impact of the transition are included in Note 1 to the Core Financial Statements. The 2009/10 accounts have been restated in accordance with the requirements of the Code and the restated 2009/10 figures are shown for comparison in the Comprehensive Income and Expenditure Account. The Balance Sheet shows both the restated opening and closing balances in 2009/10 for comparison with the position at 31st March 2011.

3 Core Financial Statements and Notes

Comprehensive Income and Expenditure Statement 2010/11

- 3.1 There are two items of income and expenditure within the CIES which are material in terms of amount and not occurring regularly within the ordinary activities of the authority. One relates to a refund of VAT on sports and recreational activities amounting to a net £1.37m. The other is a past service gain relating to pensions of £10.58m. Full details are included in Note 4 of the Notes to the Core Financial Statements.

Balance Sheet as at 31 March 2011

- 3.2 The Balance Sheet shows the assets and liabilities of the authority at 31st March 2011. The largest movement from the previous Balance Sheet date has been in the Pensions Reserve, moving from an actuarial deficit of £34.5m at 31st March 2010 to one of £2.8m at 31st March 2011. This reflects the past service gain and actuarial gains during the year. Full details are provided in Note 35.

4 Staffing Consequences

- 4.1 There are no staffing consequences arising from this report.

5 Financial Consequences

- 5.1 There are no financial consequences arising specifically from this report.

Appendix 1

Consequences of the Proposed Action

What are the risks associated with the proposal?	There are reputational risks to the Council if the accounts are not approved by 30 th September 2011.
Risk Assessment attached Yes/No	No
How will the proposal help to reduce Crime and Disorder?	There is no impact on Crime and Disorder.
How will the proposal help to promote Human Rights?	There is no impact on Human Rights.
What is the impact of the proposal on Equality and Diversity?	There is no impact on Equality and Diversity.
Equalities Impact Assessment attached Yes/No/Not relevant	Not relevant.
How will the proposal help to promote Sustainability?	There is no impact on Sustainability. The accounts will be published on the Council's website.



HORSHAM DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2010/2011



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EXPLANATORY FOREWORD

INTRODUCTION

Horsham District is a large area that has 32 parishes and covers 205 square miles (530 square kilometres) of open countryside and small towns, villages and hamlets in the county of West Sussex. There is a population of nearly 130,000 people who live in the district with over 45,000 of these living in Horsham, the main town, and the immediate area. There are more than 3,500 businesses in the area made up of both local and large multi-national companies.

GENERAL

The Council's accounts for the financial year 2010/11 are set out in the following pages.

They consist of :

- a) The Statement of Responsibilities that sets out the respective responsibilities of the authority and the Chief Financial Officer for the accounts.
- b) The Statement of Accounting Policies that discloses the accounting principles and concepts that have been used in the preparation of the accounts.
- c) The explanation of provisions and reserves that identify those items earmarked in the Council's accounts to cover future expenditure.
- d) The Movement in Reserves Statement which shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for setting the council tax. 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.
- e) The Comprehensive Income and Expenditure Account reports the accounting cost for the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- f) The Balance Sheet shows the value as at 31st March 2011 of the assets and liabilities recognized by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories; the first category of reserves are usable reserves i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services, this category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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- g) The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. It shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing to the authority).
- i) The Collection Fund records income from Council tax and Non-Domestic Rates. Payments include the precepts to West Sussex County Council, Sussex Police Authority, Parish Councils and the special charge for the unparished area of the District and Horsham District Council's own demand on the Collection Fund. The Collection Fund Statement reflects the statutory requirement for billing authorities to maintain a separate Collection Fund.
The Collection Fund is incorporated in the Balance Sheet as part of debtors and creditors.

This foreword provides an overview of the Council's main financial results in the financial year 2010/11, covering both revenue and capital activities. Revenue spending is generally on items that are consumed in the financial year and is financed from Council tax, government grant, contributions from non-domestic rates and charges for services. Capital expenditure relates to the acquisition, creation or enhancement of assets that yield benefits for more than one year and is financed by grants, contributions, loans and capital receipts generated from the disposal of assets.

REVENUE OUTTURN FOR 2010/2011

The Council approved a revised net General Fund Revenue budget for 2010/11 of £15.782m at the formal meeting on 16th February 2011. In addition, it collected £2.221m on behalf of Parish Councils within the District, giving a total of £18.003m.

Budget Monitoring reports were put to Cabinet quarterly during the year and the revenue and capital outturn report for 2010/11 was reported to the Accounts, Audit and Governance Committee on 28th June 2011. The under spend against revised budget was reported as £2.423m and this was due to a number of factors including a vat refund of £1.371m and budgets slipped to 2011/12 totaling £339k.

The Minimum Revenue Provision

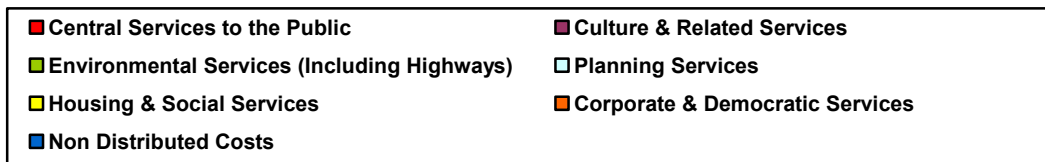
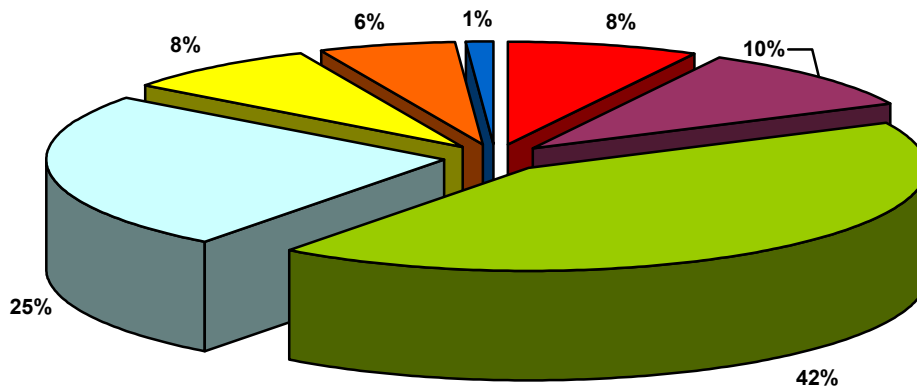
Local authorities are required by statute to set aside each year some of their revenue to provide for repayment of debt in respect of capital expenditure financed by borrowing or credit arrangements, known as the Minimum Revenue Provision (MRP). In 2010/2011 the amount set aside was £534k

The Comprehensive Income and Expenditure Accounts shows cost of services of £11.028m and a surplus on the overall provision of services of £6.279m. £16.577m of financing is met by Government grants and taxpayers income together with Parish Council precepts and use of reserves.

The remaining surplus consists of amounts that are required by statute or the accounting code of practice which do not impact on the council taxpayer, these include Depreciation and impairment costs, net gains on asset disposals, non cash pension adjustments, revenue funding of capital expenditure (that does not involve tangible assets) and a charge to the accounts to cover the cost of borrowing. These items together with a few other small adjustments are removed in the Movement in Reserves Statement to show the true impact on council taxpayers of a net surplus for the year of £1.032m of which £983k was transferred to reserves.

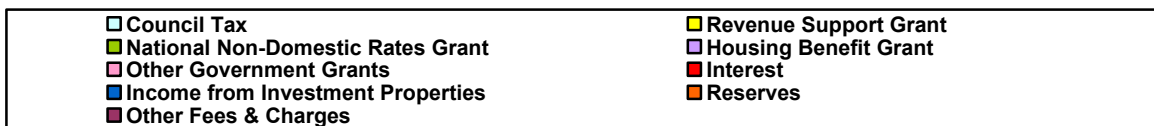
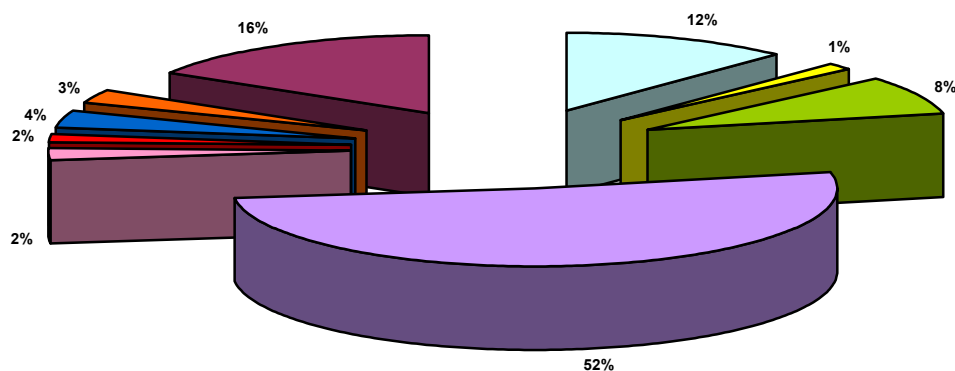
NET COST OF SERVICES - HOW THE MONEY WAS SPENT

The chart below shows the net cost of Council services as a percentage of the total net cost of the services provided by the Council. The figures exclude the year end accounting non cash costs charged to the services such as depreciation and impairment costs and the pension adjustments..



SOURCES OF FINANCE OF THE COUNCIL'S REVENUE ACTIVITIES

The chart below shows how Horsham District Council met the cost of its services in 2010/11 and what Percentage each makes up of the total financing:



CAPITAL EXPENDITURE

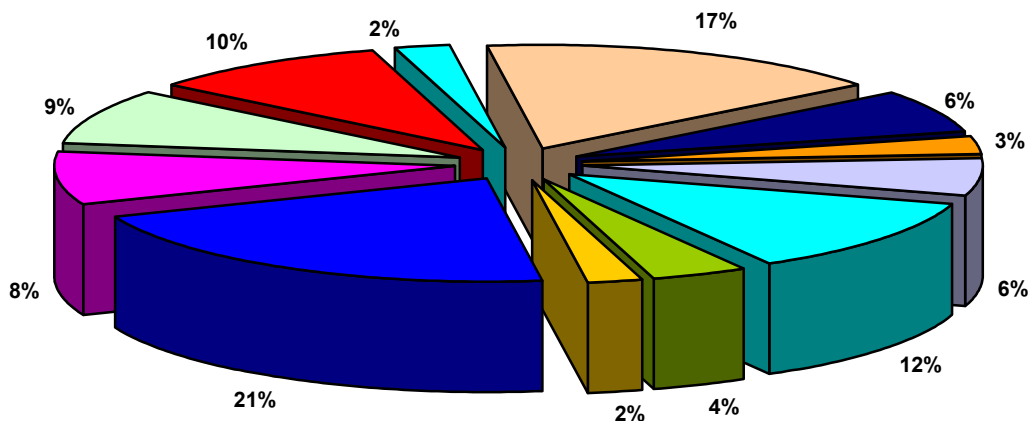
In 2010/11, the Council invested £5.573m in a range of capital schemes (shown below).

The capital expenditure in the year was financed by:

Usable capital receipts	£0.443m
Government grants and other contributions	£1.770m
Revenue Contributions	£1.498m
Unfinanced capital expenditure	£1.862m

Unfinanced expenditure is capital expenditure that is not funded by receipts, grants or revenue contributions and

increases the Council's underlying need to borrow.



■ St Andrews House	■ Pavilions Pool	■ Housing Enabling Grants
■ Temporary Accommodation	■ Mixed Dry Recycling	■ Disabled Facilities Grants
■ West Sussex Warm Front	■ Refuse Vehicles	■ Car Parks
■ Park North	■ East Street Pedestrianisation	■ Other

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The following investments are planned as part of the Council's Capital Programme:

	2011/2012 £000	2012/2013 £000	2013/2014 £000	2014/2015 £000
Disabled Facilities Grant	713	713	713	713
Housing Enabling Grants	1,500	1,619	-	-
House Purchase –Temporary Accommodation	1,000	-	-	-
Data Centre	75	-	-	-
Telephone System Replacement	300	-	-	-
SAN Replacement	125	-	-	-
Pavilion Swimming Pool	217	-	-	-
Causeway - Landscaping	30	-	-	-
Park Access Improvements	224	-	-	-
Closed Cemeteries Improvements	27	-	-	-
ACT – Home Repair Assistance	75	75	75	75
ACT – Renovation Grants	75	75	75	75
Village Initiatives	23	-	-	-
Billingshurst – Community Bus	54	-	-	-
Billingshurst – Open Space	122	-	-	-
Vehicles	300	210	490	250
Green Waste pods	21	-	-	-
Swan Walk	35	105	-	-
The Forum	93	-	-	-
Disables Access to Public Buildings	29	-	-	-
Grants for Youth Projects	30	-	-	-
Other	21	2	2	2

LONG TERM BORROWING

The Council has a single £4m loan which is repayable over 10 years at an interest rate of 3.38%. This replaced a previous loan of £4.059m that was taken out in 2005/06 from the PWLB to finance the Steyning Health Centre Capital Project, which was repayable over 50 years at an interest rate of 3.9%. No new long term borrowing was entered into in 2010/11.

GENERAL FUND REVENUE RESERVE

The General Fund Revenue Reserve was established in 1988/89 to fund major projects that the Council has identified as desirable in future years and has a balance of £8.276m as at 31st March 2011. The movement in the reserve in year amounted to £477k and relates to the funding of capital expenditure not met by capital receipts or other contributions and a transfer of surplus reserves from the general fund balance..

PENSIONS

Since 2003/04, the authority has been required to show any deficit or surplus on the Pension fund within the Balance Sheet. The fund itself is administered by West Sussex County Council and an interim actuarial valuation as at 31st March 2011 showed the authority's share of the fund to be a deficit of £2.873m. The accounts include an adjustment to past service costs which have resulted from the calculation of the future pension increases being linked to the Consumer Price Index (CPI) and not the Retail Prices Index (RPI). The effect is a £10.5m gain in 2010/11.

CHANGES IN ACCOUNTING POLICIES

There has been a major change in the preparation and presentation of the accounts in 2010/2011. Local authorities must now follow the 2010 Code of Practice rather than the previous Statement of Recommended Practice and this is to ensure that the accounts comply with International Financial Reporting Standards.

EUROPEAN MONETARY UNION

The Council has not undertaken a detailed review of the impact of the Euro currency upon its activities.

NOTES TO THE ACCOUNTS

Where the core financial statements have note numbers identified against balances, it indicates that that the corresponding note to the accounts provides additional detail as to what the balance includes or represents. It does not mean that the note will always provide a full analysis of the balance itself.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

THE AUTHORITY'S RESPONSIBILITIES

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Corporate Resources;
- manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets;
- approve the statement of accounts.

THE DIRECTOR OF CORPORATE RESOURCES RESPONSIBILITIES

The Director of Corporate Resources is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code).

In preparing this statement of accounts, the Director of Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Corporate Resources has also:

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

I hereby certify that the Statement of Accounts 2010/2011 present a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31st March 2011. These financial statements replace the unaudited financial statements authorised for issue by the Director of Corporate Resources on 30th June 2011.

A.J. HIGGINS C.P.F.A.
Director of Corporate Resources

Date: 29 September 2011

Certification by Chairman I confirm that these accounts were approved by the Account, Audit and Governance Committee at a meeting held on 29th September 2011

Signed on behalf of the Account, Audit and Governance Committee
Chairman of the Account, Audit and Governance Committee Date: 29 September 2011

STATEMENT OF ACCOUNTING POLICIES

1. GENERAL

The accounts comply with the Code of Practice on Local Authority Accounting (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Accounting policies and estimation techniques have been selected and used having regard to the accounting principles and concepts set out in International Financial Reporting Standards *Framework for the Preparation of Financial Statements*, specifically:

- The qualitative characteristics of financial information;
 - relevance
 - reliability
 - comparability
 - understandability
 - materiality
 - accruals
 - going concern

Where there is specific legislation this will have primacy over any other provision.

The accounts have been prepared under the historical cost convention modified by the revaluation of certain categories of tangible fixed assets.

2. PROPERTY, PLANT AND EQUIPMENT

Expenditure on the acquisition, creation or enhancement of property, plant and equipment (PPE) is capitalised on an accrual basis in the accounts. Expenditure on PPE over the de minimis limit of £20,000 is capitalised, provided that the PPE yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of PPE assets which is charged direct to service revenue accounts.

Fixed 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). Assets are valued on the following basis:

- land and operational properties are included in the balance sheet at the lower of net current replacement cost and net realisable value in existing use, unless there is evidence of open market value for the existing use. Net replacement cost is assessed as the existing use value except for assets which are rarely subject to an open market where depreciated replacement cost is used.
- non-operational assets, including investment properties, are included in the balance sheet at the lower of net current replacement costs and net realisable value. In the case of investment properties, which are held to achieve a financial return rather than for operational purposes, this is normally open market value.
- non property assets are valued at fair value, determined as the amount that would be paid for the asset in existing use. Where have short useful lives or low values (or both) (e.g. vehicles, plant and equipment) the authority adopts a depreciated historical cost basis as a proxy for fair value.

The Revaluation Reserve was set up with a zero balance at 1st April 2007. Any revaluation upward results in a credit to the reserve. A downward revaluation can be set against the Revaluation Reserve if there was a balance referring to the devalued asset. As the Reserve was set at zero many downwards revaluation of assets will this year appear as an impairment in the Comprehensive Income and Expenditure Statement (CIES).

Revaluation of fixed assets is planned at five-yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as an assessment is made at the end of each year for any indication that assets may be impaired in addition to cyclical revaluations. Any impairment would be written off against any revaluation gain for that asset in the Revaluation Reserve or otherwise recognised in the Comprehensive Income and Expenditure Statement. Where an impairment loss is reversed the reversal is credited back in the CIES up to the amount of the original loss adjusted for the depreciation that would have been charged if the loss had not been recognized.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that has not been used to finance capital expenditure is included in the balance sheet as usable capital receipts.

The carrying amount of an asset shall be derecognised on disposal or when no future economic benefits or service potential is expected

Where a significant component part of an asset has a different useful life to other parts it will be depreciated separately. Component accounting will be phased in when assets are enhanced, acquired or revalued from 1 April 2010. Where a component is replaced or restored the carrying amount of the old component shall be derecognised.

3. INTANGIBLE ASSETS

Intangible fixed assets give an economic benefit over more than one year. Long term software licenses are currently the only category in this years account and they are amortised over their useful lives.

The gain or loss on disposal of a fixed asset is recognised in the Comprehensive Income and Expenditure Account. To comply with statute the gain or loss is reversed out in the Movement in Reserves Statement (MIRS).

4. INVESTMENT PROPERTY

Investment properties are held to earn return rather than to provide services. The authority holds a number of commercial properties that it categorises as Investment Properties on the basis that the properties are rented to commercial entities using standard commercial terms of the rental rather than concessionary terms to specific classes of commercial tenants. Investment properties are valued at fair value which is usually the open market value. When revalued any gain or loss is recognised in the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

5. DEPRECIATION

Depreciation is provided for on all property, plant and equipment with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- no assets are depreciated in the year of acquisition, but they are depreciated in the year of disposal. Assets in the course of construction are not depreciated until the year following the one in which they are first brought into use. In the exceptional case of part year depreciation being material a charge may be made.
- operational assets are depreciated on using a straight line method over the useful life of the asset, taking into account any residual value.

The expected useful life of assets is not necessarily revised at each revaluation but is reviewed annually. In line with the valuer's judgment we reduce the useful life of most of our assets by one year, the remaining assets' lives are reviewed by the valuer for reasonableness.

Investment properties are not depreciated.

6. CAPITAL CHARGES TO REVENUE

General Fund service revenue accounts have been charged with depreciation and where required any relevant impairment loss. Depreciation is credited in the Movement in Reserves Statement so that it does not have an impact on the amounts required to be raised from local taxation.

Amounts required to be set aside from revenue for the reduction of its overall borrowing requirement to finance capital expenditure, or as transfers to other earmarked reserves, are disclosed separately in the Movement in Reserves Statement.

7. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

8. VAT

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

9. OVERHEADS AND SUPPORT SERVICES

Central support services are fully allocated to revenue and capital accounts. The Council has adopted the general principle of allocating the costs of central administrative departments on the basis of the estimated time spent by officers on the various services. The exception to this approach is the cost of administrative buildings which is allocated on the basis of area occupied and IT charges which are apportioned on a range of methodologies dependent on the type of charge incurred. The cost of corporate management is charged to the Corporate and Democratic Core.

10. ACCRUALS OF EXPENDITURE AND INCOME

The revenue accounts of the Council are maintained on an accrual basis in accordance with the Code. Any 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 are made for amounts over £1,000 on a best-estimate basis.

At the end of each financial year an estimate is made of doubtful debts - amounts due to the Council but unlikely to be received. The total value of these amounts is shown as a provision on the Balance Sheet.

Capital expenditure is also accounted for on an accrual basis in accordance with the capital accounting provisions of the Code. Debtors and creditors have therefore been provided for as necessary.

Council tax income is accounted for on an accruals basis with the Horsham District Council share of income included within the debtors and creditors balances on the Balance Sheet, with the precepting authorities' account for their relevant share. National Non-Domestic Rates are collected on an agency basis and accounted for accordingly.

11. LEASES

Leases are classified as finance or operating leases based on the extent that the risks and rewards associated with a leased asset lie with the lessor or lessee. If substantially all the risks and rewards of the lease transfer to the lessee it is a finance lease, otherwise an operating lease. For purpose of classification land and buildings are considered separately.

The Council as a Lessee

Finance Leases

The Authority does not lease any property, plant and equipment leases under finance leases.

Operating Leases

Rentals paid are recognized in CIES as an expense. Charges should be made on a straight line basis over life of lease if actual pattern of payments are significantly different from a straight line basis.

The Council as a Lessor

Finance Leases

Where the Council leases out property under a finance lease the relevant asset is written out of the Balance Sheet as a disposal. Any gain would be treated as a capital receipt. The carrying amount of the asset would be written off in CIES as a loss or gain on disposal. Lease rentals are apportioned between a charge for asset use writing down the lease debtor and a finance charge income in the CIES.

Operating Leases

Rental income is recognized in CIES. Charges should be made on a straight line basis over life of lease if actual pattern of income diverges significantly from a straight line basis.

12. INVENTORIES & WORK IN PROGRESS

Stocks are valued at the lower of actual cost or net realisable value.

13. PROVISIONS & RESERVES

The Council establishes provisions for specific expenses that are certain to be incurred but the amount of which cannot yet be determined accurately.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required or a lower settlement is made, the provision is reversed and credited back to the relevant service revenue account.

The Council maintains earmarked reserves to meet future spending programmes. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service revenue account in that year to go against the Cost of Services in the Comprehensive Income and Expenditure Statement (CIES)t. The reserve is then appropriated back to the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the council.

14. REPURCHASE OF BORROWING

The Council will recognise the gains or losses on the repurchase of borrowing in the line with the Code.

15. PENSIONS

Horsham District Council employees have the right to membership of the Local Government Pension Scheme, administered by West Sussex County Council. This scheme is accounted for as a defined benefits scheme. Pension costs have been accounted for in accordance with IAS19 Retirement Benefits. The basic principle being that the Council accounts for retirement benefits when it is committed to give them, even if the actual payment is in the future. The estimated true economic current costs are based on valuations provided by the Fund's actuaries.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on long-dated, high quality corporate bonds (ibovx Sterling Corporate Index, AA over 15 years), at the IAS19 valuation date. Prior to 2004/05, CIPFA guidance required the use of a real discount rate.

The assets of the scheme are included in the Balance Sheet at their fair value:

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

Under the 2010/11 Code of Local Authority Accounting the council has adopted the IAS 19, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value.

Any change in the net pension liability is analysed into seven components:

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

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 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 any amounts payable to the fund but unpaid at the year-end.

West Sussex County Council's Annual Report on the Pension Fund is available from County Hall, Chichester.

16. OFFICERS' EMOLUMENTS AND SENIOR OFFICER REMUNERATION

In line with the Accounts and Audit Regulations 2011, a note disclosing officers' emoluments which covers all amounts paid to or receivable by an employee, including sums due by way of expenses allowances and the estimated money value of any other benefits received by an employee other than in cash.

There is also a requirement that local authorities include remuneration information of senior employees in the note accompanying their statement of accounts with previous year comparatives. This information is in note 29.

17. FINANCIAL INSTRUMENTS

The accounting for financial instruments includes disclosures concerning the values of, and the risks related to financial assets and liabilities. The financial assets are investments, debtors and the financial liabilities are creditors, long term borrowing and other balances shown under current liabilities. All the instruments are shown on balance sheet as the amortised cost which includes any accrued interest at the balance sheet date. The fair value of instruments with over a year to maturity is shown in a note to the accounts.

The authority recognises a financial asset or liability in the Balance Sheet when it becomes a party to the contractual provisions of the instrument. Instruments are measured initially at fair value less acquisition costs. In almost all cases the authority deems the transaction price to be the fair value as transactions are based on market terms. Otherwise the Authority uses an appropriate valuation technique. Instruments are subsequently carried at their amortised cost. The authority fully accrues for interest on instruments and the accruals of interest are accounted for as part of the amortised cost/fair value of the associated financial instrument, with interest split between short and long term instruments.

18. INTEREST

Interest payable on borrowings and receivable on investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.

19. GRANTS AND CONTRIBUTIONS

Grants and subsidies have been credited to the appropriate revenue account and an accrual has been made for revenue balances known to be receivable for the period to 31st March 2011.

Grants and contributions for capital purposes are recognised as income on receipt as long as there is no condition for their use that has not been satisfied. Where there is a condition the amount will be held as a receipt in advance until the condition is satisfied at which point the amount is recognized as income. Where capital grants are recognised as income they are reversed out of the General Fund in the Movement in Reserves Statement and held as unapplied reserve until used to finance capital expenditure.

22. CASH AND CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are repayable within one month of acquisition. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

23. CONTINGENT LIABILITIES

IAS 37 *Provisions, Contingent Liabilities and Contingent assets* requires the Council to disclose contingent liabilities. These arise from past events and their existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control that may result in an obligation on the Council.

Material contingent liabilities are not recognised as an item of expenditure within the accounts but are disclosed within the notes to the accounts unless the possibility of a transfer of economic benefits in settlement is remote.

24. CONTINGENT ASSETS

IAS 37 *Provisions, Contingent Liabilities and Contingent assets* requires the Council to disclose contingent assets. These arise from past events and their existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control that may result in an asset to the Council.

Contingent assets are not accrued in the accounting statements, in conformity with the concept of prudence. Material contingent assets are disclosed within the notes to the accounts if the inflow of a receipt or economic benefit is probable.

There are no contingent assets that may materially affect the amounts included in any of the financial statements.

25. BEST VALUE ACCOUNTING CODE OF PRACTICE

The presentation of the Final Accounts reflects Best Value Accounting requirements, with the aims of demonstrating Best Value in the provision of services to the community and ensuring consistency and comparability in financial reporting.

PROVISIONS AND RESERVES

Provisions and Reserves are methods of earmarking the authority's funds to cover future expenditure.

PROVISIONS

Provisions represent sums set aside for liabilities or losses on bad debts which are certain to arise but owing to their inherent nature cannot be quantified with any certainty.

Provision for Corporate Restructure During 2008/09 the council initiated a review of the management structure within the authority and a provision was set up for the redundancy and pension costs of this restructure. The balance remaining in the provision is to cover any future payments to the pension fund for early access costs.

Provision for Concessionary Fares This provision was established in 2009/10 as a result of appeals by bus operators for additional reimbursement of costs relating to the concessionary fares scheme. A decision has not yet been made on the appeal but it is considered probable that the Council will have additional costs.

RESERVES

General Fund Revenue Reserve Established during 1988/89 to provide finance to meet future expenditure arising from capital and revenue projects.

Local Development Reserve Established in 1998/99 to set aside funds for future expenditure on the Local Development Framework.

Other Reserves A number of small balances held against future expenditure on specific items, such as tree planting, etc.

Repairs and Renewals Used to finance the programmed replacement of heavy plant, equipment and machinery and programmed renewal works. Contributions are received from spending accounts calculated to ensure sufficient funds exist to fully finance the replacement programme.

Insurance Established to provide the Council with cover on otherwise uninsured risks and defaults on the repayment of car loans.

Vehicle Replacement Reserve Established in 2004/05 to set aside funds to replace vehicles in the future.

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Section 106 Reserves

Section 106 receipts below the de minimis amount held in reserves. When the schemes incur revenue expenditure, monies will be transferred to the revenue accounts.

Pension Reserve

Reflects the net deficit on the Council's defined benefit Scheme as required by the implementation of FRS17.

Planning Grant Reserve

Established in 2009/10 additional grant received was set aside to go towards funding future expenditure on planning as the planning grant diminishes.

War Memorial Fund

A fund which is specifically for expenditure on Horsham War Memorial. The Trustees have invested the fund with the Council.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	General Fund Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Notes
Balance at 1 April 2009	(1,568,896)	(13,653,729)	(1,853,068)	(17,075,693)	(83,981,478)	(101,057,171)	1
Movement in Reserves during 2009/10:							
Surplus or (deficit) on provision of services	5,198,605	0	0	5,198,605	0	5,198,605	23
Other Comprehensive Expenditure and Income	0	0	0	0	14,034,978	14,034,978	
Total Comprehensive Expenditure and Income	5,198,605	0	0	5,198,605	14,034,978	19,233,583	
Adjustments between accounting basis and funding basis under regulations	(2,448,442)	0	57,333	(2,391,109)	2,391,109	0	6
Net increase /decrease before transfer to earmarked reserves	2,750,163	0	57,333	2,807,496	16,426,087	19,233,583	
Transfers to/from earmarked reserves	(2,644,334)	2,644,334	0	0	0	0	
Increase/decrease (movement) in year	105,829	2,644,334	57,333	2,807,496	16,426,087	19,233,583	
Balance at 31 March 2010 carried forward	(1,463,067)	(11,009,395)	(1,795,735)	(14,268,197)	(67,555,391)	(81,823,588)	1
	General Fund Balance	General Fund Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Notes
Balance at 1 April 2010	(1,463,067)	(11,009,395)	(1,795,735)	(14,268,197)	(67,555,391)	(81,823,588)	
Movement in Reserves during 2010/11:							
Surplus or (deficit) on provision of services	(6,279,242)	0	0	(6,279,242)	0	(6,279,242)	23
Other Comprehensive Expenditure and Income	0	0	0	0	(24,117,260)	(24,117,260)	
Total Comprehensive Expenditure and Income	(6,279,242)	0	0	(6,279,242)	(24,117,260)	(30,396,502)	
Adjustments between accounting basis and funding basis under regulations	7,146,074	(400,708)	672,437	7,417,803	(7,417,803)	0	6
Net increase /decrease before transfer to earmarked reserves	866,833	(400,708)	672,437	1,138,561	(31,535,063)	(30,396,502)	
Transfers to/from earmarked reserves	(915,634)	915,634	0	0	0	0	
Increase/decrease (movement) in year	(48,802)	514,926	672,437	1,138,561	(31,535,063)	(30,396,502)	
Balance at 31 March 2011 carried forward	(1,511,869)	(10,494,469)	(1,123,298)	(13,129,636)	(99,090,454)	(112,220,090)	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2010/2011

2009/2010 (Restated)				2010/2011			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£	£	£		£	£	£	
8,508,995	(6,823,425)	1,685,570	Central Services to the Public	8,307,424	(7,053,415)	1,254,009	1,24,27,29,35
24,982,006	(8,561,758)	16,420,248	Cultural, Environmental and Planning Services	25,323,492	(9,721,848)	15,601,644	1,4,24,27,33,34,35
31,172,091	(28,741,949)	2,430,142	Housing Services	32,689,634	(30,938,558)	1,751,076	1,24,27,29,33,35
5,096,155	(4,480,273)	615,882	Highways & Roads	3,724,135	(3,658,797)	65,338	1,24,27,29,33,35
297,821	(305,385)	(7,564)	Social Services	307,483	(338,218)	(30,735)	24,27,29,35
2,507,615	(358,422)	2,149,193	Corporate & Democratic Core	2,452,128	(20,278)	2,431,850	1,24,26,27,28,33,35
412,225	0	412,225	Non-Distributed Costs	558,802	0	558,802	4,24,35
0	0	0	Past Service Gains relating to Pensions	(10,581,000)	0	(10,581,000)	4,35
72,976,908	(49,271,212)	23,705,696	Cost of Services	62,782,098	(51,731,114)	11,050,984	1,24
2,162,054	(459,038)	1,703,016	Other operating expenditure	2,221,118	(443,121)	1,777,997	8
5,480,370	(8,415,901)	(2,935,531)	Financing and investment income and expenditure	6,215,812	(8,746,049)	(2,530,237)	1,9,12,14,35
0	(17,274,576)	(17,274,576)	Taxation and non-specific grant income	0	(16,577,986)	(16,577,986)	1,10,29
80,619,332	(75,420,727)	5,198,605	(Surplus) or deficit on provision of services	71,219,028	(77,498,270)	(6,279,242)	24
		(4775,022)	Surplus or deficit on revaluation of Property, Plant and Equipment assets			(1,747,260)	1
		18,810,000	Actuarial gains/losses on pensions assets/liabilities			(22,370,000)	35
		14,034,978	Other Comprehensive Income and Expenditure			(24,117,260)	1
		19,233,583	Total Comprehensive Income and Expenditure			(30,396,502)	1

BALANCE SHEET AS AT 31 MARCH 2011

<u>01.4.09</u>	<u>31.3.10</u>		<u>31.3.11</u>	
(Re-stated)	(Re-stated)		£	Notes
£	£			
74,927,920	81,058,333	Property, Plant and Equipment	81,424,286	11
26,565,341	27,999,143	Investment Property	28,971,858	12
50,000	56,500	Intangible Assets	25,200	13
75,719	37,767	Long-term Debtors	53,561	14
3,010,970	1,000,000	Long - Term Investments	1,000,000	14
104,629,950	110,151,743	TOTAL LONG TERM ASSETS	111,474,905	
18,330,195	10,034,553	Short - Term Investments	6,030,431	1
100,313	101,079	Inventories	98,267	15
5,502,193	6,394,883	Short Term Debtors	6,883,889	16
2,250,678	3,270,286	Cash and Cash Equivalents	5,265,775	1,17
26,183,379	19,800,801	CURRENT ASSETS	18,278,362	
(5,955,007)	(4,992,789)	Short Term Creditors	(5,490,723)	19
(5,955,007)	(4,992,789)	CURRENT LIABILITIES	(5,490,723)	
		Long Term Creditors		
(1,191,255)	(1,166,415)	Provision for Doubtful Debts	(1,440,891)	16,20
(1,651,443)	(866,121)	Other Provisions	(645,161)	1,20,36
(4,059,000)	(4,000,000)	Long Term Borrowing	(4,000,000)	14
		Other Long Term Liabilities		
(13,610,996)	(34,480,996)	- Pension Asset/(Liability)	(2,873,680)	35
0	(40,747)	- Finance Lease Deferred Liability	(32,245)	14
(45,449)	(45,679)	- War Memorial Fund	(9,496)	
(1,111,603)	(1,028,935)	- Other Balances	(1,263,544)	1
(25,843)	(22,079)	-Loan to Henfield Sports Association	(22,079)	
(2,105,562)	(1,485,195)	Capital Grants Receipts in Advance	(1,755,358)	1,29
(23,801,151)	(43,136,167)	LONG TERM LIABILITIES	(12,042,454)	
101,057,171	81,823,587	NET ASSETS	112,220,090	
		Usable Reserves		
(15,222,625)	(12,472,462)	-Reserves	(12,006,338)	1,7,21
(1,853,068)	(1,795,735)	- Capital Grants Unapplied	(1,123,298)	1,21
		Unusable Reserves		
(9,550,108)	(13,721,817)	-Revaluation Reserve	(15,180,416)	1,22
13,610,000	34,480,000	-Pensions Reserve	2,873,000	22,35
(88,337,486)	(88,281,232)	-Capital Adjustment Account	(86,801,868)	1,22
0	(217,490)	-Financial Instrument Adjustment Account	(193,493)	22
128,993	40,721	-Collection Fund Adjustment Account	53,562	22
167,123	144,427	-Accumulating Absences Adjustment Account	158,761	1,22
(101,057,171)	(81,823,588)	TOTAL RESERVES	(112,220,090)	

Director of Corporate Resources

Date

**Accounts, Audit & Governance Committee
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CASHFLOW STATEMENT

<u>2009/10</u>	<u>2009/10</u>		<u>2010/11</u>	<u>Note</u>
£	£		£	
		<u>Operating activities</u>		
8,406,245	5,198,605	(Surplus) or deficit on provision of services	(6,279,242)	1
(6,248,937)	(3,041,280)	Adjust net surplus or deficit on the provision of services for non- cash movements	6,128,705	1
(1,047,857)	(1,047,857)	Adjust for items in the net deficit on the provision of services that are investing or financing activities	(882,385)	
1,109,451	1,109,468	Net cash flows from Operating activities	(1,032,922)	23
		<u>Investing activities</u>		
5,651,217	5,651,217	Purchase of property, plant and equipment, investment property and intangible assets	2,420,379	
177,053,749	26,000,000	Purchase of short-term and long-term investments	16,000,000	1
	0	Other payments for investing activities		
(420,000)	(420,000)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0	
	0			
(185,664,445)	(36,000,000)	Proceeds from short-term and long-term investments	(20,000,000)	1
	0	Other receipts from investing activities	0	
(3,379,479)	(4,768,783)	Net cash flows from investing activities	(1,579,621)	
		<u>Financing Activities</u>		
(4,000,000)	(4,000,000)	Cash receipts of short and long term borrowing	0	
(2,542,282)	(2,542,282)	Other receipts from financing activities	(5,705,158)	
0	0	Cash payments for the reduction of the outstanding liabilities relating to finance leases	0	
4,059,000	4,059,000	Repayments of short and long term borrowing	0	
5,122,989	5,122,989	Other payments for financing activities	6,322,212	
2,639,707	2,639,707	Net cash flows from financing activities	617,054	
369,679	(1,019,608)		(1,995,489)	
(436,690)	(2,250,678)	Cash and cash equivalents at 1 April	(3,270,286)	1
(67,011)	(3,270,286)	Cash and cash equivalents at 31 March	(5,265,775)	

NOTES TO THE CORE FINANCIAL STATEMENTS 2010/11
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1. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

With effect from the 2010/11 financial reporting period, local authorities are required to adopt the IFRS based Code of Practice on Local Authority Accounting and present the financial statements on an IFRS basis. The authority is required to account for the transition to IFRS in accordance with IFRS 1 First Time Adoption, except where interpretations or adaptations to fit the public sector are detailed in the Code.

The Code requires accounting policy changes arising out of the Code to be applied retrospectively unless alternative treatment is required by the Code.

The transition date to IFRS is 1 April 2009 for local government and the authority has prepared its opening Balance Sheet as at that date. The following table shows the impact that the transition for UK GAAP to IFRS has had on the financial statements.

Effect of IFRS adjustments on the Balance Sheet as at 1 April 2009

IFRS	UK GAAP	As at 1 April 2009			As at 31 March 2010		
		Under UK GAAP (SORP)	Effect of Transition to IFRS	Under IFRS (Code)	Under UK GAAP (SORP)	Effect of Transition to IFRS	Under IFRS (Code)
		£000	£000	£000	£000	£000	£000
Long Term Assets	Long Term Assets	104630	0	104630	110152	0	110152
Short Term Investments	Short Term Investments	20144	(1814)	18330	13238	(3203)	10035
Inventories	Stocks and Work in Progress	100	0	100	101	0	101
Short Term Debtors	Short Term Debtors	5502	0	5502	6395	0	6395
Cash and Cash Equivalents	Cash in hand and at Bank	437	1814	2251	67	3203	3270
Current Assets	Current Assets	26183	0	26183	19801	0	19801
Current Liabilities	Current Liabilities	-5955	0	(5955)	(4993)	0	(4993)
Provision for Doubtful Debts	Provision for Doubtful Debts	(1191)	0	(1191)	(1166)	0	(1166)
Provision for Corporate Restructure	Provision for Corporate Restructure	(1484)	0	(1484)	(672)	0	(672)
Provision for Accumulated Absences	Not under UK GAAP	0	(167)	(167)	0	(144)	(144)
Provision for Concessionary Fares	Provision for Concessionary Fares	0	0	0	(50)	0	(50)
Long Term Borrowing	Long Term Borrowing	(4059)	0	(4059)	(4000)	0	(4000)
Other Long Term Liabilities	Other Long Term Liabilities	(16244)	1450	(14794)	(37111)	1492	(35619)
Capital Grant Receipts in Advance	Unapplied Capital Contributions	(3942)	1836	(2106)	(3281)	1796	(1485)
	Long Term Liabilities	(26920)	3119	(23801)	(46280)	3144	(43136)
Net Assets	Total Assets less Liabilities	97938	3119	101057	78680	3144	81824
Capital Grants Unapplied	Not under UK GAAP	0	(1853)	(1853)	0	(1796)	(1796)
<u>Unusable Reserves</u>							
Revaluation Reserve	Revaluation Reserve	(10487)	937	(9550)	(17842)	4119	(13723)
Pension Reserve	Pension Reserve	13610		13610	34480	0	34480
Capital Adjustment Account	Capital Adjustment Account	(86296)	(2042)	(88338)	(83021)	(5260)	(88281)
Financial Instrument Adjustment Account	Not in UK GAAP	0	0	0	(217)	0	(217)
Collection Fund Adjustment Account	Collection Fund Adjustment Account	129	0	129	41	0	41
Accumulation Absences Adjustment Account	Not under UK GAAP	0	167	167	0	144	144
Total Reserves	Total Equity	(97938)	(3119)	(101057)	(78680)	(3144)	(81824)

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Analysis of the Effect of transition to IFRS on the Balance Sheet

Balance Sheet	As at 1 April 2009				
	Current Assets	Short Term Investments/ Cash and Cash Equivalents	Grants	Employee Benefits	Effect of Transition to IFRS
	£000	£000	£000	£000	£000
Short Term Investments		(1,814)			(1,814)
Cash and Cash Equivalents		1,814			1,814
Provision for Accumulated Absences				(167)	(167)
Other long term liabilities			1,450		1,450
Capital Grant Receipts in Advance			1,836		1,836
Net Assets	0	0	3,286	(167)	3,119
Reserves			(328)		(328)
Capital Grants Unapplied			(1,853)		(1,853)
Revaluation Reserve	937				937
Capital Adjustment Account	(937)		(1,105)		(2,042)
Accumulation Absences Adjustment Account				167	167
Total Reserves	0	0	-3,286	167	(3,119)

Balance Sheet	As at 31 March 2010				
	Current Assets	Short Term Investments/ Cash and Cash Equivalents	Grants	Employee Benefits	Effect of Transition to IFRS
	£000	£000	£000	£000	£000
Short Term Investments		(3,203)			(3,203)
Cash and Cash Equivalents		3,203			3,203
Provision for Accumulated Absences				(144)	(144)
Other long term liabilities			1,492		1,492
Capital Grant Receipts in Advance			1,796		1,796
Net Assets	0	0	3,288	(144)	3,144
Reserves			(351)		(351)
Capital Grants Unapplied			(1,796)		(1,796)
Revaluation Reserve	4,119				4,119
Capital Adjustment Account	(4,119)		(1,141)		(5,260)
Accumulation Absences Adjustment Account				144	144
Total Reserves	0	0	(3,288)	144	(3,144)

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Effect of IFRS adjustments on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2010;

	Under UK GAAP (SORP)	Effect of Transition to IFRS	Under IFRS (Code)
	£000	£000	£000
Central Services to the Public	1,687	(1)	1,686
Cultural, Environmental and Planning Services	16,391	29	16,420
Housing Services	1,936	494	2,430
Highways & Roads	1,702	(1086)	616
Social Services	(7)	0	(7)
Corporate & Democratic Core	2,283	(134)	2,149
Non-Distributed Costs	412	0	412
Cost of Services	24,404	(698)	23,706
Other operating expenditure	1,703	0	1,703
Financing and investment income and expenditure	(1,407)	(1528)	(2,935)
Surplus or deficit on discontinued operations	0	0	0
Taxation and non-specific grant income	(16,294)	(981)	(17,275)
(Surplus) or deficit on provision of services	8,406	(3,207)	5,199
Surplus or deficit on revaluation of Property, Plant and Equipment assets	(7,958)	3183	(4,775)
Surplus or deficit on revaluation of available for sale financial assets	0	0	0
Actuarial gains/losses on pensions assets/liabilities	18,810	0	18,810
Other Comprehensive Income and Expenditure	10,852	3,183	14,035
Total Comprehensive Income and Expenditure	19,258	(24)	19,234

Analysis of the Effect of Transition to IFRS on the Comprehensive Income and Expenditure Statement for year ending 31 March 2010

	Current Assets	Revaluation of Investment Properties	Short Term Investments/ Cash and Cash Equivalents	Grants	Employee Benefits	Effect of Transition to IFRS
	£000		£000	£000	£000	£000
Central Services to the Public					(1)	(1)
Cultural, Environmental and Planning Services	(167)			214	(18)	29
Housing Services	(256)			752	(2)	494
Highways & Roads	(1094)			7	1	(1086)
Social Services					0	0
Corporate & Democratic Core	(132)				(2)	(134)
Non-Distributed Costs						0
Cost of Services	(1649)	0	0	973	(22)	(698)
Other operating expenditure						0
Financing and investment income and expenditure		(1534)		5		(1529)
Taxation and non-specific grant income				(980)		(980)
(Surplus) or deficit on provision of services	(1649)	-1534	0	(2)	(22)	(3207)
Surplus or deficit on revaluation of Property, Plant and Equipment assets	1649	1534				3183
Other Comprehensive Income and Expenditure	1649	1534	0	0	0	3183
Total Comprehensive Income and Expenditure	0	0	0	(2)	(22)	(24)

Effect of IFRS on the Cash Flow Statement for the year ended 31 March 2010

Cash flows relating to investments with maturities of three months or less were reclassified from short term investments to cash and cash equivalents. This resulted in a change in the cashflow statement for the year ended 31 March 2010 of increasing cash and cash equivalents by £3.2m.

Notes to the effects of transition to IFRS on the Comprehensive Income and Expenditure Statement and the Balance Sheet:

a) Short Term Investments and Cash and Cash Equivalents

Cash surpluses invested with maturities of one month or less were reclassified from short term investments to cash and cash equivalents. This change impacted on the transition opening Balance Sheet as at 1 April 2009 by increasing cash and cash equivalents by £1.814m and decreasing short term investments by the same amount. A further

b) Grants and Contributions

The authority receives both capital and revenue grants and contributions. The transition to IFRS required revised accounting treatment for grants and contributions and this was dependent on whether there is any conditions (as opposed to restrictions) attached to them such that the grant or contribution is returned to the transferor if a specified future event does or does not occur. The authority is required to maintain an account for unapplied grants and assess, at the year end, whether a condition is outstanding in determining whether it should be recognised as income in the Comprehensive Income and Expenditure Statement.

Capital Grants and Contributions:

Under SORP, grants and contributions for capital projects were held in a government grants deferred account and recognised as income over the life of the asset they were used to fund. Under the new Code the following adjustments have been required;

- The balance of the GGD Account has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Deferred government grants previously recognised as income in 2009/10 have been removed from the CIES;
- Grants received but not used were previously held in the Balance Sheet within liabilities, under IFRS the grants are now accounted for as follows;

Unapplied grant with condition(s) - these are transferred to the Capital Grants Receipts in Advance account (liability)
Unapplied grant without condition(s) - these are recognised in the Comprehensive Income and Expenditure Statement and transferred to the Capital Grants Unapplied Account (usable reserve).

There is no impact to the General Fund balance as capital grant income is transferred out of the General Fund under both the SORP and the Code accounting policies.

Revenue Grants and Contributions:

Under SORP, revenue grants and contributions received but unused were held on the Balance Sheet as creditors until used, no income was recognised in respect of these grants. Following the transition to IFRS the accounting policy now states that grants received with no condition should be recognised as income in the year of receipt within the Comprehensive Income and Expenditure statement. They are then transferred to reserves within the Balance Sheet.

c) Employee Benefits - Short term accumulated Absences

A provision has been established for short term accumulated absences (annual leave and flexi time) of employees. The impact of this on the Balance Sheet is that it has increased short term provisions and a new short term accumulated absences reserve under usable reserves. As at 1 April 2009 the balance on the reserve was £167k then a further adjustment made in 2009/10 of £(23)k reduced the provision to £144k as at 31 March 2010.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

FRS30 – Heritage Assets. Accounting for assets with historical, scientific, technological, geophysical or environmental qualities held and maintained principally for their contribution to knowledge and culture. This accounting policy is to be applicable from 2011/2012.

3. CRITICAL JUDGEMENTS AND ASSUMPTIONS

Critical Judgements

In applying the policies as set out in the Statement of Accounting Policies, the Authority has made the following critical judgements that have a significant effect on the statements;

- Future levels of local authority funding are uncertain, however based on its medium term planning using prudent assumptions on funding and based on announcements made by central government the Authority judges that its assets will not be impaired as a result of a need to close facilities, reduce service provision or ongoing maintenance.
- The Authority holds a significant portfolio of investment property and although general economy growth is quite fragile the Authority judges that its portfolio in the context of the local economy is robust and healthy enough that its assets will not be impaired as a result of a decrease in economic activity.
- The Authority judges that, on balance, the banking system will not be subject to major disruption to the extent that historic estimates of defaults are no longer tenable.
- The Authority expects the current tax gathering mechanism through Council Tax and Business Rates to persist based on its perception of central government policy.

Assumptions

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk or of material adjustments in the forthcoming financial year are as follows;

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 Authority with expert advice about the assumptions to be applied.

However the interaction of these assumptions is complex. During 2010/11 the actuaries advised that the net pension liability had been affected as follows:

<u>Change in assumptions year ended 31 March 2011</u>	<u>Approximate monetary amount £000</u>
0.5% increase in Real Discount Rate	8,027
1 year increase in member life expectancy	2,817
0.5% increase in Salary Increase Rate	1,968
0.5% increase in the Pension Increase Rate	6,428

Provisions

The provision for doubtful debt is based on estimates of default. The estimated default rates used which range from 3% to 100% may be sensitive to economic circumstances. An increase of 10% in default rates would have the effect of increasing the required provision by £0.37m

Property, plant and equipment

The depreciation of buildings is based on estimated useful life and residual value which is based on the present use and level of maintenance.

which in turn depends on the continued level of funding throughout 2011/12. For every year that the life of buildings were to decrease the extra depreciation would be £0.046m.

The Balance Sheet items considered as to assumption uncertainty above exclude any assets and liabilities that are carried at fair value based on recent market price.

4. MATERIAL ITEMS OF INCOME AND EXPENSE

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

VAT reclaim

During 2010/11 the Council received a repayment of VAT from HMRC for services that should have been treated as exempt.

Supplies of sports and recreational courses

Since 1 August 1994, following the VAT Education Order 1994, sports and recreational courses provided by local authorities have been exempt. Prior to this date UK Law (Note 4 VAT Act 1983) required local authorities to charge VAT as the prescribed exemption within the act did not include courses unless they were part of a general educational curriculum.

The basis of the claim to HMRC was that Note 4 was not permitted under the EC 6th VAT Directive and is therefore not valid. Thus sports and recreational courses provided by local authorities were also exempt from 1 January 1978 to 31 July 1994 under directly effective community rights.

Sporting Services

The claim was for sporting services provided during the period 1 January 1990 to 31 March 1994, and arises from the failure of the UK to implement t Article 13(A)(1)(m) of the 6th Vat directive until 1 April 1994. During the period VAT was charged on services closely linked to sport or physical education at leisure facilities operated by the Council whereas it was entitled to treat them as exempt.

The net reclaim is within cultural Services in the Comprehensive Income and Expenditure Account.

	Reclaim Income £	Interest Income £	Advisor costs £	Net Income £
Sports and Recreational Courses	(148,552)	(218,207)	73,350	(293,409)
Sporting Services	(713,490)	(633,930)	269,483	(1,077,937)
	<u>(862,042)</u>	<u>(852,137)</u>	<u>342,833</u>	<u>(1,371,346)</u>

Pension - Past Service Gain

The 2010/11 accounts include a £10,581,000 past service gain relating to pensions. This is as a result of the actuaries now using the Consumer Price Index (CPI) when calculating future pension increases instead of the Retail Price Index (RPI). The credit to the Comprehensive Income and Expenditure Statement is separated out in the net cost of services. It should be noted that this is not a cash inflow to the council.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 30th June 2011, events taking place after this date are not reflected in the financial statements or notes.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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2010/2011

	Usable Reserves				
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(2158)				2158
Impairment on Property, Plant and Equipment	(996)				996
Movements in the market value of Investment Properties	249				(249)
Amortisation of intangible assets	(31)				31
Capital grants and contributions applied	1053				(1053)
Movement in the Donated Assets Account					0
Revenue expenditure funded from capital under statute	(3077)				3077
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					
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	534				(534)
Capital expenditure charged against the General Fund Balance	1898	(401)			(1497)
					0
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	45			(45)	0
Application of grants to capital financing transferred to the Capital Adjustment Account				717	(717)
Adjustments 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	443		(443)		0
Use of the Capital Receipts Reserve to finance new capital expenditure			443		(443)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals					0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool					0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash					0
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement					0
Adjustments primarily 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 the year in accordance with statutory requirements	(24)				24
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	7650				(7650)
Employers pension contributions and direct payments to pensioners payable in the year	1587				(1587)
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(13)				13
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(14)				14
Total Adjustments	7146	(401)	0	672	(7417)

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2009/2010

	Usable Reserves				
	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(1737)				1737
Impairment on Property, Plant and Equipment	(2153)				2153
Movements in the market value of Investment Properties	1418				(1418)
Amortisation of intangible assets	(25)				25
Capital grants and contributions applied	1338				(1338)
Movement in the Donated Assets Account					0
Revenue expenditure funded from capital under statute	(2835)				2835
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	(450)				450
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	90				(90)
Capital expenditure charged against the General Fund Balance	2728				(2728)
					0
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				(45)	0
Application of grants to capital financing transferred to the Capital Adjustment Account				58	(58)
Adjustments 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	909		(909)		0
Use of the Capital Receipts Reserve to finance new capital expenditure			909		(909)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals					0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool					0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash					0
Adjustments primarily involving the Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement					0
Adjustments primarily 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 the year in accordance with statutory requirements	217				(217)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3850)				3850
Employers pension contributions and direct payments to pensioners payable in the year	1790				(1790)
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	88				(88)
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	23				(23)
Total Adjustments	(2449)	0	0	58	(2391)

7. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010/11.

	Balance at 01.04.09	Income/ Expenditure 2009/10	Transfer In from other reserves 2009/10	Balance at 31.03.10	Income/ Expenditure 2010/11	Transfer In from other reserves 2010/11	Balance at 31.03.11
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
General Fund Balance	(1569)	106		(1463)	(49)		(1512)
General Fund Reserve	(11482)	2728		(8754)	878	(401)	(8277)
Local Development Reserve	(166)	88		(78)	0	0	(78)
Repairs and Renewals Reserve	(756)	25		(731)	14	0	(717)
s106 Reserves	(371)		(15)	(386)	(51)	0	(437)
Insurance Reserve	(36)			(36)	0	0	(36)
Vehicle Replacement Reserve	(596)			(596)	80	0	(516)
Other	(246)		(182)	(428)	(5)		(433)
Other Earmarked Reserves	(13653)	2841	(197)	(11009)	916	(401)	(10494)

8. OTHER OPERATING EXPENDITURE

	2010/11 £000	2009/10 £000
Parish council precepts	2221	2162
Levies	0	0
Payments to the Government Housing		
Capital Receipts Pool	0	0
Gains/losses on the disposal of non-current assets	(443)	(459)
Total	1778	1703

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2010/11 £000	2009/10 £000
Interest payable and similar charges	138	(103)
Pensions interest cost and expected return on pensions assets	66	1260
Interest receivable and similar income	(3520)	(587)
Income and expenditure in relation to investment properties and changes in their fair value	(2382)	(3505)
Other investment income	0	0
Total	(2530)	(2935)

10. TAXATION AND NON SPECIFIC GRANT INCOMES

	2010/11 £000	2009/10 £000
Council tax income	(10293)	(10030)
Non domestic rates	(5420)	(5018)
Non-ring fenced government grants	(820)	(1245)
Capital grants and contributions	(44)	(981)
Total	(16577)	(17274)

11. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2010/11

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£000	£000	£000	£000	£000
At 1 April 2010	77,388	5,414	0	720	83,522
additions	1,406	1,009			2,415
reclassifications	(203)			(400)	(603)
revaluation increase/(decreases) recognised in the Revaluation Reserve	954				954
revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services					0
de-recognition - disposals					0
other movements in cost or valuation	306				306
At 31 March 2011	79851	6423	0	320	86,594
Accumulated Depreciation and Impairment					
At 1 April 2010	(1,027)	(1,431)	0	(6)	(2,464)
depreciation charge	(1,539)	(619)			(2,158)
depreciation written out to the Revaluation Reserve	431				431
depreciation written out to the Surplus/Deficit on the Provision of Services					0
impairment losses/ (reversals)	(996)				(996)
recognised in the Surplus/Deficit on the Provision of Services					0
de-recognition - disposals					0
de-recognition - other					0
other movements in depreciation and impairment	11			6	17
At 31 March 2011	(3,120)	(2,050)	0	0	(5,170)
Net Book Value					
at 31 March 2011	76,731	4,373	0	320	81,424
at 31 March 2010	76,361	3,983	0	714	81,058

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Movements in 2009/10

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation	£000	£000	£000	£000	£000
At 1 April 2009	73,564	1,583	0	1,858	77,005
additions	1,770	3,816	0	62	5,648
reclassifications	688	0	0	(688)	0
revaluation increase/(decreases) recognised in the Revaluation Reserve	3,198		0	0	3,198
revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,059)	(32)	0	(62)	(2,153)
de-recognition - disposals				(450)	(450)
other movements in cost or valuation	227	47			274
At 31 March 2010	77,388	5,414	0	720	83,522
Accumulated Depreciation and Impairment					
At 1 April 2009	(900)	(1,177)			(2,077)
depreciation charge	(1,477)	(254)		(6)	(1,737)
depreciation written out to the Revaluation Reserve	1,350				1,350
depreciation written out to the Surplus/Deficit on the Provision of Services					0
impairment losses/ (reversals)					0
recognised in the Surplus/Deficit on the Provision of Services					0
de-recognition - disposals					0
de-recognition - other					0
other movements in depreciation and impairment					0
At 31 March 2010	(1,027)	(1,431)	0	(6)	(2,464)
Net Book Value					
at 31 March 2010	76,361	3,983	0	714	81,058
at 31 March 2009	72,664	406	0	1,858	74,928

Depreciation

Operational assets are depreciated over the rest of their useful lives on a straight line basis.

Assets are not generally depreciated in the year of acquisition, but they are depreciated in the year of disposal.

Assets in the course of construction are not usually depreciated until the year following the one in which they are first brought into use.

	£000
Multi-storey car park	49
Swimming centre Cladding	19

The comparative figure for 31 March 2010 was £2.222m.

Effects of Changes in Estimates

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. Valuations are carried out internally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at historical cost		4,373		4,373
Valued at fair value as at				
31 March 2011	26,264			26,264
31 March 2010	10,278			10,278
31 March 2009	38,129			38,129
31 March 2008	2,060			2,060
	76,731	4,373	0	81,104

12. INVESTMENT PROPERTIES

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

	2010/11 £000	2009/10 (Re-stated) £000
Rental income from investment property	(2,354)	3,835
Direct operating expenses arising from investment property	(28)	(330)
Net gain/ (loss)	(2,382)	3,505

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

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

	2010/11 £000	2009/10 £000
Balance at start of year	27,999	26,565
Additions:		
- Purchases		
- Construction		16
Subsequent expenditure	81	
Disposals		
Net gains/(losses) from fair value adjustments	249	1,418
Transfers:		
- to/from Property, Plant and Equipment	587	
Other changes	56	
Balance at end of the year	28,972	27,999

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13. INTANGIBLE ASSETS

The Authority accounts for software that has a useful life of more than 1 year and is above the de-minimis level as intangible assets, to the extent that the software is not an integral part of a particular system and accounted for as part of Property, Plant and Equipment. The intangible assets include purchased licences.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £31k charged to revenue in 2010/11 was charged to the IT Services cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

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

	2010/11 Purchased Software £000	2009/10 Purchased Software £000
Balance at start of year:		
- Gross carrying amounts	131	100
- Accumulated depreciation	(75)	(50)
Net carrying amount at start of year	56	50
Additions	0	32
Depreciation for the period	(31)	(25)
Other changes		
Net carrying amount at end of year	25	57
Comprising:		
Gross carrying amounts	131	132
Accumulated depreciation	(106)	(75)
	25	57

14. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

The figures here for current creditors and debtors will not necessarily match the Balance Sheet as some transactions e.g. Council Tax are excluded from financial instruments.

	<u>Long Term</u>			<u>Current</u>		
	31.03.11	31.03.10	Re-stated 1.04.09	31.03.11	31.03.10	Re-stated 1.04.09
	£000	£000	£000	£000	£000	£000
Investments, Cash and Cash equivalents						
Loans and receivables	1000	1000	3011	6030	10035	18330
Cash and Cash equivalents				5266	3270	2251
Total	1000	1000	3011	11296	13305	20581
Debtors						
Loans and receivables	54	38	76			
Financial assets carried at contract amounts				636	1464	1832
Total	54	38	76	636	1464	1832
Borrowings						
Financial liabilities at amortised cost	(4000)	(4000)	(4059)	0	0	0
Total	(4000)	(4000)	(4059)	0	0	0
Other Long Term Liabilities						
Finance lease liabilities	(32)	(41)	0	0	0	0
Total	(32)	(41)	0	0	0	0
Creditors						
Financial liabilities carried at contract amounts				(5094)	(4972)	(3732)
Total	0	0	0	(5094)	(4972)	(3732)

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Reclassifications

There were no re-classifications in 2010/2011.

Income, Expense, Gains and Losses

	Financial Liabilities measured at depreciated cost	Financial Assets: Loans & receivables	Total		Financial Liabilities measured at depreciated cost	Financial Assets: Loans & receivables	Total
2010/11	£000	£000	£000	2009/10	£000	£000	£000
Interest Expense	138		138		103		103
Losses on derecognition			0				0
Reductions in fair value			0				0
Impairment losses			0				0
Fee expense			0				0
Total expense in Surplus or Deficit on the Provision of Services	138	0	138		103	0	103
Interest income		(352)	(352)			(587)	(587)
Interest income accrued on impaired financial assets			0				0
Increases in fair value			0				0
Gains on derecognition			0				0
Fee income			0				0
Total income in Surplus or Deficit on the Provision of Services	0	(352)	(352)		0	(587)	(587)
Gains on revaluation			0				0
Losses on revaluation			0				0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment			0				0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income & Expenditure	0	0	0		0	0	0
Net gain/(loss) for the year	138	(352)	(214)		103	(587)	(484)

No early repayment or impairment is recognised.

If an instrument matures within the next 12 months, the carrying amount is assumed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced amount.

The fair values calculated are as follows where the fair value is materially different from carrying value.

	31.03.11		31.03.10	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	(4000)	(4061)	(4000)	(3909)
Long-term creditors				
Loans and receivables	1000	1208	1000	1244
Long-term debtors				

Loans and receivables relates to a long term loan whose interest rate is more favourable than those presently available. The financial liabilities is a long term borrowing whose rate is slightly less favourable than the applicable prevailing rate. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values of long term debtors are not materially different from carrying amount

15. INVENTORIES

	Balance outstanding at start of year	Purchases	Recognised as expense in the year	Written off balances	Reversals of write-offs in previous years	Balance outstanding at year-end
	£000	£000	£000	£000	£000	£000
31 March 2010						
Consumables	21	18	(18)	0	0	21
IT Consumables	0	14	0	0	0	14
Fuel	18	360	(350)	0	0	28
Trade Bins	49	83	(102)	0	0	30
Car Park Tickets	12		(4)	0	0	8
Total	100					101
31 March 2011						
Consumables	21	16	(16)	0	0	21
IT Consumables	14	4	0	0	0	18
Fuel	28	490	(496)	0	0	22
Trade Bins	30	97	(105)	0	0	22
Car Park Tickets	8	28	(21)	0	0	15
Total	101					98

16. DEBTORS

	31.03.11	31.3.10	Re-stated 1.4.09
	£000	£000	£000
Sundry Debtors	1431	2212	2622
Central government bodies	188	96	74
Payments in advance	571	275	423
Council Tax debtors	258	262	233
WSCC Council Tax debtor	74	0	551
SPA Council Tax Debtor	9	0	64
NNDR due from pool	2206	1688	0
Housing benefit overpayments	1481	1376	1087
Moat Management service charge	260	213	166
Other local authorities	406	273	282
	6884	6395	5502
Provision for doubtful debts	(1441)	(1166)	(1191)
	5443	5229	4311

17. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31.03.11	31.3.10	Re-stated 1.4.09
	£000	£000	£000
Cash held by authority	0	0	0
Bank current accounts	(1130)	67	437
Short-term deposits with building societies	6395	3203	1814
Total Cash and Cash Equivalents	5265	3270	2251

18. ASSETS HELD FOR SALE

There were no assets held for sale in 2010/11.

19. CREDITORS

	31.03.11	31.3.10	Re-stated 1.4.09
	£000	£000	£000
Sundry Creditors	(4149)	(4550)	(4137)
Housing Benefit Subsidy	(1175)	(222)	(759)
Prepayment of NNDR	0	0	0
Prepayment of Council Tax	(167)	(162)	(155)
WSCC Council Tax creditors	0	(53)	0
SPA Council Tax creditors	0	(6)	0
NNDR Due to Pool	0	0	(904)
Total	(5491)	(4993)	(5955)

20. PROVISIONS

	Provision for doubtful debts	Provision for corporate restructure	Provision for concessionar y Fare	Provision for Accumulated Absences	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2009	(1191)	(1484)	0	0	(2675)
Additional Provision as required by IFRS	0	0	0	(167)	(167)
Balance at 1 April 2009 (re-stated)	(1191)	(1484)	0	(167)	(2842)
Additional provisions made in 2009/10	(454)	0	(50)	0	(504)
Amounts used in 2009/10	478	812	0	0	1290
Unused amounts reversed in 2009/10	0	0	0	23	23
Balance at 1 April 2010	(1167)	(672)	(50)	(144)	(2033)
Additional provisions made in 2010/11	(675)	0	0	(14)	(689)
Amounts used in 2010/11	401	225	10		636
Unused amounts reversed in 2010/11	0	0	0	0	0
Balance at 31 March 2011	(1441)	(447)	(40)	(158)	(2086)

Provision for doubtful debts

Estimates debts that will not be collectible

Corporate Restructure

During 2008/09 the council initiated a review of the management structure within the authority and a provision was set up for the redundancy and pension costs of this restructure. The balance remaining in the provision is to cover any future payments to the pension fund for early access costs.

Concessionary Fares

This provision was established in 2009/10 as a result of appeals by bus operators for additional reimbursement of costs relating to the concessionary fares scheme. Final decisions have not yet been made on all appeals but it is considered probable that the Council will have additional costs.

Provision for Accumulated Absences

Established in 2009/10 to cover employees' untaken leave at the end of each year.

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21. USABLE RESERVES

Movements in reserves are detailed in the Movement in Reserves Statement disclosed in Notes 6 and 7.

	31.03.11	31.3.10 (re-stated)	1.4.09 (re-stated)
	£000	£000	£000
Revenue Reserves:			
General Fund Revenue Reserve	(8277)	(8754)	(11483)
Local Development Reserve	(78)	(78)	(166)
Repairs and Renewals Reserve	(717)	(731)	(756)
Section 106 Reserves	(437)	(386)	(371)
Insurance Reserve	(36)	(36)	(36)
Vehicle Replacement Reserve	(516)	(596)	(596)
Other Reserves	(434)	(428)	(246)
General Fund Balance	(1512)	(1463)	(1569)
Capital Grants Unapplied	(1123)	(1796)	(1853)
Total Usable Reserves	(13130)	(14268)	(17076)

22. UNUSABLE RESERVES

	31.03.11	31.3.10 (re-stated)	1.4.09 (re-stated)
	£000	£000	£000
Revaluation Reserve	(15180)	(13722)	(9550)
Capital Adjustment Account	(86802)	(88281)	(88337)
Financial Instruments Adjustment Account	(194)	(217)	0
Pensions Reserve	2873	34480	13610
Collection Fund Adjustment Account	54	41	129
Accumulated Absences Account	159	144	167
Total Unusable Reserves	(99090)	(67555)	(83981)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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 gains are realised.

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

	2010/11 £000	2009/10 £000
Balance at 1 April	(13722)	(9550)
Upward revaluation of assets	(1534)	(4865)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	149	318
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		0
Difference between fair value depreciation and historical cost depreciation	289	203
Accumulated gains on assets sold or scrapped	0	400
newly recognised assets	(362)	(228)
Amount written off to the Capital Adjustment Account		
Balance at 31 March	(15180)	(13722)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses in Investment Properties and revaluation gains and losses accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created.

Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2010/11	2009/10
	£000	£000
Balance at 1 April	(88281))88337)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	2936	2497
- Revaluation losses on Property, Plant and Equipment		
- Depreciation of intangible assets		
- Revenue expenditure funded from capital under statute	3077	2835
- 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		50
Adjusting amounts written out of the Revaluation Reserve	(289)	(203)
Net written out amount of the cost on non-current assets consumed in the year		0
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	(443)	(909)
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1770)	(1396)
- Application of grants to capital financing from the Capital Grants Unapplied Account		
- Statutory provision for the financing of capital investment charged against the General Fund	(534)	(90)
- Use of general revenue reserves for the financing of capital investment	(1498)	(2728)
Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		
Balance at 31 March	(86802)	(88281)

Financial Instruments Adjustment Account

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The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2010/11 £000	2009/10 £000
Balance at 1 April	-217	0
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement		(240)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	24	23
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	24	(217)
Balance at 31 March	(193)	(217)

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 Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the Authority 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2010/11 £000	2009/10 £000
Balance at 1 April	34480	13610
Actuarial gains or losses on pensions assets and liabilities	(22370)	18810
Reversal of items relating to retirement benefits debited or credited to the surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7650)	3850
Employers pensions contributions and direct payments to pensioners payable in the year	(1587)	(1790)
Balance at 31 March	2873	34480

Collection Fund Adjustment Account

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

	2010/11 £000	2009/10 £000
Balance at 1 April	41	129
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	13	(88)
Balance at 31 March	54	41

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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2010/11	2009/10
	£000	(re-stated) £000
Balance at 1 April	144	167
Settlement or cancellation of accrual made in the end of the preceding year	(144)	(167)
Amounts accrued at the end of the current year	159	144
	<hr/>	<hr/>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	-23
Balance at 31 March	159	144

23. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2010/11	2009/10
	£000	£000
Interest received	(356)	(894)
Interest paid	138	(103)
Dividends received	0	0

24. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure statement is that specified by the Best Value Accounting Code of Practice. However decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation, depreciations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employers pension contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates

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The income and expenditure of the Authority's principal directorates in the budget reports for the year is as follows:

Directorate Income and Expenditure

	Corporate Management	Democratic Core, Representation & Elections	Strategic Planning & Performance	Revenue & Benefits	Financial & Legal Services	Corporate Support Services Inc Estates	Housing & Community Development	Leisure & Economic Development	Planning & Environmental Services	Refuse & Cleansing	Parking	Total
Segment Income and Expenditure 2010/11	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Fees, charges & other service income	1	(20)	(181)	(1,409)	(2,160)	(3,002)	(1,339)	(2,716)	(2,358)	(2,481)	(3,100)	(18,765)
Government grants	(1)	0	0	(34,557)	(619)	(3)	(232)	(3)	0	(48)	0	(35,461)
Total Income	0	(20)	(181)	(35,966)	(2,779)	(3,006)	(1,570)	(2,718)	(2,358)	(2,529)	(3,100)	(54,226)
Employee expenses	1,579	184	687	7	1,393	2,784	1,172	1,485	2,834	4,293	538	16,955
Other service expenses	96	690	285	36,439	2,835	2,410	1,035	2,808	621	2,771	881	50,872
Total Expenditure	1,675	873	972	36,446	4,228	5,193	2,207	4,293	3,455	7,064	1,420	67,827
Net Expenditure	1,675	854	792	480	1,449	2,188	637	1,575	1,097	4,535	(1,680)	13,601
Support service recharges	(1,798)	1,670	270	428	(1,528)	(3,294)	884	1,084	1,170	485	406	(223)
Net Expenditure after recharges	(122)	2,524	1,062	908	(79)	(1,106)	1,521	2,659	2,267	5,020	(1,274)	13,378
Segment Income and Expenditure 2009/10	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Fees, charges & other service income	(9)	(20)	(73)	(1,300)	(426)	(2,552)	(1,095)	(2,513)	(2,274)	(2,547)	(3,005)	(15,812)
Government grants	0	0	0	(32,820)	(306)	(1)	(162)	(49)	(500)	(12)	0	(33,850)
Total Income	(9)	(20)	(73)	(34,119)	(732)	(2,553)	(1,257)	(2,562)	(2,774)	(2,559)	(3,005)	(49,663)
Employee expenses	1,671	186	608	925	1,207	2,606	1,129	1,564	2,702	3,936	541	17,073
Other service expenses	17	734	337	33,362	1,876	2,523	920	2,829	664	2,962	923	47,147
Total Expenditure	1,688	919	945	34,287	3,083	5,129	2,049	4,392	3,366	6,898	1,464	64,220
Net Expenditure	1,679	900	872	167	2,351	2,576	792	1,831	592	4,339	(1,541)	14,557
Support service recharges	(1,671)	1,516	324	583	(1,687)	(3,841)	1,007	1,099	1,247	715	453	(255)
Net Expenditure after recharges	8	2,416	1,196	750	664	(1,265)	1,799	2,930	1,839	5,054	(1,088)	14,302

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Reconciliation of Segment Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

	2010/11 £000	2009/10 £000
Net expenditure in the Segments Analysis	13,378	14,302
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(4,710)	6,256
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	2,383	3,505
Cost of services in Comprehensive Income and Expenditure Statement	11,051	24,063

Recognition to Subjective Analysis

2010/11	Segment Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	0		0	2,355		2,355	(2,355)	0
Surplus or deficit on associates or joint ventures			1,714			1,714		1,714
Interest and investment income			0			0	(352)	(352)
Income from council tax Government grants and contributions			0			0	(10,293)	(10,293)
NNDR Redistribution	0		(1,573)			(1,573)	(864)	(2,437)
							(5,420)	(5,420)
Gain or Loss on Disposal of Fixed Assets			0			0	(443)	(443)
Total Income	0	0	141	2,355	0	2,496	(19,727)	(17,231)
Employee expenses	0		(10,203)			(10,203)	66	(10,137)
Other service expenses	0		2,416	(210)		2,206	210	2,416
Support Service recharges	(223)		0			(223)		(223)
Depreciation and impairment			2,936	239		3,175	(239)	2,936
Interest payments			0			0	138	138
Precepts & Levies			0			0	2,221	2,221
Payments to Housing Capital Receipts Pool			0			0		0
Total Expenditure	(223)	0	(4,851)	29	0	(5,045)	2,396	(2,649)
Surplus or deficit on the provision of services	(223)	0	(4,710)	2,384	0	(2,549)	(17,331)	(19,880)

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2009/10	Segment Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	0		1,322	3,835		5,157	(3,835)	1,322
Surplus or deficit on associates or joint ventures						0		0
Interest and investment income						0	(587)	(587)
Income from council tax						0	(10,030)	(10,030)
Government grants and contributions	0		(508)			(508)	(2,226)	(2,734)
NNDR Redistribution							(5,018)	(5,018)
Gain or Loss on Disposal of Fixed Assets						0	(459)	(459)
Total Income	0	0	814	3,835	0	4,649	(22,155)	(17,506)
Employee expenses	0		406			406	1,260	1,666
Other service expenses	0		2,180	(172)		2,008	172	2,180
Support Service recharges	0					0		0
Depreciation and impairment			2,498	(158)		2,340	158	2,498
Interest payments						0	(103)	(103)
Precepts & Levies						0	2,162	2,162
Payments to Housing Capital Receipts Pool						0		0
Total Expenditure	0	0	5,084	(330)	0	4,754	3,649	8,403
Surplus or deficit on the provision of services	0	0	5,898	3,505	0	9,403	(18,506)	(9,103)

25. ACQUIRED AND DISCONTINUED OPERATIONS

There have been no acquired or discontinued operations in 2010/11.

26. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the council during the year:

	2010/11 £000	2009/10 £000
Attendance Allowances	324	324
Expenses	27	31
Total	351	355

27. OFFICERS REMUNERATION

2010/11

Corporate Post Holder Title	Salary Fees & Allowances	Compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions	Employer Pension Contributions	Contribution to capital cost for early access to pension	Total Remuneration including pension contributions	Notes
	£	£	£	£	£	£	£	
Chief Executive	122,429			122,429	14,877		137,306	
Director Community Services	88,035			88,035	11,698		99,733	
Director of Corporate Resources (Section 151 Officer)	105,273			105,273	13,983		119,256	
Director Development & Environment	98,951			98,951	12,514		111,465	
				0				
Head of Strategic Planning & Performance	54,456			54,456	7,290		61,746	
Head of Financial & Legal Services	68,273			68,273	9,112		77,385	
Head of Corporate Support Services	67,897			67,897	9,112		77,009	
Head of Leisure & Economic Development	64,681			64,681	9,058		73,739	
Head of Planning & Environmental Services	68,775			68,775	9,196		77,971	
Head of Operational Services	73,281			73,281	9,844		83,125	
Head of Housing & Community Development	66,529			66,529	8,883		75,412	
	878,580	0	0	878,580	115,567	0	994,147	

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2009/10

Post Holder Title	Salary Fees & Allowances	Compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions	Employer Pension Contributions	Contribution to capital cost for early access to pension	Total Remuneration including pension contributions	Notes
	£	£	£	£	£	£	£	
Chief Executive	119,517			119,517	14,877		134,394	
Director Community Services	88,478	25,000		113,478	11,728		125,205	
	21,809			21,809	2,898		24,706	
Director of Corporate Resources (Section 151 Officer)	105,974			105,974	13,983		119,957	
Director Development & Environment	94,151			94,151	12,514		106,665	
Head of Legal Services (Monitoring Officer)	28,256	143,277		171,533	2,283	33,877	207,692	
Head of Policy & Performance	10,084			10,084	1,351		11,435	1
Head of Financial Services	4,479			4,479	600		5,080	2
Head of Business Services	5,234			5,234	701		5,935	3
Head of Personnel Services	19,422	110,403		129,825	2,603	7,652	140,080	
Head of Strategic & Community Planning	20,905	113,919		134,824	2,783	20,781	158,388	
Head of Housing Services	13,148			13,148	1,752		14,900	
Head of Development	31,085	117,783		148,868	4,121	14,067	167,055	
Head of Building Control								
Head of Public Health & Licensing	46,228	120,815		167,043	5,301	29,859	202,203	
Head of Property & Economic Development	6,406			6,406	850		7,256	4
Head of Environmental Management, Waste & Cleansing	6,082			6,082	820		6,902	5
Head of Leisure and Economic Development Services	16,186			16,186	2,164	28,321	46,671	
<u>New Corporate Job Titles</u>								
Head of Strategic Planning & Performance	40,800			40,800	5,467		46,267	1
Head of Financial & Legal Services	62,333			62,333	8,353		70,686	2
Head of Corporate Support Services	62,539			62,539	8,353		70,892	3
Head of Leisure & Economic Development	21,286			21,286	2,950		24,236	
Head of Planning & Environmental Services	49,274			49,274	6,595		55,869	
Head of Operational Services	66,983			66,983	9,023		76,006	5
Head of Housing & Community Development	48,456		0	48,456	6,390		54,846	
	989,115	631,197	0	1,620,312	128,460	134,557	1,883,329	

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During 2009/10 the Council underwent a corporate restructure, which resulted in 13 Heads of Service posts being reviewed and replaced by seven new Heads of Service Posts. Of the 13 postholders in the old structure, one retired prior to the restructure, five took redundancy or early retirement, one left to take up a post, another transferred to another position in the Council and the remaining five took on roles as Heads in the new corporate structure. The two vacant posts were filled by internal applicants and the new structure was phased in during the year.

Note 1: Head of Policy and Performance took on the responsibility of the new post Head of Strategic Planning and Performance on 1 July 2009

Note 2: Head of Financial Services took on the responsibility of the new post Head of Financial and Legal Services on 1 May 2009

Note 3: Head of Business Services took on the responsibility of the new post Head of Corporate and Support Services on 1 May 2009

Note 4: Head of Property and Economic Development had a change of responsibility and transferred to the post of Strategic Land and Property Manager.

Note 5: Head of Environmental Management, Waste & Cleansing took on the responsibility of the new post Head of Operational Services on 1 May 2009.

The number of employees, including senior officers, whose remuneration excluding pension contributions was £50,000 or more in bands of £5000 were;

Remuneration Band	Number of Employees 2010/11	Number of Employees 2009/10
£50,000 - £54,999	6	11
£55,000 - £59,999	3	0
£60,000 - £64,999	2	2
£65,000 - £69,999	4	2
£70,000 - £74,999	1	1
£75,000 - £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	1	0
£90,000 - £94,999	1	1
£95,000 - £99,999	1	0
£100,000 - £104,999	0	0
£105,000 - £109,999	1	1
£110,000 - £114,999	1	1
£115,000 - £119,999	0	1
£120,000 - £124,999	1	0
£125,000 - £129,999	0	1
£130,000 - £134,999	0	1
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	1
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	0	0
£165,000 - £169,999	0	1
£170,000 - £174,999	0	1

28. EXTERNAL AUDIT COSTS

	2010/11 £000	2009/10 £000
Fees payable with regard to external audit services carried out by the appointed auditors for the year	107	119
Fees payable in respect of statutory inspections	0	9
Fees payable for the certification of grant claims and returns for the year	21	32
Fees payable in respect of other services provided during the year	0	0
Total	128	160

29. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2010/11 £000	2009/10 £000
Credited to Taxation and Non Specific Grant Income		
Demand on the collection Fund	(10293)	(10030)
Non-domestic rates redistribution	(5420)	(5018)
Revenue Support Grant	(787)	(1158)
Local Area Business Growth Initiative Grant	0	(64)
Area Based Grant	(33)	(23)
s.106 contributions	0	(740)
Capital Government grants	(44)	(94)
Other contributions	0	(147)
Total	(16577)	(17274)
Credited to Services		
Disabled Facilities Grant	(428)	(375)
Benefits Grants	(34375)	(32622)
Concessionary Fares	(521)	(257)
Planning Grant	0	(500)
Other Government Grants	(392)	(267)
Other grants	(296)	(246)
Total	(36012)	(34267)

The Authority 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. The balances at the year end are as follows:

	2010/11 £000	2009/10 (restated) £000
Capital Grants Receipts in Advance		
Section 106 Contributions	(1755)	(1485)
Total	(1755)	(1485)
Donated Assets Accounts		
Donation	0	0
Total	0	0

30. RELATED PARTIES

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the 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 Authority. framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 26 (Amounts reported for resource allocation decisions). Grant receipts outstanding at 31 March 2011 are shown in note 31 (Grant income).

Local Government

West Sussex County Council, Sussex Police Authority and Parish Councils within Horsham District for precepts (details contained within the Collection Fund Account);

West Sussex County Pension Fund for pension from and on behalf of Horsham District Council employees (details contained within the Income and Expenditure Account);

Council Members

Councillors have direct control over the council's financial and operating policies. The total of members allowances paid in 2010/11 is shown in note 28.

There were no related party disclosures by Councillors who made returns in 2010/11, however it should be noted that five members did not submit disclosures.

Senior Officers

Senior Officers are defined as the Chief Executive together with the Directors and Heads of Service which together make up the Corporate Management Team. These Officers have the responsibility of managing the Council and have power to direct or control the major activities of the authority, in particular those involving the expenditure of money. Details of senior officer remuneration is shown in note 29. There were no related party disclosures by senior officers in 2010/11

Partnerships

Census

As part of the CenSus partnership between Horsham , Mid Sussex and Adur District Council there is an agreement to share certain costs.

As at 31 March 2011 the following amounts were due in respect of the year.

<u>ICT</u>	£
Horsham Liability to Mid Sussex	23,923
Adur liability to Horsham	23,532
<u>Revenues and Benefits</u>	
Horsham liability to Mid Sussex	192,681

Sussex Building Control

Horsham District Council provide the Building Control service for Crawley Borough Council and as part of the agreement Crawley pays a contribution towards the costs of running this service.

As at 31st March 2011 the following amount was due in respect of costs for 2010/11.

	£
Crawley liability to Horsham	66,647

Access Officer

Crawley liability to Horsham	5,199
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Procurement

Mid Sussex Liability to Horsham	20,119
Crawley liability to Horsham	8,562

31. CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2010/11 £000	2009/10 £000
Opening Capital Financing Requirement	7111	3656
Capital Investment		
Property, Plant & Equipment	2414	5695
Investment Properties	82	16
Intangible Assets	0	32
Revenue Expenditure Funded from Capital Under Statute	3077	2835
Sources of finance		
Capital receipts	(443)	(909)
Government grants and other contributions	(1770)	(1396)
Sums set aside from revenue:		
Direct revenue contributions	(1498)	(2728)
MRP/loans fund principal	(534)	(90)
Closing Capital Financing Requirement	8439	7111

Explanation of movements in year

Increase in underlying need to borrowing (supported by government financial assistance)

Increase in underlying need to borrowing	1328	3498
Assets acquired under finance leases	0	47
Increase/ (decrease) in Capital Financing Requirement	1328	3545

32. LEASES

Authority as Lessee

Finance Leases	31 March 2011 £000	31 March 2010 £000
Vehicles, Plant, Furniture & Equipment	47	47
	47	47

The Council's lone finance lease is for a digital projector. The Council is committed to making minimum payments of £10600 under the lease

The annual depreciation and minimum revenue provision is £9,500 payable up and including 2014/15

Operating Leases

The Council leases printer/copiers for its offices, the lease was entered into in July 2009.

Minimum lease payments due in future years:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	42	42
Later than one year and not later than five years	94	136
Later than five years	0	0
	136	178

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The expenditure charged to revenue services in the Comprehensive Income and Expenditure Statement during the years in relation to operating leases was:

	2010/11	2009/10
	£000	£000
Minimum lease payments	42	42
Contingent rents		
	<u>42</u>	<u>42</u>

Authority as Lessor

Finance Leases

The Council has no investment in finance leases

Operating Leases

The Council leases out a range of properties under operating leases for community services and commercial returns.

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

	31 March 2011	31 March 2010	Re-stated 1 April 2009
	£000	£000	£000
Not later than one year	2,500	2,500	2,500

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The council did not receive material amount of contingent rents in 2010/11. The Council's leases do not except in isolated cases require contingent amounts.

33. IMPAIRMENT LOSSES

During 2010/11 , the Authority has recognised a net impairment loss of £747k in relation to the following:

	£000
Hostels	146
Car Parks	350
Commercial Properties	198
Cemeteries	205
Council Offices	(120)
Other	(32)
	<u>747</u>

The impairment loss has been charged to the following lines within the Comprehensive Income and Expenditure Statement.

	£000
Cultural, Environmental and Planning	634
Highways and Roads	350
Housing	132
Corporate and Democratic	(120)
Cost of Services	<u>996</u>
Investment Properties	(249)
Provision of Services	<u>747</u>

34. TERMINATION BENEFITS

The Authority terminated the contracts of 17 employees in 2010/11 incurring redundancy costs of £317k and pension liabilities cost for early access of £32.6k. In addition to this there were two employees who left as part of the corporate restructure and the redundancy costs of £112k were met by the Provision for Corporate Restructure.

35. DEFINED PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be paid until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time the employees earn their future entitlement.

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

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases and early access pension costs. In 2010/11 these amounted to £175,347 (£161,975 in 2009/10) representing 1.6% of pensionable pay (1.5% in 2009/10). The Council also made capital payments totalling £112,855 in 2010/11 relating to costs for the early access to pension for staff who left and were eligible in the Corporate Restructure, this has been funded by a provision which was established in 2008/09 for the purpose.

Change in accounting policy

Under the 2008 SORP the Council has adopted the amendment to IAS19, Retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid market value.

Transactions Relating to Retirement Benefits

The authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out of the Statement of Movement on the General Fund Balance to avoid any impact on Council Tax levels.

The following transactions are reflected in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year :

	Local Government Pension scheme	
	2010/11	2009/10
	£000	£000
<u>Comprehensive Income and Expenditure Statement</u>		
<i>Cost of Services:</i>		
- current service cost	2373	1370
- past service costs	(10581)	50
- settlements and curtailments	80	1170
- establishment of Census opening liability 1.4.10	412	0
<i>Financing and Investment Income and Expenditure</i>		
- interest cost	6106	5150
- expected return on scheme assets	<u>(6040)</u>	<u>(3890)</u>
<i>Total Post Employment Benefit Charged to the Surplus or deficit on the provision of services</i>	<u>(7650)</u>	<u>3850</u>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
- actuarial gains and losses	<u>(22370)</u>	<u>18810</u>
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	<u>(30020)</u>	<u>22660</u>
<u>Movement in Reserves Statement</u>		
- reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code	7650	(3850)
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers contributions payable to scheme	<u>1587</u>	<u>1790</u>
	<u>9237</u>	<u>(2060)</u>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2011 is a loss of £5.270m.

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Assets and Liabilities in relation to Post -employment Benefits

Funded Liabilities

	2010/11 Census £000	2010/11 HDC £000	2009/10 £000
Reconciliation of present value of the scheme liabilities:			
Balance at 1 April	2031	117440	75150
Current service cost	103	2270	1370
Interest cost	106	6000	5150
Contributions by scheme participants	34	680	750
Actuarial gains and losses	(112)	(20650)	39420
Benefits paid	0	(3500)	(3280)
Past service costs	(221)	(10360)	50
Loss on curtailments	0	80	470
Liabilities extinguished on settlements	0	0	(1640)
Balance at 31 March	1941	91960	117440
Reconciliation of fair value of the scheme assets:			
Balance at 1 April	1619	82960	61540
Expected rate of return	120	5920	3890
Actuarial gains / (losses)	18	1590	20610
Assets distributed on settlements	0	0	(2340)
Employer contributions	97	1490	1790
Contributions by scheme participants	34	680	750
Benefits paid	0	(3500)	(3280)
Balance at 31 March	1888	89140	82960

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on the schemes assets in the year was £6.959m (£139k for Census and £6.820m for HDC) .

Scheme History

	2010/11 Census £m	2010/11 HDC £m	2009/10 HDC £m	2008/09 HDC £m	2007/08 HDC £m	2006/07 HDC £m
Fair value of assets	1888	89140	82960	61540	78240	79130
Present value of liabilities in the local Government Pension Scheme	(1941)	(91960)	(117440)	(75150)	(76330)	(82570)
Surplus / (Deficit)	(53)	(2820)	(34480)	(13610)	1910	(3440)
Experience Gains/(Losses) on assets	18	1590	20610	(21770)	(5590)	(1470)
Experience Gains/(Losses) on liabilities	2	11760	0	(90)	(3280)	20

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £2.873m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet,

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by Hymans Robertson LLP the scheme's actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £1.821m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc.

The pension scheme is assessed by Hymans Robertson for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2007.

The principal assumptions used by the actuary have been:

	<u>2010/11</u>	<u>2009/10</u>
Long term expected rate of return on assets in the scheme:		
Equity investments	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.7	22.7
Women	24.2	26.1
Longevity at 65 for future pensioners:		
Men	24.3	24.8
Women	26.4	28.3
Rate of inflation / pension	2.8%	3.8%
Rate of increase in salaries	5.1%	5.3%
Expected return on assets	6.9%	7.2%
Rate of discounting scheme liabilities	5.5%	5.5%

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

History of experience gains and losses

The actuarial gains and losses identified as movements on the Pension Reserve in 2010/11 can be analysed

into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

36. CONTINGENT LIABILITIES

Claims for compensation under the Town and Country Act 1990 in respect of preserved trees and for claims arising from changing legislation affecting Local Land Charges fees have been made to the Council. Litigation is ongoing and the amount of any potential compensation payments is unknown at this time.

37. 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.
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest movements.
- Re-financing Risk - the possibility that the Council might need to renew a financial instrument on its maturity at disadvantageous interest rates or terms.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Treasury Management Strategy, which requires that deposits

are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria.

The detail Strategy is approved each year by the Council and incorporates indicators stipulated by the CIPFA codes on Treasury management and CIPFA prudential code. The authorised limit for external borrowing in 2010/11 was £10m. Limit per institution was £5m and limit for long term investment was £5m. The actual performance against treasury strategy is reviewed by the Accounts, Audit and Governance committee of the Council annually.

The analysis below summarises the Council's exposure to risk using historic default rates for different categories of instruments. Historic default rates are, of course, no guide to the future so the figures below must be viewed from that perspective. Current credit conditions are broadly equal to the long-term average, so there is no adjustment for current market conditions

	Amount at 31 March 2011 £000 A	Historical experience of default £000 B	Historical experience adjusted for market conditions at 31 March 2011 £000 C	Estimated maximum exposure to default and uncollectibility at 31 March 2011 £000 (AxC)	Estimated maximum exposure at 31 March 2010 £000
AAA rated counterparties	1,600	0.00%	0.00%	-	-
AA rated counterparties	5,796	0.03%	0.03%	2	2
A rated counterparties	4,023	0.08%	0.08%	3	3
BBB rated counterparties	2,006	0.23%	0.23%	5	2
Trade debtors	1,058	0.00%	0.00%	-	-

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The trade debtors figure takes into account the bad debt provision which is based on the best estimate of default so no further default estimate is shown. The Council does not generally allow credit for its trade debtors, such that £0.6m of the £1.0m balance is past its due date for payment.

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The past due amount can be analysed by age as follows:

	31-Mar-11 £000s	31-Mar-10 £000s	1-Apr-09 £000s
Less than three months	225	319	347
Three to six months	166	54	64
Six months to one year	127	97	101
More than one year	79	63	76
Total	597	533	588

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed

The Council has an overdraft facility of £0.5m and can borrow from the money markets to cover any day to day cash flow need. The PWLB also acts as a lender of last resort to Councils (although it will not provide funding to a Council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

	31-Mar-11 £000s	31-Mar-10 £000s	01-Apr-09 £000s
Less than one year	5094	4,972	3732
Between one and two years	0	0	0
Between two and five years	32	41	0
More than five years	4000	4000	4059
Total	9,126	9,013	7,791

Market Risk

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 fixed rates - the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure statement will rise;
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not have an impact. However, changes in interest receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Account and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential

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indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The Director of Corporate Resources will monitor market and forecast interest rates within the year to adjust exposures appropriately.

Sensitivity to Interest Rate Changes

Because of the financial instruments held, a change in interest rates with all other variables remaining constant will have no financial effect on the Comprehensive Income and Expenditure Statement.

Price Risk

The Council, excluding the pension fund, does not generally invest in instruments such as equities or marketable bonds with this type of risk.

Foreign exchange risk

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

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COLLECTION FUND

2009-10 £		Notes	2010-11 £
	<u>Income</u>		
77,214,483	Income from Council Tax		79,112,186
	Transfers from General Fund		
6,065,876	- Council Tax Benefits		6,302,463
5,340	- Transitional Relief		3,693
6,071,217			6,306,156
38,292,570	Income Collectable from Business Ratepayers		36,042,554
	Contributions		
871,439	-Towards previous years' estimated Collection Fund deficit		62,635
122,449,708	Total Income		121,523,531
	<u>Expenditure</u>		
83,115,129	Precepts and Demands	3	85,434,375
	Business Rate		
38,115,443	- Payment to National Pool		35,869,992
177,128	- Costs of Collection		172,562
38,124,917			36,042,554
	Bad and Doubtful Debts		
99,123	- Write-offs		66,353
216,629	- Provisions		86,391
315,752			152,744
121,723,451	Total Expenditure		121,629,673
726,258	Increase/(Reduction) in Fund Balance for the year		(106,142)
(1,063,347)	Balance Brought Forward		(337,089)
(337,089)	Balance carried forward	4	(443,231)

NOTES TO THE COLLECTION FUND

Note 1 – Council Tax

This account represents the statutory requirement for each billing authority to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to Non-Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

The Council Tax is based upon property values as at 1st April 1991. Property values are grouped within a range of value bands, as shown below. In order to calculate the Council Tax base, the number of properties within each band is shown as a “Band D equivalent” by expressing each band as a proportion of Band D as indicated in the table below :-

Band	Value Range £	Proportion of Band “D”	Band “D” equivalent number of properties
Reduced A	Up to 40,000	5/9	0
A	Up to 40,000	6/9	1,106
B	40,000 – 52,000	7/9	3,377
C	52,000 – 68,000	8/9	8,956
D	68,000 – 88,000	1	10,853
E	88,000 – 120,000	11/9	11,247
F	120,000 – 160,000	13/9	10,097
G	160,000 – 320,000	15/9	10,771
H	over 320,000	2	1,360
Council Tax Base			57,767 =====

The reduced Band A charge is applied to those residents entitled to a disabled relief reduction.

Note 2 – Income from Business Rates

Under the revised arrangements for uniform business rates, the Council collects Non-Domestic Rates for its area which are based on local rateable values multiplied by a uniform rate. The total non-domestic rateable value at 31st December 2010 was £101.396m and the national non-domestic rate multiplier for the year was 0.426.

The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of the local adult population.

Note 3 – Precepts and Demands

2009/10 £		2010/11 £
10,047,884	Horsham District Council precept	10,313,460
7,761,418	Sussex Police Authority	7,996,122
63,305,826	West Sussex County Council	67,124,793
83,115,128	Total	85,434,375

Note 4 – Council Tax Surpluses and Deficits

In accordance with the accounting code of practice surpluses and deficits arising from the Collection of Council Tax are to be apportioned between respective authorities on the basis of their precepts or demands on the Collection Fund.

Contribution to previous year's deficit

	31st March 2011 £
Accumulated Deficit at 31.3.11	443,231
Apportionment based on 2010/11 precepts and demands	

	Total	%	£
Horsham District Council	10,313,460	12.07	53,587
Sussex Police Authority	7,996,122	9.36	41,398
West Sussex County Council	67,124,793	78.57	348,246
	<hr/>	<hr/>	<hr/>
	85,434,375	100.00	443,231

The deficit will be reimbursed by the various precepting bodies in 2011/12 and 2012/13 according to the regulations governing the Collection Fund.

GLOSSARY

ACCRUALS

Amounts charged for goods or services received or provided during the year, for which payment has not been made or income due has not been received at the year end.

BALANCES

The amounts remaining at the year end on the various funds of the Council

**CAPITAL
EXPENDITURE**

Expenditure on the acquisition of assets either directly by the Local Authority or indirectly in the form of grants to other persons or bodies that will give benefit for a number of years.

CAPITAL RECEIPTS

Receipts from the sale of fixed assets e.g. land, buildings etc.

**CENTRAL SUPPORT
SERVICES**

The expenditure on the central administration of the Council, including the cost of accommodation.

COLLECTION FUND

A statutory fund maintained by a billing authority that is used to record local taxes and non-domestic rates collected by the authority, payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

COMMUNITY ASSETS

Assets that are not used for operational purposes, have an indeterminable useful life and which a local authority intends to hold in perpetuity. Land held as open space or common land is an example of a community asset.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

COUNCIL TAX

A locally determined charge based on property values and levied by a local authority to enable it to provide its services.

CREDITORS

Individuals and organisations to whom the Council owes money.

DEBTORS

Individuals and organisations who owe money to the Council

**REVENUE EXPENDITURE FUNDED
AS CAPITAL UNDER STATUTE
(REFCUS)**

Expenditure that may properly be treated as capital expenditure but which does not represent a Council fixed asset.

DEPRECIATION

A charge to a revenue account to reflect the reduction in the useful economic life of a fixed asset.

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EARMARKED RESERVES	Amounts set aside for specific purposes falling outside the definition of provisions.
FAIR VALUE	Amount for which asset could be exchanged or liability settled between two knowledgeable parties with no other motive than to secure a fair price. In most cases this is the actual price paid.
FINANCE LEASE	A lease used to finance the purchase of fixed assets where ownership of the asset passes to the authority at the end of the lease. Finance leases are treated as a credit arrangement i.e. as if it was similar to borrowing.
FINANCIAL INSTRUMENT	A contract that gives rise to a financial asset or liability
FINANCIAL ASSET	A contractual right to receive economic benefits such as cash or right to receive cash or right to favourably exchange a financial asset/liability
FINANCIAL LIABILITY	A contractual obligation to transfer economic benefits such as an obligation to pay over cash or unfavourably exchange a financial asset/liability.
FIXED ASSET	A tangible asset that yields benefit to an authority and the services it provides for a period of more than one year.
GENERAL FUND	The main revenue fund of a billing authority from which day to day spending on services (other than the provision of Council housing services) is met.
MINIMUM REVENUE PROVISION (MRP)	The minimum amount that must be charged to an authority's revenue account to be set aside to pay back debt.
NATIONAL NON-DOMESTIC RATE (NNDR)	This is the charge payable on all business premises and is calculated by multiplying the rateable value of the property by a nationally set rate multiplier
OPERATING LEASE	Lease of equipment in a similar arrangement to that used for the hire or rent of equipment where ownership of the asset remains with the lessor.
PRECEPT	An amount charged to the collection fund to finance services provided by another authority e.g. the Sussex Police Authority, West Sussex County Council.
PRECEPTING AUTHORITIES	Those authorities which are not billing authorities i.e. do not have responsibility for the collection of Council Tax and Non-Domestic Rates e.g. West Sussex County Council.
PROVISION	A fund to provide for liabilities or losses that are likely to be incurred but the dates and amounts are uncertain.
PUBLIC WORKS LOAN BOARD	The Public Works Loan Board (PWLb) is a statutory body operating within Central Government responsible for lending money to local authorities and other bodies.
FINANCIAL REPORTING STANDARDS	Accounting practice recommended for adoption by the accountancy profession e.g. in relation to public reporting, accounting policies etc.

Our Ref: AJH/ET Finals 2010-11
E-Mail: tony.higgins@horsham.gov.uk
If calling please ask for: Tony Higgins

Your Ref:
Direct Line: 01403 215301
Date: 29th September 2011

Dear Helen,

Horsham District Council – Audit for the year ended 31st March 2011

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Horsham District Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2011.

Compliance with statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the financial statements.

Internal control

I have communicated to you all deficiencies in internal control of which I am aware.

Irregularities

I acknowledge my responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others: and
- the result of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non compliance, with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Investments and borrowing

I confirm that long and short term investments and long and short term borrowing have been completely disclosed in the financial statements.

Related party transactions

I confirm that I have disclosed the identity of Horsham District Council's related parties and all related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of Horsham District Council

I confirm that this letter has been discussed and agreed by the Council on 29 September 2011.

Name: Anthony J. Higgins

Position: Director of Corporate Resources

Date: 29th September 2011

Director of Corporate Resources
Signed on behalf of Horsham District Council

Chairman
Accounts, Audit and Governance
Committee

Report to : Accounts, Audit & Governance Committee

29 September 2011

By the Director of Corporate Resources

DECISION REQUIRED

Not exempt



Treasury Management Activity and Prudential Indicators 2010/11 and part year 2011/12

EXECUTIVE SUMMARY

This report covers treasury activity and prudential indicators for 2010/11 and part year to the end of August 2011.

During 2010/11 the Council complied with its legislative and regulatory requirements and the statutory borrowing limit, the Authorised Limit, was not breached.

At 31 March 2011, the Council's external debt was £4m and its investments totalled £13.4m.

During 2010/11 the Council's cash balances were invested in accordance with the Council's treasury management strategy. Interest of £0.326m was earned on investments, an average overall return of 1.7%.

RECOMMENDATIONS

The Committee is recommended to:

- Approve the actual 2010/11 prudential indicators within the report.
- Note the treasury management stewardship report for 2010/11
- Note the part year review of treasury activity and agree any changes to the prudential indicators.

REASONS FOR RECOMMENDATIONS

The annual treasury report is a requirement of the Council's reporting procedures. This report also covers the actual Prudential Indicators for 2010/11 and for part year 2011/12 in accordance with the requirements of the CIPFA Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities.

Background papers	Consultation	Wards affected	Contact
"Prudential Code for Capital Finance and Treasury Management Strategy 2010-11" Council 24 February 2010	Sterling. Council's Treasury management advisers	All	Julian Olszowka Group Accountant Ext. 5310
"Prudential Code for Capital Finance and Treasury Management Strategy 2011-12" Accounts and Audit Committee 16 December 2010 & Council 16 February 2011			

1 INTRODUCTION

The purpose of this report

- 1.1 This report covers treasury activity and prudential indicators for 2010/11 and gives a report on the part year to August 2011. It meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Background

- 1.2 In line with the CIPFA Prudential Code for Capital Finance in Local Authorities the Council adopts Prudential Indicators for each financial year and reports on performance relative to those indicators. This requirement is designed to demonstrate that capital spending is prudent, affordable and sustainable and that treasury practices are low risk. The original indicators for 2010/11 were agreed by Council on 24th February 2010.
- 1.3 This report summarises:
- the capital activity for the year;
 - how this activity was financed;
 - the impact on the Council's indebtedness for capital purposes;
 - the Council's overall treasury position;
 - the reporting of the required prudential indicators;
 - a summary of interest rate movements in the year;
 - debt activity; and
 - investment activity.

2 The Council's Capital Expenditure and Financing 2010/11

- 2.1 This is one of the required prudential indicators and shows total capital expenditure for the year and how this was financed. The estimate incorporates agreed revisions in the report to Accounts, Audit and Governance Committee on 16th December 2010, approved by the Council of 16th February 2011, which set the original indicators for 2011/12.

2010/11	Actual £000	Estimate £000
Total capital expenditure	5,573	7,003
Resourced by:		
Capital receipts and contributions	(1,785)	(1,633)
Capital grants	(428)	(428)
Revenue reserves	(1,498)	(2,220)
Unfinanced capital expenditure (additional need to borrow)	1,862	2,722

- 2.2 The capital spend was under budget. The detail of variances was reported to the last meeting of this Committee. This resulted in unfinanced capital expenditure and use of revenue reserves being less than estimated. Unfinanced capital expenditure reflects the amount that will ultimately need to be financed from borrowing, capital receipts or revenue reserves but which has in the interim been financed by the Council's cashflow.

3 The Council's Overall Borrowing Need

- 3.1 The Council's underlying need to borrow is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's need to borrow. It represents the accumulated net capital expenditure which has not been financed by revenue or other resources. Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council
- 3.2 The Council is required to make an annual revenue charge, the Minimum Revenue Provision (MRP), to reduce the CFR – effectively a repayment of the borrowing need. The Council's 2010/11 MRP Policy (as required by CLG Guidance) was approved on 24th February 2010 as a part of the 2010/11 Prudential Code and Treasury Management Strategy report.
- 3.3 The Council's CFR for the year is shown below, and represents a key prudential indicator because it is a measure of the Council's underlying indebtedness. The actual value is less than estimated due to the capital spend being less than the estimate.

Capital Financing Requirement	Actual £000	Estimate £000
Opening balance 1 April 2010	7,111	7,111
plus unfinanced capital expenditure	1,862	2,722
less Minimum Revenue Provision	(534)	(534)
Closing balance 31 March 2011	8,439	9,299

4. Treasury Position at 31 March 2011

- 4.1. Whilst the Council's gauge of its underlying need to borrow is the CFR, the Director of Corporate Resources can manage the Council's actual borrowing position by either:
- borrowing to the level of the CFR; or
 - choosing to utilise some temporary cash flow funds instead of borrowing (under-borrowing); or
 - borrowing for future increases of CFR (in advance of need).
- 4.2. The Council continued to hold significant investments. The summary treasury position at the 31 March 2011 compared with the previous year was:

Treasury position	31 March 2010		31 March 2011	
	Principal £m	Average Rate	Principal £m	Average Rate
Fixed Interest Rate Debt	4.000	3.4%	4.000	3.4%
Investments	(14.203)	2.0%	(13.395)	2.0%
Net borrowing position	(10.203)		(9.395)	

5 Prudential Indicators and Compliance Issues

- 5.1 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must

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only be for a capital purpose. Net borrowing should not therefore, except in the short term, exceed the CFR for 2010/11 plus the expected changes to the CFR over 2011/12 and 2012/13. As net borrowing is negative because investments exceed debt and the CFR will remain positive including changes in the next two years the Council has complied with this prudential indicator.

- 5.2 **The Authorised Limit** is the “Affordable Borrowing Limit” required by s3 of the Local Government Act 2003. The Council set the Authorised Limit as £10m for 2010/11 and did not amend it during that year. The table below demonstrates that during 2010/11 the Council has maintained gross borrowing within its Authorised Limit.
- 5.3 **The Operational Boundary** is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached. Gross borrowing was at £4m for the whole year except for the period of a cash flow loan of £1.5m from 28th June 2010 to 2nd August 2010.
- 5.4 **Actual financing costs as a proportion of net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The actual indicator exceeds the estimate but is still a very small proportion of the net revenue stream so does not indicate an issue of affordability.

	2010/11
Authorised Limit	£10.0m
Operational Boundary	£4.0m
Maximum gross borrowing position in the year	£5.5m
Minimum gross borrowing position in the year	£4.0m
Financing costs as a proportion of net revenue stream	Actual 2% Estimate 1%

6 Economic Background for 2010/11

- 6.1. Following recession in 2009, there was a degree of recovery in global economic activity in 2010. Traditional exporters like Germany benefited from rising consumer demand worldwide, although economies more reliant on domestic consumption, including the UK, faced a weaker outlook. The government and household sectors of these countries were burdened by excessive debt, ultimately resulting in weaker domestic spending.
- 6.2. The absence of a quick economic recovery led to rising government budget deficits, especially in the European periphery, and prompted some concern among bond investors and credit rating agencies. This loss of confidence in the ability of some governments to repay their debts saw bond yields rise and the markets effectively closed to certain countries. Greece, Ireland and Portugal were all forced to seek financial assistance from the European Union and the International Monetary Fund.
- 6.3. The UK's deteriorating financial position was a concern. The UK had the highest budget deficit in the EU in 2009/10 and the economic outlook was weak. However, the new Conservative-Liberal Democrat coalition government, formed following the

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inconclusive General Election in May 2010, outlined what was perceived by investors and credit rating agencies to be a credible fiscal consolidation plan. With financial problems continuing elsewhere in Europe, the UK was perceived to be a relative “safe haven” which kept gilt yields low.

- 6.4. While the UK government focused on tightening fiscal policy, the Bank of England maintained loose monetary policy. Bank Rate remained at 0.5% despite inflation rising to over double the 2% target. Although inflation was expected to approach 5% during 2011 the Monetary Policy Committee were more concerned that higher interest rates could stifle the weak economic recovery.

7. Debt management activity during 2010/11

- 7.1 **Borrowing** – The Council's only loan apart from short term loans for cash flow purposes is the loan of £4.0m from Public Works Loan Board (PWLB) borrowed on 23rd April 2009 for 10 years at 3.38%.

8 Investment activity in 2010/11

- 8.1 The Council's investment policy is governed by CLG (Department for Communities and Local Government) Guidance, which has been implemented in the annual investment strategy approved by Council on 24th February 2010. The investment activity during the year conformed to the approved strategy.
- 8.2 The Council's longer term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations. The Council core cash resources are shown in the table below. The Council has not borrowed up to its borrowing need so this reduces the amount of funds available to be invested.

Balance Sheet Resources	31 March 2010 £000	31 March 2011 £000
Balances	1,071	1,512
Earmarked reserves	11,777	10,936
Usable capital receipts	0	0
Unapplied capital contributions	3,281	2,878
Working capital	1,209	1,408
Total	17,338	16,734

9 Investment performance

- 9.1 **Yield** - The investment income budget for the year 2010/11 was £0.307m. The actual interest received was £0.326m. An overall return of 1.1% was achieved from the investments managed in-house. This return excludes a residual long term investment originating in 1980's, which if included increases the return to 1.7%. The benchmark, which is the average LIBID 7 day rate, was 0.46%.
- 9.2 **Security benchmark** – This represents a formulaic way of expressing the risk of default of the counterparties the Council invests with. The Council adopted a benchmark 0.05% for this benchmark for the current portfolio based on the historic default tables for different investment categories. The maximum value for the investment portfolio during 2010/11 was 0.026%.

- 9.3 **Liquidity benchmark** – The Council needs to ensure it has a sufficient level of liquidity so it has funds available when necessary. To ensure liquidity the Council maintained a bank overdraft facility of £0.5m. The Council also set a benchmark for the Weighted Average Life of investments of 0.5 years. This maintains the liquidity of investments by limiting how long funds are tied into investments. The actual weighted annual life in the year peaked at 0.5 years.

10. Regulatory Framework, Risk and Performance

- 10.1. The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2010/11);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

- 10.2. The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

11 Mid-year Prudential Indicators Monitoring Report

- 11.1 Revisions to the regulatory framework of treasury management during 2009 introduced a requirement that the Council receive a mid year treasury review and ensure adequate monitoring of capital expenditure and the Council's prudential indicators. This is designed to ensure that Members have adequate opportunity to scrutinise the treasury management service.
- 11.2 The treasury management strategy and prudential indicators were agreed by the Council on 16 February 2011. The Director of Corporate Resources reports that the basis of the treasury management strategy, the investment strategy and the prudential indicators are not materially changed from that report.

- 11.3 **Capital Expenditure (Prudential indicator)** - The estimate for the year has been revised to take into account budgets unspent from 2010/11 and subsequent capital programme approvals.

2011/12	Original Estimate £000	Current Spend £000	Revised Estimate £000
Capital Expenditure	5,090	3,152	9,240

- 11.4 **Financing of the Capital Programme (Prudential indicator)** – The estimated financing has been revised to take into account the revised overall budget which includes budgets brought forward from 2010/11 and new approvals. The borrowing need is estimated to increase so the question of actual borrowing becomes more pertinent.

Capital Financing 2011/12	Original Estimate £000	Revised Estimate £000
Capital receipts & third party contributions	2,011	2,000
Capital grants	428	430
Revenue Reserves	919	1,610
Total Financing	3,358	4,040
Borrowing Need	1,732	5,200

- 11.5 **Capital Financing Requirement, External Debt and the Operational Boundary (Prudential indicators)** - The table shows the CFR, which is the underlying external need to borrow for a capital purpose, and the expected debt position termed the Operational Boundary.

2011/12	Original Estimate £000	Current Position £000
Capital Financing Requirement		
Total CFR	10,300	13,600
External Debt / the Operational Boundary		
Total Debt 31 March	4,000	4,000

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Borrowing Activity (Prudential indicator) – Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2011/12 and next two financial years. The Director of Corporate Resources reports that no difficulties are envisaged for the current or future years in complying with this Prudential Indicator.

- 11.7 **Authorised Limit (Prudential indicator)** - The limit has not been breached so far and there is no indication that it might be.

2011/12	Original Estimate £000	Current Position £000
Authorised limit for external debt	10,000	4,000

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- 11.8 **The ratio of financing costs to net revenue stream (Prudential Indicator)** – This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream. The estimate for the year was 1%; this may need to be revised as the unfinanced capital expenditure has increased. This will be addressed in the report to the next meeting of this committee which will look at the complete range of Prudential Indicators for 2012/13 and revised 2011/12 figures.

12 Mid Year Treasury Management Monitoring Report

- 12.1 **Interest Rate Movements and Expectations** - UK short-term interest rates fluctuated in a very narrow range in the first part of the financial year. Bank Rate was held at its record low of 0.5% as, although inflation is above target, the continuing weak state of the economy has persuaded the Bank of England's MPC that a rise in rates is inadvisable.
- 12.2 Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy is likely to remain weak. Added to this the crisis in the euro-zone is undermining confidence in the financial sector.
- 12.3 **Debt Activity during 2011/12** – Although borrowing need in terms of the Capital Finance Requirement has risen as unfinanced expenditure continues, no longer term borrowing was undertaken. The Director of Corporate Resources will monitor the position carefully as to the need for further longer term borrowing. A temporary borrowing of £2m was necessary for short term cash flow purposes from 23rd June to 21st August 2011.
- 12.4 **Treasury Activity 2011/12** - Following on from the economic background discussed above, the current investment climate has one over-riding risk consideration, that of counterparty risk. As a result of these underlying concerns officers continue to implement an operational investment strategy which tightens the controls already in place in the approved investment strategy. Investments are being limited to UK registered banks and building societies as well as other local authorities.
- 12.5 **Current Investment Position** - The Council held £18.9m of investments at 31/08/2011. The interest received to that date is £0.134m which is slightly up on the budget of £0.110m. This is mostly due to higher cash flow than expected. The rate of return is 1.1% (1.7% including historic 1980's investment). The comparative benchmark 7 day LIBID rate is 0.47%.
- 12.6 **Security benchmark** - The Council's maximum security risk benchmark for the current portfolio, when compared to historic default tables, was set as 0.08% historic risk of default when compared to the whole portfolio for 2011/12. The maximum value in the year so far was 0.05%.
- 12.7 **Liquidity benchmark** – In respect of this area the Council set minimum liquidity facilities and benchmark to maintain a bank overdraft facility of £0.5m and use a Weighted Average Life of investments benchmark of 0.5 years, with a maximum of 0.8 years. The Director of Corporate Resources reports that liquidity arrangements were within benchmark during the year to date. The maximum value up to the end of August was 0.4 years.

- 12.8 **Upper limits on variable and fixed rate exposure** – This indicator identifies a maximum limit for variable and fixed interest rates. The table below shows the estimate and current position. There is no necessity for any revision.

2011/12	Original Indicator £m	Current Position £m
Prudential indicator limits based on debt only		
Limits on fixed interest rates	10.0	4.0
Limits on variable interest rates	0	0
Prudential indicator limits based on investments only		
Limits on fixed interest rates	30.0	18.9
Limits on variable interest rates	15.0	0.0

- 12.9 **Maturity Structures Of Borrowing** – These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing. As the Council only has one such debt it has freedom to refinance the debt. The table below shows the estimates and current position.

Maximum percentage of borrowing in each age category	2011/12 Original Indicator	Current Position
Maturity Structure of fixed borrowing		
Under 12 months	100%	0%
12 months to 2 years	100%	0%
2 years to 5 years	100%	0%
5 years to 10 years	100%	100%
10 years and above	100%	0%

- 12.10 **Total Principal Funds Invested** – These limits are set to reduce the need for early sale of an investment, and show limits to be placed on investments with final maturities beyond each year-end. There is no reason to revise indicator foreseen

	2011/12 Original Indicator	Current Position
Maximum principal sums invested > 364 days	£5m	£1m

13 Staffing & Financial Consequences

- 13.1 No staffing or financial resources are required as a result of this report.

14 How the Proposed Course Of Action Will impact on Human Rights, Equality and diversity, Crime And Disorder, and Sustainability Consequences

- 14.1 This report will have no impact in these areas.

15 Risk assessment

- 15.1 The report directly addresses known risks of the counterparty risk, liquidity risk of not being able to pay commitments, the market risk of financial loss if rates change and the re-financing risk if the council needs to refinance when rates and terms have moved against it.

16 Outcome of consultations

- 16.1 The views of the Council's treasury management consultants, Sterling Consultancy Services, have been incorporated in all aspects of the above.

Report to Accounts, Audit and Governance Committee

29th September 2011

By the Director of Corporate Resources

INFORMATION REPORT

Not exempt



Outturn 2010/11

Executive Summary

Attached are summaries by service of outturn expenditure in 2010/11 compared to the original and revised budgets for the year, and of expenditure on the Repairs and Renewals Fund, as requested by Members at the last meeting of the Committee.

Recommendations

The Committee is recommended:

- i) To note the comparison of outturn expenditure in 2010/11 compared to original and revised budget for the year

Background Papers

Consultation	Wards affected	All
Contact	Sue McMillan	Ext 5302

Comparison of 2010/11 outturn with original budget**Appendix A*****Horsham District Council*****2011 Period: 12*****Expenditure Analysis Adjusted Accounts***

<i>Section</i>	<i>Employee Expenses</i>		<i>Total Premises</i>		<i>Transport Expenses</i>		<i>Supplies & Services</i>		<i>Agency/Contracted</i>		<i>Capital Financing</i>		<i>Income</i>		<i>Total Expenditure</i>		<i>Expend less Income</i>	
	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
CHIEF EXECUTIVE'S OFFICE	286	274	0	0	0	0	3	1	0	0	0	0	0	0	290	276	290	276
COMMUNICATION COMPLAINTS FOI	105	109	0	0	0	0	3	1	0	0	0	0	0	0	108	110	108	110
STRATEGIC PLANNING & PERFORMANCE	634	674	1	1	8	2	379	283	0	0	0	0	-84	-181	1,021	959	937	779
DIRECTOR & HEADS	330	329	0	0	0	0	51	80	0	0	0	0	0	0	382	409	382	409
AUDIT	165	159	0	0	6	6	3	3	0	0	0	0	0	0	174	167	174	167
REVENUE & BENEFITS	1,198	7	0	0	14	11	131	1,668	0	14	0	0	-964	-1,076	1,342	1,699	378	624
COMMITTEE SECTION & ELECTIONS	179	184	0	0	1	1	105	83	0	0	0	0	-12	-3	284	267	273	264
FINANCIAL SERVICES	847	797	208	3	29	29	1,345	1,471	1,006	1,017	458	151	-1,019	-2,724	3,894	3,469	2,874	745
PROCUREMENT	90	99	0	0	1	0	-29	0	0	0	0	0	-36	-49	62	100	26	50
LEGAL	505	496	0	0	0	0	66	58	0	0	0	0	-48	-38	571	555	522	517
VALUATION & ESTATES	258	246	176	153	3	4	97	76	6	10	0	0	-1,923	-1,960	540	490	-1,382	-1,470
FM SERVICES & SECURITY	0	0	0	0	0	0	78	79	0	0	0	0	0	0	78	79	78	79
BUILDING, ENGINEERING & ARCHITECT SERV	708	607	816	731	27	22	152	209	0	0	0	0	-154	-168	1,702	1,570	1,549	1,402
BUSINESS SERVICES	1,050	1,325	0	0	20	20	442	770	0	0	0	0	-68	-869	1,512	2,116	1,444	1,247

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Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PERSONNEL (INC HEALTH & SAFETY)	537	395	0	0	0	0	32	48	0	0	0	0	0	-3	569	444	569	441
IT SERVICES	0	1	0	0	0	0	195	205	0	0	0	0	-20	0	195	205	175	205
GRAPHIC DESIGN	68	68	0	0	0	0	0	0	0	0	0	0	0	0	68	68	68	68
WORD PROCESSING	32	30	0	0	0	0	0	0	0	0	0	0	0	0	32	30	32	30
SCANNING	45	41	0	0	0	0	0	0	0	0	0	0	0	0	45	41	45	41
PRINT ROOM	69	70	0	0	3	3	139	78	0	0	0	0	-5	-6	211	151	206	144
RECEPTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIR & HEADS/MANAGEMENT	307	304	0	0	1	3	1	1	0	0	0	0	0	0	309	308	309	308
THE CAPITOL	393	433	197	204	1	1	695	973	0	0	0	0	-1,001	-1,260	1,286	1,611	285	351
COMMUNITY SAFETY	276	279	1	2	12	9	146	116	0	0	0	0	-249	-238	435	407	185	168
STREETSCENE TEAM	66	93	0	0	5	4	6	3	0	0	0	0	-28	-16	77	101	49	84
EMERGENCY PLANNING	35	30	0	1	0	0	21	20	0	0	0	0	0	0	56	51	56	51
HEALTH & WELLBEING	0	2	0	0	0	0	120	27	0	0	0	0	-110	-18	120	29	10	12
OLDER & YOUNGER PERSONS	0	0	2	0	0	0	1	0	2	0	0	0	-5	0	4	0	-1	0
SPORTS & ARTS DEVELOPMENT	291	327	0	5	7	8	106	93	0	0	0	0	-210	-269	404	433	194	164
LOTTERY & GRANTS	0	0	0	0	0	0	18	9	0	0	0	0	0	0	18	9	18	9

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Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HOUSING & HOMELESSNESS	382	362	132	108	5	3	203	386	0	0	0	0	-417	-693	722	859	304	166
COMMUNITY LINK	80	78	0	0	8	5	92	90	0	0	0	0	-328	-336	180	173	-148	-163
VOLUNTARY SECTOR LIAISON	2	1	0	0	0	0	95	96	50	48	0	0	0	0	147	145	147	145
LEISURE MANAGEMENT	14	21	135	102	0	0	74	65	425	434	0	0	-530	-493	649	622	119	129
MUSEUMS & HERITAGE	124	136	57	39	3	3	18	37	0	0	0	0	-5	-31	202	214	197	183
COUNTRYSIDE SITES	104	103	86	128	0	0	14	13	0	0	0	0	-40	-94	204	244	165	149
PARKS & OPEN SPACES	332	338	332	306	6	5	109	183	4	3	0	0	-186	-245	782	835	597	589
GROUNDS MAINTENANCE	130	125	0	0	5	6	12	13	0	0	0	0	0	-5	147	143	147	138
ARTS & ENTERTAINMENT	237	196	0	0	1	1	75	55	0	0	0	0	-14	-12	313	251	299	239
ECONOMIC DEVELOPMENT	130	133	0	2	1	0	74	131	0	0	0	0	-7	-89	205	266	197	177
TOWN CENTRE MANAGEMENT	0	0	54	40	0	0	71	67	0	0	0	0	-588	-489	125	108	-463	-381
TOURISM & EVENTS	0	0	0	0	0	0	6	0	0	0	0	0	-3	0	6	0	2	0
DIR & HEADS/MANAGEMENT	400	418	0	0	0	0	1	2	0	0	0	0	0	0	401	419	401	419
DEVELOPMENT MANAGEMENT	1,341	1,403	0	0	29	24	249	260	0	0	0	0	-1,257	-1,178	1,619	1,688	362	509
BUILDING CONTROL	630	623	4	4	32	32	76	65	0	0	0	0	-866	-845	743	723	-123	-122
ENVIRONMENTAL HEALTH	822	808	54	52	20	19	118	156	0	0	0	0	-151	-124	1,013	1,036	862	912

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Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LICENSING	0	0	0	0	0	0	3	8	0	0	0	0	-182	-211	3	8	-179	-202
REFUSE/STREET CLEANING	3,064	3,762	15	12	19	30	1,109	1,048	0	0	0	0	-2,873	-2,496	4,206	4,852	1,333	2,356
TRANSPORT	143	230	0	0	1,477	1,613	47	63	0	0	0	0	-31	-33	1,667	1,906	1,635	1,873
ENVIRONMENTAL MANAGEMENT	164	109	4	0	1	0	45	5	0	0	0	0	0	0	214	114	214	114
PARKING OPERATIONS	536	538	669	579	3	3	322	299	0	0	0	0	-3,348	-3,100	1,531	1,420	-1,817	-1,680
CONTACT CENTRE	168	133	0	0	0	0	0	0	0	0	0	0	0	0	169	133	169	133
	17,276	16,896	2,943	2,471	1,748	1,868	7,118	9,398	1,493	1,527	458	151	-16,763	-19,352	31,034	32,311	14,272	12,959
<i>Housing Benefits</i>	0	0	0	0	0	0	55	189	31,273	34,558	0	0	-31,581	-34,890	31,328	34,746	-253	-144

Comparison of 2010/11 outturn with revised budget**Appendix B*****Horsham District Council*****2011 Period: 12*****Expenditure Analysis Adjusted Accounts***

<i>Section</i>	<i>Employee Expenses</i>		<i>Total Premises</i>		<i>Transport Expenses</i>		<i>Supplies & Services</i>		<i>Agency/Contracted</i>		<i>Capital Financing</i>		<i>Income</i>		<i>Total Expenditure</i>		<i>Expend less Income</i>	
	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
CHIEF EXECUTIVE'S OFFICE	289	274	0	0	0	0	3	1	0	0	0	0	0	0	293	276	293	276
COMMUNICATION COMPLAINTS FOI	106	109	0	0	0	0	3	1	0	0	0	0	0	0	109	110	109	110
STRATEGIC PLANNING & PERFORMANCE	646	674	1	1	8	2	393	283	0	0	0	0	-39	-181	1,047	959	1,008	779
DIRECTOR & HEADS	334	329	0	0	0	0	51	80	0	0	0	0	0	0	385	409	385	409
AUDIT	167	159	0	0	6	6	3	3	0	0	0	0	0	0	176	167	176	167
REVENUE & BENEFITS	0	7	0	0	2	11	1,289	1,668	46	14	0	0	-964	-1,076	1,336	1,699	372	624
COMMITTEE SECTION & ELECTIONS	180	184	0	0	1	1	94	83	0	0	0	0	-12	-3	275	267	264	264
FINANCIAL SERVICES	853	797	4	3	29	29	1,120	1,471	1,006	1,017	127	151	-948	-2,724	3,141	3,469	2,192	745
PROCUREMENT	91	99	0	0	1	0	-29	0	0	0	0	0	-36	-49	62	100	26	50
LEGAL	510	496	0	0	0	0	61	58	0	0	0	0	-48	-38	571	555	523	517
VALUATION & ESTATES	272	246	182	153	3	4	86	76	6	10	0	0	-1,928	-1,960	550	490	-1,378	-1,470
FM SERVICES & SECURITY	0	0	0	0	0	0	78	79	0	0	0	0	0	0	78	79	78	79
BUILDING, ENGINEERING & ARCHITECT SERV	708	607	811	731	24	22	204	209	0	0	0	0	-153	-168	1,747	1,570	1,594	1,402
BUSINESS SERVICES	1,449	1,325	0	0	20	20	774	770	0	0	0	0	-478	-869	2,243	2,116	1,765	1,247

Agenda Item 9

Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PERSONNEL (INC HEALTH & SAFETY)	545	395	0	0	0	0	37	48	0	0	0	0	-4	-3	582	444	578	441
IT SERVICES	0	1	0	0	0	0	212	205	0	0	0	0	0	0	212	205	212	205
GRAPHIC DESIGN	68	68	0	0	0	0	0	0	0	0	0	0	0	0	68	68	68	68
WORD PROCESSING	33	30	0	0	0	0	0	0	0	0	0	0	0	0	33	30	33	30
SCANNING	45	41	0	0	0	0	0	0	0	0	0	0	0	0	45	41	45	41
PRINT ROOM	70	70	0	0	3	3	73	78	0	0	0	0	-5	-6	146	151	141	144
RECEPTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIR & HEADS/MANAGEMENT	310	304	0	0	1	3	1	1	0	0	0	0	0	0	312	308	312	308
THE CAPITOL	397	433	197	204	1	1	691	973	0	0	0	0	-1,001	-1,260	1,285	1,611	285	351
COMMUNITY SAFETY	283	279	2	2	12	9	154	116	0	0	0	0	-253	-238	452	407	198	168
STREETSCENE TEAM	86	93	0	0	5	4	6	3	0	0	0	0	-47	-16	97	101	50	84
EMERGENCY PLANNING	35	30	0	1	0	0	21	20	0	0	0	0	0	0	57	51	57	51
HEALTH & WELLBEING	0	2	0	0	0	0	120	27	0	0	0	0	-110	-18	120	29	10	12
OLDER & YOUNGER PERSONS	0	0	2	0	0	0	1	0	2	0	0	0	-5	0	4	0	-1	0
SPORTS & ARTS DEVELOPMENT	342	327	8	5	7	8	73	93	0	0	0	0	-229	-269	430	433	201	164
LOTTERY & GRANTS	0	0	0	0	0	0	18	9	0	0	0	0	0	0	18	9	18	9

20 September 2011

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Agenda Item 9

Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HOUSING & HOMELESSNESS	385	362	132	108	5	3	287	386	0	0	0	0	-557	-693	810	859	253	166
COMMUNITY LINK	81	78	0	0	8	5	92	90	0	0	0	0	-328	-336	181	173	-148	-163
VOLUNTARY SECTOR LIAISON	2	1	0	0	0	0	92	96	50	48	0	0	0	0	145	145	145	145
LEISURE MANAGEMENT	21	21	141	102	0	0	81	65	425	434	0	0	-538	-493	667	622	130	129
MUSEUMS & HERITAGE	129	136	57	39	3	3	36	37	0	0	0	0	-29	-31	225	214	196	183
COUNTRYSIDE SITES	105	103	88	128	0	0	25	13	0	0	0	0	-40	-94	218	244	179	149
PARKS & OPEN SPACES	361	338	350	306	6	5	109	183	4	3	0	0	-211	-245	830	835	619	589
GROUNDS MAINTENANCE	146	125	0	0	5	6	13	13	0	0	0	0	-8	-5	165	143	157	138
ARTS & ENTERTAINMENT	239	196	0	0	1	1	67	55	0	0	0	0	-12	-12	307	251	295	239
ECONOMIC DEVELOPMENT	132	133	0	2	1	0	127	131	0	0	0	0	-7	-89	259	266	252	177
TOWN CENTRE MANAGEMENT	0	0	56	40	0	0	71	67	0	0	0	0	-588	-489	127	108	-461	-381
TOURISM & EVENTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIR & HEADS/MANAGEMENT	404	418	0	0	0	0	1	2	0	0	0	0	0	0	405	419	405	419
DEVELOPMENT MANAGEMENT	1,359	1,403	0	0	29	24	275	260	0	0	0	0	-1,111	-1,178	1,663	1,688	552	509
BUILDING CONTROL	637	623	4	4	32	32	73	65	0	0	0	0	-866	-845	746	723	-120	-122
ENVIRONMENTAL HEALTH	821	808	54	52	22	19	167	156	0	0	0	0	-127	-124	1,064	1,036	937	912

20 September 2011

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Agenda Item 9

Section	Employee Expenses		Total Premises		Transport Expenses		Supplies & Services		Agency/Contracted		Capital Financing		Income		Total Expenditure		Expend less Income	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LICENSING	0	0	0	0	0	0	5	8	0	0	0	0	-179	-211	5	8	-174	-202
REFUSE/STREET CLEANING	3,645	3,762	15	12	27	30	1,073	1,048	0	0	0	0	-2,606	-2,496	4,760	4,852	2,154	2,356
TRANSPORT	145	230	0	0	1,664	1,613	54	63	0	0	0	0	-26	-33	1,863	1,906	1,837	1,873
ENVIRONMENTAL MANAGEMENT	166	109	4	0	1	0	40	5	0	0	0	0	0	0	211	114	211	114
PARKING OPERATIONS	541	538	692	579	3	3	321	299	0	0	0	0	-3,154	-3,100	1,557	1,420	-1,596	-1,680
CONTACT CENTRE	170	133	0	0	0	0	0	0	0	0	0	0	0	0	170	133	170	133
	17,308	16,896	2,801	2,471	1,930	1,868	8,545	9,398	1,538	1,527	127	151	-16,646	-19,352	32,249	32,311	15,603	12,959
<i>Housing Benefits</i>	0	0	0	0	0	0	55	189	31,273	34,558	0	0	-31,581	-34,890	31,328	34,746	-253	-144

CODE DESCRIPTION	2010/11 REVISED BUDGET	2010/11 Outturn
	£	£
CLOSED CEMETERIES-HORSHM-Gen Repairs	611	
CLOSED CEMETERIES-AREA 1 - Gen Repairs	0	
CLOSED CEMETERIES AREA 2 - Gen Repairs	0	
HORSHAM PARK TENNIS COURT-Resurfacing	0	
HORSHAM PARK TENNIS COURT- Fencing	0	
HORSHAM PARK SKATE PARK - Repairs	0	
PAVILION IN THE PARK - Gen Repairs	4,931	
REC GROUNDS-Pitch Drainage Works	5,000	
RECREATION GROUNDS-Upgrade Car Parks	0	
CHILDRENS PLAY AREAS-Refurb&Renewals	0	
STORRINGTON MILL POND - Dredging	1,642	1,642
OPEN SPACES - Bridges Replacement	10,000	
MISC DOM PROPERTIES - Gen Repairs	10,000	6,061
BLATCHFORD CLOSE - Roof Repair	-	
BLATCHFORD CLOSE - Mod / Refurb	10,000	3,937
ROOKWOOD PAYP - Ancilliary Buildings Roof Repairs	10,000	
HORSHAM ARTS CENTRE - Internal Dec	5,080	
HOP OAST DEPOT - Int/Ext Decorations	-	
HOP OAST DEPOT - Floor Coverings	8,304	
MSCP PIRIES PLACE CP - Upgrade Lighting	748	748
MULTISTOREY CAR PARKS-Doors&Windows	7,719	5,068
MULTI-STOREY CAR PARKS-Gen Dec	10,000	7,215
MSCP RENEW GENERAL - Lighting	1,816	
MULTI-STOREY CAR PARKS - Gen Repairs	19,714	2,041
HORSHAM TOWN CAR PARKS-Resurf/Reline	10,000	2,567
PARK BARN - Ext/Int Decorations	-	
OFFICE CAR PARKS - Lighting and Security	8,276	
STABLE BLOCK - Ext/Int Decorations	-	
PARK HOUSE - Replacement Windows	-	
PARK HOUSE - Roof Repairs	-	
PARK HOUSE - Ext Decoration	-	
PARK HOUSE - Internal Decoration	-	
PARK HOUSE-Upgrade Elec Install Distrib Sys	-	
PARK HOUSE - Gen Repairs	-	
PARK HOUSE - Carpets	3,567	
PARK HOUSE LODGE - Ext/Int Decorations	-	
COUNCIL CHAMBER-Sound Reinforce&Voting Sys	-	
RURAL AREA CAR PARKS-ReSurface/ReLine	10,000	5,755
SOUTHWATER COUNTRY PARK VISITOR CENTRE-Ext/Int Decs	30,000	11,303
TOWN HALL - Internal Decoration	-	
GEN BUILDINGS-Eqmnt Crime Prevention(CCTV)	13,235	15,800
GEN BUILDINGS Mngmt Sys - Gen Repairs/Maint	18,540	10,867
BBH LEISURE CENTRE-Replace Front Doors	6,022	-
BBH LEISURE CENTRE-Resurfacing MUCAS	15,000	2,050
MUSEUM - Ext Decoration	-	
MUSEUM - Overhaul/Upgrade Air Con System	-	
MUSEUM - Renewal of Electrical Installation	0	

CODE DESCRIPTION	2010/11 REVISED BUDGET	2010/11 Outturn
	£	£
MUSEUM - Repairs	15,000	1,067
PARK NORTH - Window Blinds	0	
PARK NORTH - Ext Re-Decoration	63,130	63,103
PARK NORTH - Renew Boiler	-	
PARK NORTH - Emergency Lighting	8,970	4,656
PARK NORTH - Overhaul Lifts	0	24
PARK NORTH-Renew Comp Suite Air Cooling	966	
PARK NORTH-Upgrade Electrical Installation	0	
PARK NORTH - Carpet Renewal	0	6,589
TOWN CNTR BISHOPRIC-Overhaul Sculp&AssocPlant/SHELLEY FOUNTAIN	59,193	14,190
TOWN CENTRE - Landscaping	1,097	207
TOWN CENTRE-Repainting & Gen Repairs	10,000	11,863
B'HORSE WAY-Upgrade Elect/Mech Service	5,000	
BUS SHELTERS - Gen Reps / Maint	1,760	
DRILL HALL-Upgrade/Reno Elect/Mech Serv	0	12,963
NORTH POINT - RENEW BOILERS	0	
DRILL HALL - RENEW BOILERS	0	
BBHLC - PLANT & EQUIP	0	
FORUM FLATS- WATER SUPPLY ZONING	1,000	
SET ASIDE ARTS CENTRE & PAVILIONS SET ASIDE	8,884	10,062
	395,205	199,777

Report to Accounts, Audit and Governance Committee

29th September 2011

By the Chief Internal Auditor

INFORMATION REPORT

Not exempt



Internal Audit – Quarterly Update Report

Executive Summary

This report summarises work completed by the Internal Audit Section since June 2011.

Recommendations

The Committee is recommended:

- i) To note the summary of audit and project support work undertaken since March 2011.

Reasons for Recommendations

- i) To comply with the requirements set out in the CIPFA Code of Practice for Internal Audit.
- ii) The Accounts, Audit and Governance Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

Background Papers:	CIPFA Code of Practice 2006 and Internal Audit Reports.
Consultation:	N/A
Wards affected:	All
Contact:	Paul Miller, Chief Internal Auditor, Ext 5139

Background Information

1. Introduction

The purpose of this report

- 1.1 The purpose of this report is to provide a quarterly summary of work undertaken by the Internal Audit Team since June 2011.

2. Summary of Audit Findings

2.1 Car Parks

OVERALL AUDIT OPINION: MODERATE ASSURANCE

At the time of the audit a number of lapses in control were identified, and in particular, there was a lack of separation of duties due to staff shortages and vacancies. Staff changes have now been made to ensure that management controls are undertaken by an officer who is not involved in “front line” operational duties. Other areas of concern included inadequate stock control and reconciliations of season tickets and parking permits; poor records; contractual issues; and a lack of documented procedures. A number of remedial actions have been agreed which will help to improve record keeping and management controls.

The auditor found that it is not possible to accurately reconcile car park income recorded by the Parkare computer system with income banked by Coinco. It is recognised that there is an urgent need to replace equipment at the Swan Walk and Forum car parks and at the time of the audit, the auditor was informed that the equipment would be replaced in the near future in accordance with a new car park strategy which was being written.

2.2 Rookwood Golf Course

OVERALL AUDIT OPINION: MODERATE ASSURANCE

At the commencement of the audit, it was identified that contract monitoring was not being carried out, and as a consequence a number of expected controls were not in place. In particular, annual accounts had not been requested for three years and the amount of the annual fixed contract payment had not been formally reviewed for 2011/12. It has been agreed that, in future, contract monitoring will be undertaken by the Leisure Services Recreation Manager (initially on a monthly basis) and annual accounts have now been obtained. Responsibility for reviewing the annual contract payment has been assigned to the Estates Management and Valuation Surveyor, and the annual sum payable has been increased by £7,441 in line with the retail prices index for 2010/11.

3. Special Investigation

3.1 Acorn Plus Project / Operational Services

The Chief Internal Auditor has worked closely with the Systems Development Manager to improve the Council's project management processes, and the PACT (Project Assurance Core Team) has already met twice. The main purpose of PACT is to review the Council's key projects, as identified by CMT, in order to provide independent assurance that the projects selected for review are on target in terms of critical milestones and to highlight any areas of concern to CMT. The first PACT report is due to be presented to CMT on 19th September.

4. Project Support Work

4.1 Information Security Project

Internal Audit is continuing to support the joint Information Security Project, an initiative designed to ensure all Councils participating in the CenSus Partnership are implementing an acceptable level of control over information held. Adur/Worthing and Mid Sussex have given the project full support identifying "Information Security Managers" (ISM's) who are working with senior managers in implementing the project objectives. The ISM's have made significant progress in identifying what information is held by their authorities and initiating a communication plan to create awareness of the project objectives and alert staff to how they will become involved. The Head of Corporate Support Services has now recruited an officer whose role will include acting as the ISM for Horsham. An offer of employment has been made and accepted, and we are currently awaiting confirmation of a start date.

5 Audit Resources

- 5.1 Internal Audit resources have been significantly stretched during the current financial year. The reasons for this are twofold: firstly due to the incidence of special investigations, and secondly because one member of the audit team has been on extended sick leave due to a serious back injury which necessitated surgery. With the current level of resources, the audit plan for 2011/12 cannot be achieved and, in the event of further unforeseen circumstances, there is also a risk that the section will not be able to complete its audit programme of key financial systems. In the circumstances, taking into account the unusual situation, the Chief Executive has agreed to a temporary increase in audit resources.

6 Audit Follow ups

- 6.1 In the annual audit report which was presented at the last meeting, it was reported that:

"the percentage of agreed action items implemented is one of the key measures used to demonstrate the effectiveness of the section, although the actual implementation of agreed actions is a management responsibility. From a review of 99 agreed actions due to be implemented during 2009/10, a total of 72 had now been implemented. In 2010/11, a total of 94 actions had been agreed and 77 had so far been followed up, of which 38 had been fully implemented. Outstanding actions continued to be pursued".

Members requested that a further update be given at the next Committee meeting on the number of actions outstanding. Unfortunately, for the reasons outlined in Section 5 above, this information is not yet available. A full summary will be provided for the December meeting.

7 Next Steps

- 7.1 Not applicable.

8. Outcome of Consultations

- 8.1 Not applicable.

9. Other Courses of Action Considered but Rejected

- 9.1 Not applicable

10. Staffing Consequences

10.1 There are no direct staff consequences.

11. Financial Consequences

11.1 There are no financial consequences.

Appendix 1

Consequences of the Proposed Action


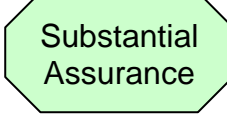


Consequences of the proposed action on:	
Risks	All internal audit work is undertaken using a risk based approach and as part of this process, audit findings are risk assessed prior to being reported. The risk assessment then determines the order in which control weaknesses are reported and informs the overall audit opinion (see Appendix 2 for definitions).
Risk Assessment attached Yes/No	No
Crime and Disorder	This report has no effect on Crime & Disorder issues.
Equality and Diversity/ Human Rights	The audit plan is undertaken in a way that encompasses the Council's overall corporate aims, objectives and values.
Equalities Impact Assessment attached Yes/No/Not relevant	Not relevant.
Sustainability	This report has no effect on sustainability.

Statutory and Policy Background

Statutory Background	The Accounts and Audit Regulations 2003 (as amended in 2006) made under Section 23 of the Local Government Act 1982. These state that the relevant body (the Council) shall "maintain an adequate and effective system of internal audit of its accounting records and system of internal control in accordance with proper internal audit practices." This responsibility is discharged through the Council's Internal Audit Section.
Relevant Government Policy / Professional Standards	Internal Audit follows the standards set out in the " <i>Code of Practice for Internal Audit in Local Government</i> " published by the Chartered Institute of Public Finance and Accountancy known as CIPFA.
Relevant Council Policy	Internal Audit is conducted in accordance with the Council's Constitution. Financial Regulation FR27 states that the Director of Corporate Resources shall maintain a continuous, comprehensive and up-to-date internal audit. The Chief Internal Auditor is required to report on a quarterly basis on the results of internal audit, and on an annual basis to provide an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management systems and internal control environment.

Appendix 2

Categorisation of Audit Opinions

 <p>Full Assurance</p>	<p>System of Control: There is a sound system of control in place which minimises risk to the Council; and</p> <p>Compliance with Controls: Audit testing identified that all expected controls are being consistently applied.</p>
 <p>Substantial Assurance</p>	<p>System of Control: Whilst there is basically a sound system of control (i.e. key controls are in place), there are some weaknesses which may place the Council at risk in a few areas; and/or</p> <p>Compliance with Controls: Audit testing identified a lack of compliance with controls in a few areas.</p>
 <p>Moderate Assurance</p>	<p>System of Control: There are some weaknesses in the system of control (i.e. the absence of two or more key controls) which is placing the Council at risk in a number of areas; and/or</p> <p>Compliance with Controls: Audit testing identified a lack of compliance with two or more key controls.</p>
 <p>No Assurance</p>	<p>System of Control: The system of control is very weak or non-existent, which is placing the Council open to significant risk: and/or</p> <p>Compliance with Controls: Audit testing identified a high number of key controls which are not being complied with.</p>

Report to Accounts, Audit and Governance Committee

29th September 2011

By the Director of Corporate Resources

INFORMATION REPORT

Not exempt



Risk Management – Quarterly Update Report

Executive Summary

This report includes an update on the Corporate Risk Register for consideration, and provides an update on progress with the quarterly departmental risk register reviews.

Recommendations

The Committee is recommended to:

- 1) Consider the updated version of the Corporate Risk Register.
- 2) Note the progress which has been made with the departmental risk registers.

Reasons for Recommendations

As part of good governance, it is important that these documents are considered by Members.

Background Papers:	Management Information obtained from Covalent
Consultation:	Chief Internal Auditor
Wards affected:	All
Contact:	Tony Higgins, Ext 5300

Background Information

1. Introduction

The purpose of this report

- 1.1 The Accounts, Audit and Governance Committee is charged with responsibility for monitoring the effectiveness of the Council's risk management arrangements.
- 1.2 The deadline for completing the first quarter review of departmental risk registers has now passed, and feedback on progress is summarised in this report.

2. Risk Management Update

2.1 Corporate Risk Register

At the June meeting of this Committee, it was agreed by Members that CRR26 (financial recovery plan and monthly monitoring for Operational Services) be removed from the Corporate Risk Register on the basis that the control actions had been implemented and the review period had expired.

CMT has reviewed outstanding actions on the Corporate Risk Register and comments have been updated to reflect the current position for each risk.

2.2 Departmental Risk Registers

A total of 12 out of 18 departmental risk register reviews (67%) were completed and signed off by the August cut-off date which is an improvement on the previous quarter (50%). In addition, 2 of the registers which had not been completed by the cut-off date have been completed subsequently increasing the compliance percentage to 78%.

3. Next Steps

- 3.1 Not applicable.

4. Outcome of Consultations

- 4.1 Not applicable.

5. Other Courses of Action Considered but Rejected

- 5.1 Not applicable.

6. Staffing Consequences

- 6.1 There are no direct staff consequences.

7. Financial Consequences

- 7.1 There are no financial consequences.

Appendix 1

Consequences of the Proposed Action

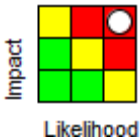

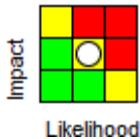







Consequences of the proposed action on:	
Risks	The report provides an update on the Council's corporate risks and how these are being managed by the Corporate Management Team (see Appendix 2). It also provides details of which departments have completed their quarterly reviews by the cut-off date (as specified in the Council's risk management procedures).
Risk Assessment attached Yes/No	See Appendix 2 for the latest version of the Council's Corporate Risk Register.
Crime and Disorder	Effective risk management helps to ensure that the Council achieves its objectives within this area.
Equality and Diversity/ Human Rights	Effective risk management helps to ensure that the Council achieves its objectives within this area.
Equalities Impact Assessment attached Yes/No/Not relevant	Not relevant.
Sustainability	This report has no effect on sustainability.

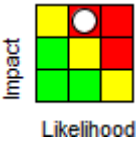
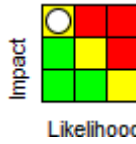
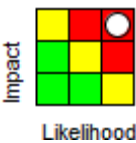

Statutory and Policy Background

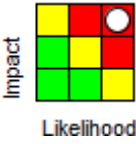

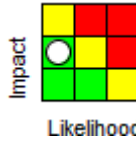





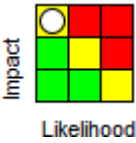

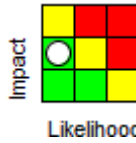


Statutory Background	The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2003 (amended 2006): "The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of the body's functions and which includes arrangements for the management of risk".
Relevant Government Policy / Professional Standards	Risk management is an essential element of good corporate governance. The CIPFA/SOLACE Framework on Corporate Governance requires councils to establish and maintain a systematic strategy, methodology and processes for managing risk. They must also report publicly on the effectiveness of these arrangements.
Relevant Council Policy	The Council's Risk Management Strategy 2008 to 2011 is published on the Council's Intranet. A Corporate Risk Register is managed by the Council's Corporate Management Team, and each Head of Service is responsible for managing one or more departmental risk registers. When undertaking major projects, a risk log is maintained which is a requirement of the PRINCE 2 Lite methodology adopted by the Council.

Corporate Risk Report with Actions September 2011 V2

Generated on: 15 September 2011

Risk Code & Description	Consequences	Risk Owner	Current Risk Matrix	Action Code & Title	Action Owner	Status	Target Risk Matrix	Quarterly Update
CRR01 Pressure on the Council's budget & future impact on HDC finances	Job losses, reduced income, capital receipts reduced or not realised, service cuts (non-statutory functions, increased workload (e.g. debt recovery), and possible damage to reputation. Loss of discretionary services impacting on quality of life.	Tony Higgins		CRR.01.1 Prudent budgeting / robust reporting. (October Annually).	HOS			September 2011 Update: The 2012/13 budget process is now underway. Savings and initiatives are being explored.
				CRR.01.2 Increase the regularity and level of budget monitoring throughout the year (Monthly).	HOS			
				CRR.01.3 Focus on corporate priorities through the corporate & departmental service planning processes (Monthly).	CMT			
				CRR.01.4 Organisational restructure.	CMT			
				CRR.01.5 Continuous review of costs and income (Ongoing).	CMT			
				CRR.01.6 Identify future development opportunities to generate additional capital receipts and revenue streams.	Ray Lee			
				CRR.01.7 Explore opportunities for further shared services (Ongoing).	Directors			
				CRR.01.8 Review of new Medium Term Financial Strategy (Ongoing).	CMT			

CRR05 Inadequate "information security"	Financial penalties & damage to reputation.	Tony Higgins		CRR.05.1 Develop an ICT Security Policy (by 31/12/11)	Peter Dawes			September 2011 Update: The CenSus Information Security Partnership Project is now underway but progress at Horsham has been slow. An offer of employment has been made and accepted. Awaiting confirmation of start date.
				CRR.05.2 Develop processes & procedures which underpin the IT Security Policy (by 31/12/11).	Peter Dawes			
				CRR.05.3 Provide training to GCSx (Government Connect Secure Extranet) users.	Graham Crossingham			
				CRR.05.4 Provide a programme of training on Information Security to all staff (by 31/12/11).	Peter Dawes			
				CRR.05.5 Appoint a Senior Information Risk Officer (SIRO) (by 15/10/09).	Tony Higgins			
				CRR.05.6 Set up a Corporate Governance Group which will cover information security.	Tony Higgins			
				CRR.05.7 Develop an Information Risk Methodology for CenSus.	Tony Higgins			
				CRR.05.8 Stop Members from using personal email addresses.	Peter Dawes			
CRR06 Lack of a tested Business Continuity Plan	Disruption to service, legislative breaches (if critical paperwork lost), loss of income & failure to achieve objectives.	Natalie Brahma-Pearl		CRR.06.1 Develop corporate business continuity plan and regular review (30/11/11 - then quarterly review).	Greg Charman			September 2011 Update: Updated Business continuity plans for 'priority' service/ departmental areas will not be completed until end September 2011. The information derived from this exercise will be aggregated together to produce the corporate business continuity plan by November 2011
				CRR.06.2 Develop departmental business continuity plans and regular review (by 30/9/11 & then quarterly Review).	Greg Charman			
				CRR.06.4 Develop a procedure for activating standby water pumps beneath Park North & North Point.	Chris Jende			
				CRR.06.5 Undertake stock take of business continuity at CMT meeting.	CMT			
				CRR.06.6 Succession planning for Phil Montgomery.	Tony Higgins			

CRR11 Project problems due to inadequate project management.	Project fails to meet desired outcomes, increased costs, delays in implementation, loss of income, & damage to reputation.	Ray Lee		CRR.11.1 Ensure that "critical" projects are managed by officers who have proven project management skills (ongoing).	HOS			September 2011 Update: The Project Assurance Core Team (PACT) has been established and is now reporting regularly to CMT. Reporting procedures have been agreed and reviews are taking place of all the key projects. All risk items have been addressed as part of this process.
				CRR.11.2 A robust business case should be written and approved prior to the commencement of a project (Ongoing).	HOS			
				CRR.11.3 Use PRINCE Lite methodology for projects over £50k and/or where the total man-day allocation exceeds 20 days (Ongoing).	HOS			
				CRR.11.4 Ensure that specifications are widely circulated prior to submission to prospective tenderers to reduce variations / change control requests (Ongoing).	HOS			
				CRR.11.5 As part of the PRINCE Lite 2 methodology, a post implementation review should be undertaken and lessons learnt should be fed back to CMT, Heads of Service & the Chief Internal Auditor (Ongoing).	HOS			
				CRR.11.6 Set up an independent project assurance team to oversee key projects undertaken by the council.	Tony Hill			
CRR18 The Hop Oast and Hurston Lane depots are not large enough to accommodate the waste refuse vehicles	The Council may be in breach of Health and Safety regulations in terms of space requirements, and maintenance of the new vehicles cannot be undertaken in the workshop.	Ray Lee		CRR.18.1 Erect temporary structures at Hurston Lane to accommodate the new vehicles.	Ian Jopling			September 2011 Update: Work has started on the modifications to the workshop doors and will be completed this month. Discussions being held with WSCC re joint depot proposal. Therefore the HDC proposal is currently on hold.
				CRR.18.2 A feasibility study will be undertaken for relocation of resources to a new depot site (by 20/12/10).	Ian Jopling / Chris Carey			
				CRR.18.3 Temporary structure to be replaced by changes to workshop at Hop Oast Depot. (By June 2011).	Ray Lee			

				CRR.18.4 Changes to be made to accommodate operations at Hop Oast (by 31/3/12).	Ray Lee			
CRR21 There is currently no formal system in place for calling out staff	An incident which cannot be resolved causing service interruptions at HDC Offices or other buildings for which we are responsible	Natalie Brahma-Pearl	 Impact Likelihood	CRR.21.1 Review Duty Officer and Out of Hours system (by 30/6/11)	Natalie Brahma-Pearl		 Impact Likelihood	September 2011 Update: This work is still ongoing. Clarity as to which services provide out of hours services and local service arrangements identified. Ongoing work will identify and update individual Role Profiles.
				CRR.21.2 Review appropriate Role Profiles to ensure that Out of Office cover is addressed (by 30/6/11)	Natalie Brahma-Pearl			
CRR23 Loss of ICT & Telephone Service due to failure in the Data Centre	Failure of business objectives Non compliance with statutory requirements Financial business loss Disruption of service Damage to reputation	Tom Crowley	 Impact Likelihood	CRR.23.01 Risk controlled by implementation of mitigation and controls/alerts	Graham Crossingham/Tony Appleby		 Impact Likelihood	September 2011 Update: The relocation of the data centre is due to take place on 1st and 2nd October.
				CRR.23.02 Capital Project to review Data Centre Services	Peter Dawes			
				CRR.23.03 Council has agreed a budget for a new data centre in Park North providing computing and telecommunications systems for both HDC and its CenSus partners.	Peter Dawes			
CRR24 Loss of Telephone System due to hardware failure	Failure of business objectives Non compliance with statutory requirements Financial business loss Disruption of service Damage to reputation	Tony Higgins	 Impact Likelihood	CRR.24.01 Spare CPU card purchased	Graham Crossingham		 Impact Likelihood	September 2011 Update: A report will be issued in due course to identify the new system that is required.
				CRR.24.02 Explore partnership opportunities (by 30/6/11)	Graham Crossingham			
				CRR.24.03 Consider purchase of new system - report will be produced shortly (by 30/6/11).	Graham Crossingham			
CRR25 Potential lack of compliance with Children Act 2004 (Section 11)	Non compliance with statutory requirements and damage to reputation.	Natalie Brahma-Pearl	 Impact Likelihood	CRR.25.01 Safeguarding Policy Cabinet 23/09/10	Natalie Brahma-Pearl		 Impact Likelihood	September 2011 Update: All actions except CRR.25.04 have been completed. Work on personnel systems is needed to fully identify CRB cases.
				CRR.25.02 Staff training including designated officer training (Ongoing)	Natalie Brahma-Pearl			
				CRR.25.03 Member Training. (Further training due May 2011 & then 4 yearly).	Natalie Brahma-Pearl			
				CRR.25.04 CRB Register ~ Recruitment and Selection (Ongoing)	Natalie Brahma-Pearl			
				CRR.25.05 Revise	Natalie Brahma-Pearl			

				Procurement Documents	Pearl & Roger Dennis			
				CRR.25.06 Establish Officer Safeguarding Working Group	Natalie Brahma-Pearl	✓		
				CRR.25.07 Section 11 Audit (March Annually)	Natalie Brahma-Pearl	✓		