



# **Arun District Council**

## **DRAFT Statement of Accounts 2023/24**

(subject to audit)

Arun District Council  
Group Head of Finance and Section 151 Officer  
Arun Civic Centre  
Maltravers Road  
Littlehampton  
West Sussex  
BN17 5LF

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# Narrative Report

## Introduction to the Arun district

Arun District is on the south coast, one of seven districts within West Sussex. The district is bordered by Chichester to the west, Horsham to the north, and Adur and Worthing to the east. The northern half of Arun District falls within the South Downs National Park (SDNP). As well as featuring many miles of beautiful coastline, the district is home to several vibrant towns, parishes and villages and the people and businesses within them.

Further information can be found at;  
<https://www.arun.gov.uk/district-and-population>

For the period, Arun District Council is run by 54 councillors representing 23 wards. Councillors are elected on a 4-year term, with the most recent elections being held in May 2023.

The overall objectives, major policies and the financial strategy are decided at Full Council, which is also the principal forum for major debate.

Formation of a Committee System took place with effect from the Annual Council Meeting on 19 May 2021, resulting in most decisions being dealt with by politically balanced committees. This is subject to the general oversight of the Council with no individual members having decision making powers.

There are six Service Committees:

- Corporate Support Committee (11 members)
- Economy Committee (11 members)
- Environment Committee (11 members)
- Housing and Wellbeing Committee (11 members)
- Planning Policy Committee (11 members)
- Policy and Finance Committee (9 members)

And four Regulatory Committees:

- Audit and Governance Committee (11 members)
- Licensing Committee (11 members)
- Planning Committee (11 members)
- Standards Committee (11 members)

In addition, there are several sub-committees, working parties and panels reporting to the Service Committees and the Council.

Further information can be found on the Arun District Council website at;  
<https://democracy.arun.gov.uk/mgListCommittees.aspx?bcr=1>

## The Annual Governance Statement

The Annual Governance Statement is published along with the Statement of Accounts and is available on the council's website at:

<https://www.arun.gov.uk/financial-information/>

## **Workforce**

The Council employs approximately 356 FTE staff in full-time and part-time positions at 31 March 2024 (373 at 31 March 2023).

## **The Strategic Direction of the Council**

Arun District Council adopted a new Council Vision for the period 2022-2026 at a meeting of the Full Council in March 2022. This followed public consultation which took place during November and December 2021.

The role of the District Council is to make Arun a better place to live, work and visit as well as delivering public services. This vision sets out how the Council will go about doing this.

It is divided into four key themes, each of which has four key aims and statements about how they will be achieved. The focus of the Council will be on:

- Improving the wellbeing of Arun
- Delivering the right homes in the right places
- Supporting our environment to support us
- Fulfilling Arun's economic potential

The Vision sets out our goals and will guide our decision making for the next four years and build on the things we already do well.

In addition to this we have several service performance indicators (KPIs – key performance indicators) which are measured during the year, either quarterly, half yearly or annually. These are posted on the website during the year after they have been reviewed at the Policy and Finance Committee.

Further information can be found on the council's website at:

<https://www.arun.gov.uk/councilvision>

## **The Local Plan**

Arun's Local Plan 2011-2031 was adopted on 18 July 2018. It sets out a spatial vision, objectives and a sustainable strategy for delivering the required growth for the district. The Local Plan intends to provide approximately an average of 1,000 homes per annum between 2011 and 2031 (total 20,000 homes). Since there is reliance on large strategic sites to deliver this scale of housing the Local Plan trajectory is 'stepped' to reflect the time it will take to secure delivery on some sites.

Further information can be found on the council's website at:

<https://www.arun.gov.uk/adopted-local-plan/>

## **Financial Performance**

The impact of the economic climate continues to remain difficult to assess as there are several variables which affect the Council.

The future of the Council's government funding remains extremely uncertain. The Fair Funding Review went out to consultation during 2018/19. It focused on the cost drivers, which are mainly population based for District councils like Arun and is designed, in theory, to redistribute funding to those areas of highest need. It is widely anticipated that the new system will be detrimental to District Councils, with a shift between the tiers of local government in two tier areas like West

Sussex. There is also the potential of transferring extra responsibility (and cost) to Local Government. There was still no certainty on these matters as at 31 March 2024. Government had again issued Councils with a one-year financial settlement for 2023/24 and subsequently confirmed in February 2024 another one-year settlement for 2024/25.

The recent change in Government administration will inevitably lead to a re-prioritisation of its key policies and objectives. Where the Fair Funding Review and local government spending in general will fit within its priorities will only become clearer once the first Budget is presented.

With no further details currently available the situation will continue to be monitored closely. The Council has set up a Funding Resilience Reserve to support a planned transition should changes to funding sources result in a significant loss of income. The decision was taken to set the General Fund Balance at £5.0m at 31 March 2022 during the 2022/23 budget setting. The intention is to maintain this as a minimum balance in case of any emergency requirements.

In line with other local authorities, the Council has had to continue to manage its 2023/24 budget within a climate of additional cost pressures arising from the employee workforce market and on-going inflationary impact felt from the prevailing Middle East crisis and the Russian invasion of Ukraine.

The Council's General Fund expenditure is supported by Government through the Business Rate Retention scheme and non-ringfenced grants. There has been a reduction in the level of general Central Government support, however, other grant funds, such as levelling up, have been made available in 2023/24. Fortunately, the Council has benefited from the New Homes Bonus and the Business Rate Retention scheme due to growth in both the domestic and commercial sectors.

## Collection Fund

The Collection Fund shows the transactions of the Council (as the Billing Authority) in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (business rates).

The Collection Fund had an overall in-year surplus of £4.2m (£8.9m surplus in 2022/23), comprising £0.0m council tax and £4.2m business rates surplus (£0.4m surplus Council Tax and £8.5m surplus business rates in 2022/23). In accordance with regulations the surplus will be shared between the major preceptors (for council tax) and between the major preceptors and Government (for business rates). The Council's share of the surplus is recovered over 2024/25 and 2025/26.

Total Collection Fund income in 2023/24 was £175.7m (£161.1m in 2022/23).

## Council Tax Income

Arun's share of council tax income, excluding parish councils, is summarised in the table below:

<b>Actual 2022/23</b>	<b>Arun excluding parish councils</b>	<b>Actual 2023/24</b>	<b>Budget 2024/25</b>
63,011	Tax base	64,159	64,550
£196.47	Band D Tax	£202.34	£208.39
£12,379,771	Council Tax Income (excluding parishes)	£12,981,932	£13,451,574

The Council Tax for 2023/24 is based on an Arun Band D of £202.34, which represents an increase of £5.87 or 2.99% (£196.47 for 2022/23). Arun's tax base increased in 2023/24 from 63,011 to 64,159 (1,148 Band D equivalent).

Government policy in relation to the calculation of the Council's council tax was broadly based on a no greater than 3% annual increase in Band D Council Tax for shire district councils.

## Business Rates

The Council's share of business rates income due in 2023/24 was £14.4m (£13.2m in 2022/23) compared to an original estimate of £13.4m.

## Financial Management and Performance

The 2023/24 budget was considered by the Policy and Finance Committee on 9 February 2023 before being formally approved by Full Council on 9 March 2023. The budget was aligned to the Council's Medium Term Financial Plan and Housing Revenue Account Business Plan.

The statutory ringfence of the Housing Revenue Account (HRA) requires that the Council sets separate budgets for the HRA and GF. The Code requires that these are aggregated in the Primary performance statements and the Expenditure and Funding Analysis. The table below shows the relationship between the cost of service in the Comprehensive Income and Expenditure Statement (CIES), the net cost of service in the expenditure and funding analysis and the outturn for 2023/24 for the GF and HRA.

### Reconciling Net Cost of Services to Use of Revenue Reserves

	General Fund £'000	General Fund Earmarked £'000	Housing Revenue Account £'000	Combined £'000
<b>Net Cost of Service as per Comprehensive Income &amp; Expenditure Statement</b>	<b>30,552</b>	-	<b>426</b>	<b>30,978</b>
Adjustment for Capital Purposes	(3,388)	-	(7,562)	(10,950)
Net Change for Pensions Adjustments	(511)	-	(51)	(562)
Other Changes	28	-	4	32
Total Adjustments (See Note 7)	(3,871)	-	(7,609)	(11,480)
Actual Net Cost of Services per the Expenditure and Funding Analysis	26,681	-	(7,183)	19,498
Other Income and Expenditure (see Expenditure and Funding Analysis)	(20,564)	-	8,224	(12,340)
Transfer to / (from) Earmarked Reserve (See Note 10 - Net Transfers)	6,117 (6,117)	- 6,117	1,041 -	7,158 -
<b>Total Withdrawal from Reserves</b>	<b>-</b>	<b>6,117</b>	<b>1,041</b>	<b>7,158</b>

Arun District Council's budget monitoring format is significantly different from the above reporting format. Some use of earmarked reserves funding specific revenue or capital expenditure is included within the General Fund Committee expenditure and income lines.

	<b>£'000</b>
Total withdrawal from General Fund earmarked reserves as above	6,117
Earmarked reserves used to support specific revenue/capital spend	<u>(1,846)</u>
Earmarked reserves used to meet General Fund shortfall	<u>4,271</u>

The Expenditure and Funding Analysis (EFA) statement and notes provides the link from the statutory accounts to the management accounts.

The General Fund original budget for 2023/24 anticipated a break-even (no change) in the level of General Fund Reserve. However, the budget did provide for the use of £5.2m earmarked reserves to support general spend in the year.

The year-end position for the General Fund was reported to Policy and Finance Committee on 9 July 2024 as follows:

<b>General Fund spend 2023/24</b>	<b>Estimate £000</b>	<b>Total £000</b>	<b>Variance £000</b>
<b>Cost of Services by Committee</b>			
Corporate Support	6,152	6,276	124
Economy	2,449	1,955	(494)
Environment	10,810	9,854	(956)
Housing & Wellbeing	5,937	5,957	20
Planning Policy	906	1,158	251
Policy & Finance	2,203	1,781	(422)
<b>Total Cost of Services</b>	<b>28,456</b>	<b>26,979</b>	<b>(1,477)</b>
<b>Corporate Costs (non-service expenditure)</b>			
Parish precepts	5,301	5,300	(1)
Other precepts & levies	249	323	74
Interest & investment income	(1,825)	(2,714)	(889)
Contingencies/miscellaneous	10	10	-
Pension deficit contributions	1,323	1,038	(285)
<b>Total Corporate (non-service)</b>	<b>5,058</b>	<b>3,957</b>	<b>(1,101)</b>
<b>Local taxation &amp; non-ringfenced grant</b>			
Retained business rates & revenue support grant	(7,820)	(5,980)	1,840
New Homes Bonus	(616)	(616)	-
Other non-ringfenced grants	(1,631)	(1,819)	(188)
Council Tax income (incl. parishes)	(18,251)	(18,251)	-
<b>Total Taxation &amp; non-ringfenced grants</b>	<b>(28,318)</b>	<b>(26,665)</b>	<b>1,652</b>
<b>Net total before use of reserves</b>	<b>5,196</b>	<b>4,271</b>	<b>(925)</b>



<b>General Fund summary spend 2023/24</b>	<b>Estimate £000</b>	<b>Total £000</b>	<b>Variance £000</b>
Cost of services	28,456	26,979	(1,477)
Corporate expenditure & income (non-service expenditure)	5,058	3,957	(1,101)
Local taxation & non-ringfenced grant	(28,318)	(26,665)	1,653
Net before transfer from reserves	5,196	4,271	(925)
Transfer from earmarked reserves	(5,196)	(4,271)	925
Balance met from General Reserve	-	-	-

There was an under-spend of £0.9m in 2023/24 meaning that less had to be drawn from reserves as originally planned. In the end, £4.3m was withdrawn from General Fund earmarked reserves to support the Council's general spend. The General Reserve remains at £5m.

The table below sets out in more detail the variances for cost of services, corporate expenditure & income and local taxation & non-ringfenced government grant.

It is important to note that the out-turn position is comprised of a number of smaller over and under-spends aggregated together, with the more significant items (over £100k) explained below.

#### **Variation Analysis: Original Budget to Outturn 2023/24**

	<b>£'000</b>
<b>Under-spend variations against original budget</b>	
Treasury management and pension deficit contributions	1,174
Salaries and other employee related expenses	900
Leisure contract provision	374
Miscellaneous supplies and services	290
Levelling Up Fund project management costs	221
Economic regeneration project slippage	216
Non-ringfenced grants	188
Property savings	177
Other net savings	257
<b>Total Underspend</b>	<b>3,797</b>
<b>Over-spend variations against original budget</b>	
Retained business rates (NNDR) income	1,840
Homelessness and supported accommodation	893
Reduced service income	139
<b>Total Overspend</b>	<b>2,872</b>
<b>Total Net Underspend</b>	<b>925</b>

#### **Under-spend variations against original budget:**

Treasury management and pension deficit contributions £1,174k

Improved investment returns due to higher interest rates and pension deficit contributions were less than budgeted as higher interest rates continue to realise better returns on assets.

Salaries and other employee related expenses £900k

Savings on salaries and other employee related costs were realised over the Committees as follows: Environment £289k, Housing & Wellbeing £357k, Planning Policy £92k, Policy & Finance £205k offset by an overspend of £43k on Corporate Support.

#### Leisure contract provision £374k

The Council reduced its financial support to the leisure contractor following the contractor negotiating new utility contracts which had improved its own financial position.

#### Miscellaneous supplies and services £290k

Under-spending of ICT costs and other miscellaneous supplies and services across the Committees as follows: Corporate Support £128k, Environment £98k, Housing & Wellbeing £64k.

#### Levelling Up Fund £221k

Following an annual review, the Levelling Up project management costs originally allowed for in the revenue budget have been capitalised.

#### Economic regeneration slippage £216k

Project slippage such as on the Arun Growth Deal & Economic Recovery Fund which will now fall into the next financial year.

#### Non-ringfenced grants £188k

These are grants not specific to a particular service and the Council has discretion over how the grant is spent. During 2023/24 the Council received additional grants which had not been anticipated in the original budget setting.

#### Council property £177k

A range of under-spending arising on Arun Leisure Centre, Bognor Regis Arcade, Regis Pub/Theatre including car parks.

#### Other net savings £257k

A number of smaller under-spends and over-spends across the various Committee services.

#### **Over-spend variations against original budget:**

#### Retained business rates (NNDR) income £1,840k

Less business rate reliefs, which are funded by Government grant, were awarded in 2023/24 than originally estimated. Due to the way the NDR Collection Fund is regulated there is a timing difference between the reduced grant felt in 2023/24 and benefiting from the higher NDR yield in 2024/25. In addition, the increased business rate yield led to a levy payment due to the Government.

#### Homelessness and supported accommodation £893k

In common with other local authorities, the Council has continued to experience significant financial pressures in its homelessness and supported accommodation service provision.

## Reduced service income £139k

As a result of a downturn in economic activity, planning fee income was less than estimated by £377k. Parking income though was £278k over budget and other income variances were above the budget by £40k.

## **Capital Spending and Finance**

A total capital programme budget of £14.9m was originally approved by Full Council in March 2023. Major projects tend to have a life cycle of over 1 year. Capital additions and revisions led to the final revised capital budget for 2023/24 of £30.4m as follows:

<b>Capital Programme Budget 2023/24</b>	<b>£m</b>
Original approved budget	14.9
Add: slippage from 2022/23	31.3
Less: schemes re-phased to 2024/25	(24.0)
Additional in-year approvals	8.2
<b>Revised capital programme budget 2023/24</b>	<b>30.4</b>

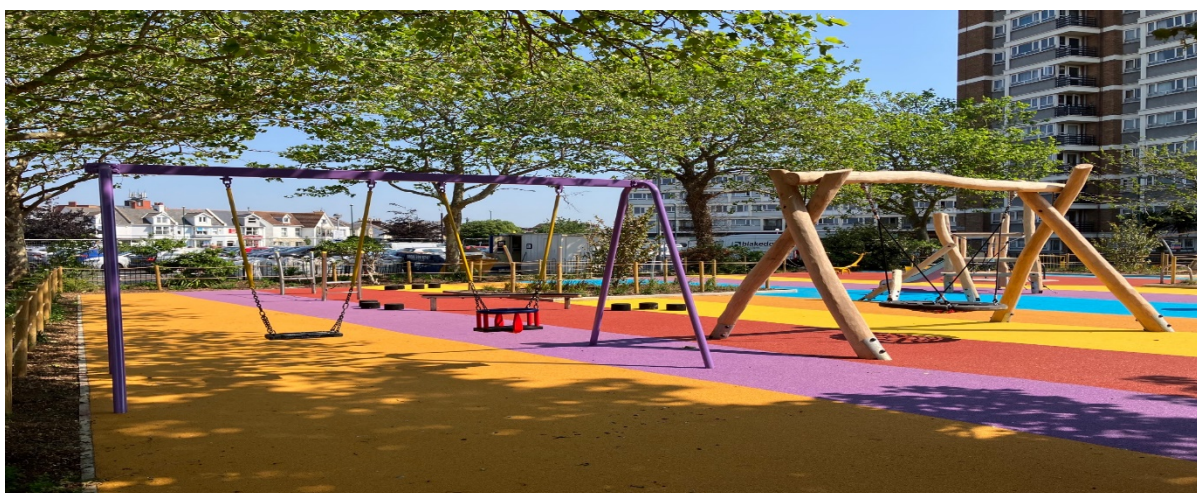
Actual spend in 2023/24 was £14.3m, resulting in an under-spend of £16.1m. The main reasons for the under-spend of £16.1m were as follows:

	£m
Re-profiling of capital expenditure to 2024/25	(17.5)
Capitalisation of expenditure originally charged to the Housing Revenue Account revenue	1.3
Other net changes	0.1
<b>Under-spend</b>	<b>(16.1)</b>

Details of the capital financing are contained in Note 34 to the Accounts (Capital Expenditure and Financing)

The Council's General Fund capital programme is limited by the resources available. The majority of the larger one-off schemes are delivered in partnership in order to maximise external funding and to minimise the risk to the Council.

Some examples of the Council's successful capital investment are shown below:



Sunken Garden at Hothampton Park, Bognor Regis.



The Mews, Paddock View, East Sussex.

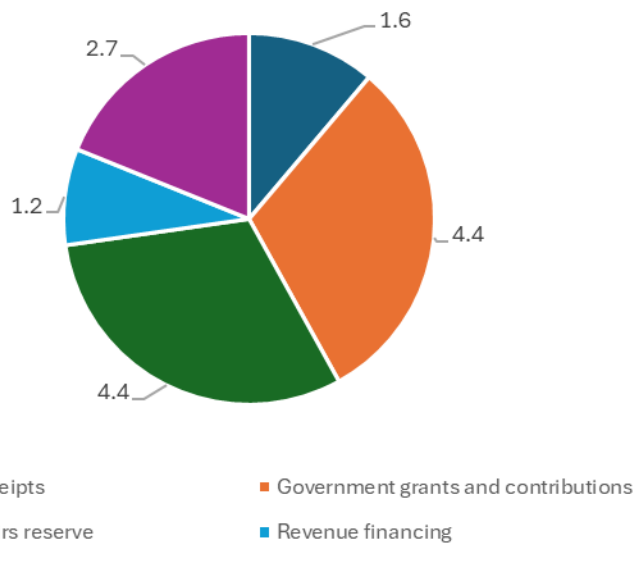
Purchase of 7 properties for temporary accommodation and settlement purposes at a cost of £2.1m, funded by Local Authority Housing Fund (£1.1m) and from loan.



Arundel Leisure Centre – improvements to changing facilities.

The total financing of capital expenditure of £14.3m for 2023/24 is summarised below:

### Financing of 2023/24 Capital Expenditure £m



### Housing Revenue Account (HRA)

The latest 30 Year Housing Revenue Account Business Plan update was considered at Housing and Wellbeing Committee on 25 January 2023. The projections take account of a stock condition survey of the housing stock which was completed towards the end of 2018. The stock condition survey identified the requirement for significant additional investment over and above the level forecast in the Business Plan approved by Full Council in September 2017. Towards the end of 2024/25, it is planned to undertake a comprehensive stock condition survey.

The Council recognises the need to maintain a clear view on the affordability of the above priorities, and the financial model which supports the Business Plan will be regularly updated in the light of changing circumstances.

With regard to 2023/24 financial performance, the HRA incurred a deficit of £1.041m compared with a budgeted deficit of £0.339m, an over-spend against budget of £0.702m. The HRA reserve balance at 31 March 2024 is £0.482m. The main areas of the over-spend were on supervision and management (£0.263m) and on repairs and maintenance (£0.460m).

The Council adopted a minimum recommended level for the HRA Reserve of £2.0m. In 2022/23 the HRA reserve fell below the minimum recommended and for Council budget setting for 2024/25 it was recognised that the actual level will remain below the minimum until 2027/28. Delivery of proposed savings and new initiatives are critical to achieving the aim of arriving back to at least a £2m balance in the medium term.

The Council has a HRA Major Repairs Reserve which is used to finance capital expenditure and provide for the repayment of debt. At 31 March 2024 the remaining available balance on the Major Repairs Reserve is £3.853m.

The relationship between the HRA and the CIES and EFA is shown within the main statements.

## **Pensions Net Asset**

Under the requirements of IAS 19 the Council shows the total future costs of pension liabilities and assets for the Local Government Pension Scheme. It is important to note that the costs chargeable to Council Tax and Rents are in respect of the Council's employer contributions and not the accounting entries required to be made under accounting standard IAS19. Note 38 Defined Benefit Pension Scheme sets out the adjustments made to arrive at the actual cost in year.

As of 31 March 2024, there was a "capped asset" of £9.713m compared with £53.717m for the previous year, a reduction of £44.004m. The single biggest reason is the impact of applying an asset ceiling to the value of the net asset.

Under IFRIC14 the Council is only allowed to disclose a surplus adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of refunds from the plan or in future contributions to the plan to a maximum of the present value of future contributions. The determination of the asset ceiling is disclosed in Note 38. The effect of the asset ceiling is a reduction of £57.555m.

The present funded liabilities comprise of approximately £48.459m, £24.728m and £75.355m in respect of employee members, deferred pensioners and pensioners respectively as of 31 March 2024.

Further information in relation to Pensions can be found under Note 38 - Defined Benefit Pension Scheme.

## **Treasury Management**

The Council has operating cash surpluses which it places on short term deposits to maximise interest returns. All investments are made in strict compliance with the CIPFA Treasury Management Code of Practice. Total investments amounted to £42.76m (£43.48m including accrued interest). The total interest earned on these investments in 2023/24 was £2.43m, representing an average interest rate of 4.94% (2022/23 2.35%).

2023/24 saw the bank base rate increase further to a peak of 5.25%. This and the pro-active investment of cash balances, contributed to generating £2.43m investment interest (£1.46m in 2022/23).

## **Balances and Reserves**

The Council's total usable reserves at 31 March 2024 amounted to £36.030m, a decrease of £3.461m compared with the previous year £39.491m. They were comprised of: General Fund earmarked reserves £14.676m; Housing Revenue Account balance £0.482m; General Fund Revenue balance £5.000m; usable capital receipts £1.103m (some of which must be spent within agreed timeframes); Housing Major Repairs Reserve £4.209m; and Capital Grants Unapplied £10.560m.

The Movement in Reserves Statement (MiRS) shows clearly the change in reserves over 2023/24.

## **Explanation of the Accounting Statements**

The accounting statements and their location in this document are listed on page i and ii. Their nature and purpose is described in the introductory paragraph on the relevant page. Key features for this year of account are as follows:

The Comprehensive Income and Expenditure Statement shows income and expenditure on all Council services (including Council Housing), transactions of a corporate nature including financing transactions (general government grants, non-domestic rates and Council tax), revaluation gains and losses on fixed assets, and actuarial gains and losses on the Defined Benefit Pension Scheme.

The Balance Sheet discloses the Council's assets, liabilities, balances and reserves as at the year end, excluding any internal balances.

The Movement in Reserves Statement shows changes in the Council's reserves for the year, and essentially reconciles the Comprehensive Income and Expenditure Statement with those items which may not fall to be charged to the General Fund under statute, and those which do fall to be met from the General Fund also under statute.

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined, for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

The supplementary financial statements nature and purpose are as follows:

The Housing Revenue Account shows income and expenditure on the management, maintenance and supervision of council housing. Separate disclosure of the accounts related to this service is required by statute. There is also the Movement on the HRA Statement analogous to the Movement in Reserves Statement. These statements are a subset of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

The Collection Fund Statement is a separate statutory account containing transactions related to Council Tax, Business Rates, and precept payments to West Sussex County Council and the Sussex Police and Crime Commissioner. Arun District Council's own taxation requirement is also transferred from the Collection Fund. Collection Fund transactions are not included in the Comprehensive Income and Expenditure Statement.

## **Rounding Convention**

The financial statements are produced using values that have been calculated and rounded to the nearest £'000. This rounding convention can lead on occasion to some rounding differences in the totals and sub-totals arrived at within the main statements and notes to the accounts.

## **Contact Details**

Further information on the accounts is available from the Group Head of Finance and Section 151 Officer, Arun Civic Centre, Maltravers Road, Littlehampton West Sussex, BN17 5LF.

# Statement of Responsibilities

## The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Group Head of Finance and Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## Responsibilities of the Group Head of Finance and Section 151 Officer

The Group Head of Finance and Section 151 Officer 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 (the Code).

In preparing this statement of accounts, the Group Head of Finance and Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Group Head of Finance and Section 151 Officer has also:

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

### Certificate of Section 151 Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2024. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council's Statement of Accounts and that events after the Balance Sheet date have been considered to this date. The accounts are therefore authorised for issue.

Antony Baden CPFA Group Head of Finance and Section 151 Officer

Dated

### Certificate of Approval by Audit and Governance Committee

I confirm that these account statements were approved by the Audit and Governance Committee of Arun District Council on 03 December 2024.

Councillor Matt Stanley, Chairman- Audit & Governance Committee

Dated



## Expenditure and Funding Analysis

The Expenditure and Funding Analysis is not a core statement but a note to the Financial Statements. It is positioned here as it provides a link from the figures reported in the Narrative Statement to the Comprehensive Income and Expenditure Statement (see Note 7 for further analysis).

2022/23			2023/24			
Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	Expenditure and Funding Analysis	Net Expenditure Chargeable to the General Fund & HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
5,267	762	6,029	Corporate Support Committee	6,292	146	6,438
2,769	2,005	4,774	Economy Committee	1,713	356	2,069
7,246	1,476	8,722	Environment Committee	9,113	2,266	11,379
5,502	(134)	5,368	Housing & Wellbeing Committee	6,659	949	7,608
(4,870)	(10,022)	(14,892)	Housing Revenue Account (HRA)	(7,183)	7,609	426
1,005	260	1,265	Planning Committee	1,157	42	1,199
2,178	298	2,476	Policy & Finance Committee	1,747	48	1,795
-	-	-	Non distributed costs / (gains)	-	64	64
<b>19,097</b>	<b>(5,355)</b>	<b>13,742</b>	<b>Net Cost of Services</b>	<b>19,498</b>	<b>11,480</b>	<b>30,978</b>
(9,988)	(15,642)	(25,630)	Total: Other income & Expenditure	(12,340)	(21,292)	(33,632)
<b>9,109</b>	<b>(20,997)</b>	<b>(11,888)</b>	<b>(Surplus) or deficit</b>	<b>7,158</b>	<b>(9,812)</b>	<b>(2,654)</b>
<b>(36,425)</b>			<b>Opening Combined GF &amp; HRA Balance</b>	<b>(27,316)</b>		
<b>9,109</b>			(Surplus) or Deficit on the General Fund and HRA Balance for the Year (statutory basis)	<b>7,158</b>		
<b>(27,316)</b>			<b>Closing Combined GF &amp; HRA Balance</b>	<b>(20,158)</b>		

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23			2023/24			
Expenditure £'000	Income £'000	Net £'000	<b>N o t e</b> <b>Comprehensive Income and Expenditure Statement (CIES)</b>	Expenditure £'000	Income £'000	Net £'000
6,492	(463)	6,029	Corporate Support Committee	6,772	(334)	6,438
6,104	(1,330)	4,774	Economy Committee	5,406	(3,337)	2,069
17,880	(9,158)	8,722	Environment Committee	20,813	(9,434)	11,379
41,460	(36,093)	5,368	5 Housing & Wellbeing Committee	43,964	(36,356)	7,608
3,054	(17,945)	(14,892)	Housing Revenue Account (HRA) *	20,198	(19,772)	426
2,678	(1,413)	1,265	Planning Committee	2,668	(1,469)	1,199
2,476	-	2,476	Policy & Finance Committee	2,035	(240)	1,795
-	-	-	Non distributed costs	64	-	64
<b>80,145</b>	<b>(66,403)</b>	<b>13,742</b>	<b>Cost of Service</b>	<b>101,920</b>	<b>(70,942)</b>	<b>30,978</b>
5,260	(653)	4,607	11 Other operating expenditure	5,872	(1,030)	4,842
6,542	(6,997)	(455)	12 Financing and investment income & expenditure	7,705	(11,305)	(3,600)
-	(29,782)	(29,782)	13 Taxation & non-specific grant income	-	(34,874)	(34,874)
<b>91,947</b>	<b>(103,835)</b>	<b>(11,888)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>115,497</b>	<b>(118,151)</b>	<b>(2,654)</b>
		(6,889)	24 (Surplus)/deficit on revaluation of Property, Plant & Equipment			(5,370)
		1,126	24 (Surplus)/deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive I&E			93
		(47,773)	24 Remeasurement of the net defined benefit liability/(asset)			47,681
		<b>(53,537)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>42,404</b>
		<b>(65,425)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>39,750</b>

\* Housing Revenue Account expenditure included a revaluation credit of £16m in 2022/23 (reversal of a previous valuation loss charged to the HRA).

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments

<b>Movement in Reserves Statement (MiRS) 2023/24</b>	<b>General Fund Balances</b>	<b>Total HRA Balance</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(25,793)</b>	<b>(1,523)</b>	<b>(1,704)</b>	<b>(3,884)</b>	<b>(6,587)</b>	<b>(39,491)</b>	<b>(355,848)</b>	<b>(395,339)</b>
<b>Movement in reserves during 2023/24</b>								
(Surplus) or deficit on the provision of Services (CIES)	(3,067)	413	-	-	-	(2,654)	-	(2,654)
Other Comprehensive Income and Expenditure (CIES)	-	-	-	-	-	-	42,404	42,404
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(3,067)</b>	<b>413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,654)</b>	<b>42,404</b>	<b>39,750</b>
Adjustments between accounting basis & funding basis under regulations (note9)	9,184	628	601	(325)	(3,973)	6,115	(6,115)	-
<b>(Increase) or decrease in 2023/24</b>	<b>6,117</b>	<b>1,041</b>	<b>601</b>	<b>(325)</b>	<b>(3,973)</b>	<b>3,461</b>	<b>36,289</b>	<b>39,750</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(19,676)</b>	<b>(482)</b>	<b>(1,103)</b>	<b>(4,209)</b>	<b>(10,560)</b>	<b>(36,030)</b>	<b>(319,559)</b>	<b>(355,589)</b>

<b>Movement in Reserves Statement 2022/23</b>	<b>General Fund Balances</b>	<b>Total HRA Balance</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(32,533)</b>	<b>(3,892)</b>	<b>(2,035)</b>	<b>(2,886)</b>	<b>(7,090)</b>	<b>(48,435)</b>	<b>(281,478)</b>	<b>(329,913)</b>
<b>Movement in reserves during 2022/23</b>								
(Surplus) or deficit on the provision of services (CIES)	2,315	(14,203)	-	-	-	(11,888)	-	(11,888)
Other Comprehensive Income and Expenditure (CIES)			-	-	-	-	(53,537)	(53,537)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>2,315</b>	<b>(14,203)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,888)</b>	<b>(53,537)</b>	<b>(65,425)</b>
Adjustments between accounting basis & funding basis under regulations (note9)	4,425	16,571	331	(998)	503	20,832	(20,832)	-
<b>(Increase) or decrease in 2022/23</b>	<b>6,740</b>	<b>2,368</b>	<b>331</b>	<b>(998)</b>	<b>503</b>	<b>8,944</b>	<b>(74,369)</b>	<b>(65,425)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(25,793)</b>	<b>(1,523)</b>	<b>(1,704)</b>	<b>(3,884)</b>	<b>(6,587)</b>	<b>(39,491)</b>	<b>(355,848)</b>	<b>(395,339)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are 'usable reserves', i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves contains those that the Council is not able to use to provide services. This category of reserves includes reserves statements 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'.

31 March 2023 £'000	Note	Balance Sheet	31 March 2024 £'000
354,646	14	Property, Plant and Equipment	359,020
1,049	15	Investment property	1,049
629	16	Intangible Assets	1,027
7,660	17	Long-Term Investments	7,567
53,717	38	Long-Term Investments - Pension Asset	9,713
228	17	Long-Term Debtors	228
<b>417,929</b>		<b>Long Term Assets</b>	<b>378,604</b>
30,674	17	Short-Term investments	20,718
12,250	18	Short-Term Debtors	17,203
6,054	17/19	Cash and Cash Equivalents	14,871
<b>48,978</b>		<b>Current Assets</b>	<b>52,792</b>
(18,841)	21	Short-Term Creditors	(21,533)
(2,026)	22	Provisions	(1,875)
(1,038)	32	Grants Receipts in Advance - Capital	(3,989)
<b>(21,905)</b>		<b>Current Liabilities</b>	<b>(27,397)</b>
(10,488)	17/21A	Long-Term Creditors	(11,470)
(35,460)	17	Long-Term Borrowing	(35,460)
(3,715)	35	Other Long-Term Liabilities	(1,480)
<b>(49,663)</b>		<b>Long Term Liabilities</b>	<b>(48,410)</b>
<b>395,339</b>		<b>Net Assets</b>	<b>355,589</b>
(39,491)	23/MiRS	Usable Reserves	(36,030)
(355,848)	24	Unusable Reserves	(319,559)
<b>(395,339)</b>		<b>Total Reserves</b>	<b>(355,589)</b>

Antony Baden, Group Head of Finance and Section 151 Officer..... date:

## Cash Flow Statement

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

<b>2022/23</b>		<b>Cash Flow</b>	<b>2023/24</b>
<b>£'000</b>	<b>Note</b>		<b>£'000</b>
11,888	<i>CIES</i>	Net surplus or (deficit) on the provision of services	2,654
(27,476)	25	Adjustments to surplus or deficit on the provision of services for non-cash movements	10,564
14,094	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	609
<b>(1,494)</b>		<b>Net Cash flows from operating activities</b>	<b>13,827</b>
(7,874)	26	Net cash flows from investing activities	(2,239)
861	27	Net cash flows from financing activities	(2,771)
<b>(8,507)</b>		<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>8,817</b>
14,561		Cash and cash equivalents at the beginning of the reporting period	6,054
<b>6,054</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>14,871</b>

## **Note 1 - Accounting Policies**

### **i. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and those Regulations require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) unless where IFRS are specifically adapted or interpreted by the Code.

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

The accounts are prepared on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription, and there is no notice from Government to that effect.

### **ii. Accruals of Expenditure and Income**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet, subject to considerations of materiality.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made, subject to considerations of materiality.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **iii. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### **iv. Exceptional Items**

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

### **v. Prior Period Adjustments, Changes in Accounting Policies and Estimates & Errors**

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

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

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

### **vi. Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement



equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance for MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Whilst the Council is no longer debt-free, the debt held relates solely to the HRA self-financing settlement, and under current regulations there is no requirement for MRP. However, the Council has an approved loan repayment provision policy which ensures that there will be sufficient funds available to repay the housing debt when it matures.

#### **vii. Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

##### *Accounting for Council Tax and NDR:*

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of the year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of the likelihood arising from a past event that payments due under statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the taxation and non-specific grant income line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

#### **viii. Employee Benefits**

##### *Benefits Payable during Employment:*

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

#### *Termination Benefits:*

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

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

#### *Post-employment Benefits:*

Employees of the Council are members of The Local Government Pensions Scheme, administered by Hampshire County Council on behalf of West Sussex County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

#### *The Local Government Pension Scheme:*

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

- The liabilities of the West Sussex County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices using an appropriate discount rate.
- The assets of the West Sussex County Council Pension Fund attributable to the council 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.

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

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

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

the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

*Discretionary Benefits:*

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

**ix. Events After the Balance Sheet Date**

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

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

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

**x. Financial Instruments**

*Financial Liabilities:*

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

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

Trade payables (amounts due to contractors and suppliers) are recognised in the accounts when contractual obligations are incurred in relation to exchange of goods and services, rather than when receipts or payments pass from one party to another.

The trade payables are accounted for at amortised cost taken as being equivalent to the carrying amount on initial recognition (i.e. the transaction amount).

The financial guarantees given by the Council are not recognised in the Balance Sheet but are disclosed in note 39 Contingent Liabilities.

#### *Financial Assets:*

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The main classes of financial asset measured at:

- amortised cost
- fair value through profit of loss (FVPL).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

#### *Financial Assets Measured at Amortised Cost:*

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

#### *Expected Credit Loss Model:*

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### *Financial Assets Measure at Fair Value through Profit and Loss:*

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes party to the contractual provision of the financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

### *Fair value measurements of financial assets:*

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with three levels (see xxi Fair Value).

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

## **xi. Government Grants and Contributions**

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

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

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

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

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

Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### *Business Improvement Districts*

A Business Improvement District (BID) scheme applies to Bognor Regis. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as an agent under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

### *Community Infrastructure Levy*

The Council has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the developments of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure; however, a proportion of the charges may be used to fund revenue expenditure.

## **xii. Intangible Assets**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not

permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

### **xiii. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value (see xxi). Properties are not depreciated but are revalued annually by a professionally qualified valuer according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal

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

### **xiv. Leases**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

*The Council as Lessee:*

*Finance Leases:*

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



paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

#### *Operating Leases:*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, which matches the pattern of payments in all cases.

#### *The Council as Lessor:*

#### *Finance Leases:*

The Council has no leases currently determined as finance leases.

#### *Operating Leases:*

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, which matches the pattern of receipts in all cases.

## **xv. Support Services**

Support Services are identified as a separate heading in the Comprehensive Income and Expenditure Statement except for the proportion allocated to the Housing Revenue Account in line with the Council's local reporting format.

## **xvi. Property, Plant and Equipment**

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

### *Recognition:*

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure on individual items of less than £25k is assessed and where it is clear should not be capitalised, regarded as de minimis and charged to revenue.

### *Measurement:*

Assets are initially measured at cost, comprising:

- purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost (DHC)
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)

- surplus assets – the current value measurement base is fair value, the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### *Impairment:*

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

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

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

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

#### *Depreciation:*

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

Depreciation is calculated on the following basis:

- buildings (other than HRA dwellings) – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation generally over 5 - 20 years
- infrastructure – straight-line allocation generally over 20 - 40 years
- HRA dwellings – depreciation is based on a calculation of the weighted average remaining useful lives of key components of each dwelling (structure, roof, kitchen, bathroom, boiler and externals).

Where appropriate the individual components of an asset will be depreciated separately. The materiality thresholds for applying componentisation are as follows:

- Assets other than HRA dwellings: Componentisation will only apply to an asset whose depreciable capital value is greater than or equal to £500k.
- HRA dwellings: The basis of depreciation for HRA dwellings serves as a proxy for componentisation as the relevant useful lives are calculated by reference to the weighted average of the useful lives of the key components.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### *Disposals and Non-current Assets Held for Sale:*

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying

amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals are payable to the Government in accordance with statutory requirements. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). A further constraint applies to the use of the additional receipts resulting from the Government's policies for reinvigorating the Right to Buy. In accordance with the terms of an agreement between the Council and the Government these receipts can only be used to fund 40% of the cost of new social housing, the remaining 60% being met from other resources. Failure to meet these conditions will result in the receipts being paid to the Government. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **xvii. Provisions, Contingent Liabilities and Contingent Assets**

### *Provisions:*

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the balance sheet date of the

expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

#### *Contingent Liabilities:*

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### *Contingent Assets:*

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **xviii. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into 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 non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

## **xix. Revenue Expenditure Funded from Capital under Statute**

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

## **xx. Value Added Tax (VAT)**

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

## **xxi. Fair Value**

The Council measures some of its non-financial assets such as Surplus Assets and Investment Properties and some of its Financial Instruments such as Property Funds and Public Works Loan Board (PWLB) loans at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council's external valuers measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest. When measuring the fair value of a non-financial asset, a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Valuation techniques are used that are appropriate in the circumstances and for which sufficient data is available, where possible maximising the use of relevant observable inputs and minimising the use of unobservable inputs. These inputs are categorised within the fair value hierarchy as follows:

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

## **Note 2 - Accounting Standards Issued, Not Adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements are:

- IFRS 16 Leases (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year). In addition, amendments to IFRS16 in respect of lease liability in a sale and leaseback. Work has commenced to assess the impact to the Council, at this stage the impact is not known.
- Classification of liabilities as current or non-current (amendments to IAS1)\*.
- Non-current liabilities with Covenants (amendments to IAS1)\*.
- International Tax Reform: Pillar Two Model Rules (amendments to IAS12)\*\*.
- Supplier Finance Arrangements (amendments to IAS17 and IFRS7)\*\*.

\* expected to not have a significant impact on the amounts anticipated to be reported in the financial statements.

\*\* expected to have limited application in the financial statements.

## **Note 3 - Critical Judgements in Applying Accounting Policies**

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

- There is a high degree of uncertainty about future levels of funding for local government, particularly with regard to Business Rate Retention and the New Homes Bonus. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has made judgements on a prudent level of allowances for an increase/decrease in impairment for bad debts. These are based on historical experience of debtor defaults and the current economic climate. By far the largest allowance relates to Housing Benefit overpayments, where due to the nature of these debts, 100% provision is made for debts over one year old and 50% provision for debts less than one year old.
- The Council has made judgements about the likelihood of potential liabilities and whether provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact. Provisions resulting from these judgements are disclosed in Note 22 and contingent liabilities in Note 39.



- Retirement Benefit Obligations - The Council recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 "Employee Benefits". The estimation of the net pension liability depends on a number of complex judgements and estimates 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. West Sussex County Council, as the Pension Administering Authority, engages a firm of actuaries to provide expert advice about the assumptions to be applied. Changes in these assumptions made are set out in Note 1 and transactions disclosed in Note 38.

#### **Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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 Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge would increase by £953k for every year that useful lives had to be reduced. Conversely, depreciation could fall by the same amount for every year useful lives could be increased.
Pensions Liability	Estimation of the net liability to pay pensions depends on several complex judgments 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	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase/decrease in the Real Discount Rate assumption would result in an increase or decrease in the pension liability of £2.503 million and a 1 year

	of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	increase or decrease in life expectancy could impact on the pension liability by +/- £6.062m. The sensitivity analysis can be further referred to in note 38. It should be noted, however, that the assumptions can interact in complex ways.
Bad Debt Impairment	The Council has made allowances for bad debt impairment of £1.595 million in 2023/24 (£1.642 million in 2022/23) based on what it believes to be a prudent but realistic level.	If debt collection rates were to deteriorate or improve, a 5% change in the allowances would require an adjustment to the allowance of £80k (£82k in 2021/22).
Provisions	A provision of £1.875 million has been made in respect of the Council's share of the estimated amounts which will be refunded in respect of business rate liability for 2023/24 and earlier years, following successful challenges and appeals. The provision is based on advice received from the Council's business rating consultants.	Business rates are an extremely volatile source of income and successful challenges, and appeals can lead to a significant reduction in the amount receivable. If the amounts refunded following successful challenges and appeals were greater or less than anticipated, a 10% change in the provision would equate to £188k.
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in	Significant changes in any of the relevant factors or assumptions would result in a significantly lower or higher fair value measurement for the asset.

	<p>establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 1 and 15.</p>	
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## Note 5 - Material Items of Income and Expenditure

The Council incurs significant expenditure on rent allowance and rent rebate payments, which are supported by government grant. The expenditure and income on these items are included within the totals for Housing and Wellbeing Committee within the Comprehensive Income and Expenditure Statement.

The following amounts were incurred and received in 2023/24:

	2022/23 £'000	2023/24 £'000
<b>Rent Allowances</b>		
Rent allowance payments	24,393	<b>23,993</b>
Government grant	(23,545)	<b>(23,038)</b>
Net Total	848	<b>955</b>
<b>Rent rebates</b>		
Rent rebate payments	7,088	<b>7,445</b>
Government grant	(7,066)	<b>(7,416)</b>
Net Total	22	<b>29</b>

## Note 6 - Events After the Balance Sheet Date

The draft Statement of Accounts were authorised for issue by the Group Head of Finance and Section 151 Officer on 3 December 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 7 - Note to the Expenditure and Funding Analysis

	2023/24			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Corporate Support Committee	31	123	(8)	<b>146</b>
Economy Committee	333	24	(1)	<b>356</b>
Environment Committee	2,177	103	(14)	<b>2,266</b>
Housing & Wellbeing Committee	847	109	(7)	<b>949</b>
Housing Revenue Account (HRA)	7,562	51	(4)	<b>7,609</b>
Planning Committee	-	43	(1)	<b>42</b>
Policy & Finance Committee	-	45	3	<b>48</b>
Non distributed costs / (gains)	-	64	-	<b>64</b>
<b>Net Cost of Services</b>	<b>10,950</b>	<b>562</b>	<b>(32)</b>	<b>11,480</b>
Other income and expenditure from the Expenditure and Funding Analysis	(15,023)	(4,239)	(2,030)	<b>(21,292)</b>
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>(4,073)</b>	<b>(3,677)</b>	<b>(2,062)</b>	<b>(9,812)</b>

				2022/23
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Corporate Support Committee	32	740	(10)	762
Economy Committee	1,864	146	(5)	2,005
Environment Committee	848	626	1	1,476
Housing & Wellbeing Committee	(744)	599	10	(134)
Housing Revenue Account (HRA)	(10,286)	266	(2)	(10,022)
Planning Committee	-	262	(2)	260
Policy & Finance Committee	-	305	(6)	298
Non distributed costs / (gains)	-	-	-	-
<b>Net Cost of Services</b>	(8,285)	2,944	(14)	(5,355)
Other income and expenditure from the Expenditure and Funding Analysis	(10,794)	(1,338)	(3,510)	(15,642)
<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	(19,079)	1,606	(3,524)	(20,997)

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- 2) Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
  - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
- 3) Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For services this represents the removal of Accumulated Absences.
  - For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR

that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 8 - Expenditure and Income Analysed by Nature

	2022/23 £'000	2023/24 £'000
<b>Expenditure:</b>		
Salaries	11,777	12,826
Employee benefits expenses	5,348	2,659
Other services expenses	73,098	75,484
Support service recharges	-	-
Depreciation, amortisation, impairment etc	(10,137)	10,950
Interest payments	6,539	7,705
Precepts and levies	5,260	5,873
Payments to Housing Capital Receipts Pool	-	-
Loss on the disposal of assets	-	-
<b>Total expenditure</b>	<b>91,885</b>	<b>115,497</b>
<b>Income:</b>		
Fees, charges and other service income	29,905	32,225
Interest and investment income	6,808	11,234
Income from council tax, non-domestic rates, district rate income	19,736	20,106
Government grants and contributions	46,881	53,575
Gain on the disposal of assets	443	1,011
<b>Total income</b>	<b>103,773</b>	<b>118,151</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(11,888)</b>	<b>(2,654)</b>

## Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

2023/24	General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pension cost (transferred to (or from) the Pensions Reserve)	3,470	207	-	-	-	(3,677)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-	-	-	-	-
Changes in fair value of pooled investments	-	-	-	-	-	-
Council tax and NDR (transfers to or from the Collection Fund)	2,030	-	-	-	-	(2,030)
Holiday pay (transferred to the Accumulated Absences reserve)	28	4	-	-	-	(32)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(86)	(5,885)	-	-	(6,100)	12,071
<b>Total Adjustments to Revenue Resources</b>	<b>5,442</b>	<b>(5,674)</b>	<b>-</b>	<b>-</b>	<b>(6,100)</b>	<b>6,332</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,020	18	(1,038)	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	6,113	-	(6,113)	-	-
Borrowing or liabilities met from the Major Repairs Reserve	-	-	-	1,365	-	(1,365)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,561	89	-	-	-	(1,650)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,161	82	-	-	-	(1,243)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>3,742</b>	<b>6,302</b>	<b>(1,038)</b>	<b>(4,748)</b>	<b>-</b>	<b>(4,258)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,639	-	-	(1,639)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	4,423	-	(4,423)
Application of capital grants to finance capital expenditure	-	-	-	-	2,127	(2,127)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>1,639</b>	<b>4,423</b>	<b>2,127</b>	<b>(8,189)</b>
Other adjustments	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>9,184</b>	<b>628</b>	<b>601</b>	<b>(325)</b>	<b>(3,973)</b>	<b>(6,115)</b>

2022/23	General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources</b>						
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>						
Pension cost (transferred to (or from) the Pensions Reserve)	(1,508)	(98)	-	-	-	1,606
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	-	-	-	-	-	-
Changes in fair value of pooled investments	-	-	-	-	-	-
Council tax and NDR (transfers to or from the Collection Fund)	3,510	-	-	-	-	(3,510)
Holiday pay (transferred to the Accumulated Absences reserve)	12	2	-	-	-	(14)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	265	9,569	-	-	(815)	(9,019)
<b>Total Adjustments to Revenue Resources</b>	<b>2,279</b>	<b>9,473</b>	<b>-</b>	<b>-</b>	<b>(815)</b>	<b>(10,936)</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	95	1,470	(1,565)	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	5,543	-	(5,543)	-	-
Borrowing or liabilities met from the Major Repairs Reserve	-	-	-	1,365	-	(1,365)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	444	85	-	-	-	(529)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,607	-	-	-	-	(1,607)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,146</b>	<b>7,099</b>	<b>(1,565)</b>	<b>(4,178)</b>	<b>-</b>	<b>(3,501)</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,896	-	-	(1,896)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	3,180	-	(3,180)
Application of capital grants to finance capital expenditure	-	-	-	-	1,318	(1,318)
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>1,896</b>	<b>3,180</b>	<b>1,318</b>	<b>(6,395)</b>
Other adjustments						-
<b>Total Adjustments</b>	<b>4,425</b>	<b>16,571</b>	<b>331</b>	<b>(998)</b>	<b>503</b>	<b>(20,832)</b>

## Note 10 - 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 2023/24.



The balance for delayed capital projects at the year-end represents the difference between the approved budget for the schemes and actual expenditure incurred.

The remaining reserves are shown grouped by service portfolios including approved but delayed revenue projects; or grants and contributions received from partnership bodies in advance of allocation to specific projects.

	Balance at 1st April 2022	Transfer out 2022/23	Transfer in 2022/23	Balance at 31 March 2023	Transfer out 2023/24	Transfer in 2023/24	Balance at 31st March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Support Committee	(17,401)	6,407	(3,478)	(14,472)	5,033	(4)	(9,443)
Delayed Capital & Special Projects	(3,474)	3,474	(1,759)	(1,759)	1,759	(839)	(839)
Economy Committee	(1,740)	1,346	(250)	(644)	283	(572)	(933)
Environment Committee	(2,334)	735	(231)	(1,830)	340	(19)	(1,509)
Housing and Wellbeing Committee	(1,837)	439	(475)	(1,873)	369	(234)	(1,738)
Planning Policy Committee	(746)	533	-	(213)	-	-	(213)
<b>Total</b>	<b>(27,532)</b>	<b>12,933</b>	<b>(6,194)</b>	<b>(20,793)</b>	<b>7,784</b>	<b>(1,668)</b>	<b>(14,677)</b>

## Note 11 - Other Operating Expenditure

2022/23 £'000		2023/24 £'000
5,024	Precepts	5,300
236	Levies	572
-	Payments to the Government Housing Capital Receipts Pool	-
(653)	Gains/losses on the Disposal of Non-Current Assets	(1,030)
<b>4,607</b>	<b>Total Other Operating Expenditure</b>	<b>4,842</b>

## Note 12 - Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
1,298	Interest payable and similar charges	1,418
(182)	Net interest on the net defined benefit liability (asset)	(2,581)
(1,456)	Interest receivable and similar income	(2,428)
(187)	Income and expenditure in relation to investment properties and changes in their fair value	(70)
72	Changes in impairment loss allowance of financial instruments	61
<b>(455)</b>	<b>Total</b>	<b>(3,600)</b>

## Note 13 - Taxation and Non-Specific Grant Income

2022/23 £'000		2023/24 £'000
(17,353)	Council tax income	(17,986)
(2,383)	National non-domestic rates (nndr) income and expenditure	(2,119)
(7,373)	Non-ringfenced government grants	(8,590)
(2,673)	Capital grants and contributions	(6,179)
<b>(29,782)</b>	<b>Total</b>	<b>(34,874)</b>

## Note 14 - Property, Plant and Equipment

Movements to 31 March 2024	Council Dwellings £'000	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
<b>Cost or Valuation</b>								
<b>at 1 April 2023</b>	<b>256,854</b>	<b>75,769</b>	<b>12,252</b>	<b>15,917</b>	<b>2,822</b>	<b>128</b>	<b>5,042</b>	<b>368,784</b>
Additions	6,060	1,428	817	8	-	-	2,251	10,564
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	4,633	-	-	-	-	-	<b>4,633</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,244)	(403)	-	-	-	-	-	<b>(7,647)</b>
Reclassifications and transfer	3,658	777	-	-	343	-	(4,778)	-
Derecognition/Disposal	-	(53)	(947)	-	-	-	-	<b>(1,000)</b>
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
<b>at 31 March 2024</b>	<b>259,328</b>	<b>82,151</b>	<b>12,122</b>	<b>15,925</b>	<b>3,165</b>	<b>128</b>	<b>2,515</b>	<b>375,334</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>at 1 April 2023</b>	-	<b>(83)</b>	<b>(3,064)</b>	<b>(10,992)</b>	-	-	-	<b>(14,139)</b>
Depreciation charge	(5,781)	(1,110)	(2,211)	(328)	-	-	-	(9,430)
Depreciation written out to the Revaluation Reserve	-	736	-	-	-	-	-	<b>736</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,781	358	-	-	-	-	-	<b>6,139</b>
Derecognition/Disposal	-	-	379	1	-	-	-	<b>380</b>
<b>at 31 March 2024</b>	-	<b>(99)</b>	<b>(4,896)</b>	<b>(11,319)</b>	-	-	-	<b>(16,314)</b>
<b>Net Book Value;</b>								
<b>at 31 March 2024</b>	<b>259,328</b>	<b>82,052</b>	<b>7,226</b>	<b>4,606</b>	<b>3,165</b>	<b>128</b>	<b>2,515</b>	<b>359,020</b>
<b>at 31 March 2023</b>	<b>256,854</b>	<b>75,686</b>	<b>9,188</b>	<b>4,925</b>	<b>2,822</b>	<b>128</b>	<b>5,042</b>	<b>354,646</b>

<b>Movements to 31 March 2023</b>	<b>Council Dwellings £'000</b>	<b>Land &amp; Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets Under Construction £'000</b>	<b>Total Property, Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>								
<b>at 1 April 2022</b>	<b>239,539</b>	<b>67,502</b>	<b>8,270</b>	<b>15,399</b>	<b>2,822</b>	<b>128</b>	<b>4,823</b>	<b>338,483</b>
Additions	4,227	943	4,876	518	-	-	3,447	14,012
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	6,172	-	-	-	-	-	6,172
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	10,577	1,287	-	-	-	-	-	11,864
Reclassifications and transfer	3,228	-	-	-	-	-	(3,228)	-
Derecognition/Disposal	-	(134)	(895)	-	-	-	-	(1,029)
Assets reclassified (to)/from Held for Sale	(717)	-	-	-	-	-	-	(717)
<b>at 31 March 2023</b>	<b>256,854</b>	<b>75,769</b>	<b>12,252</b>	<b>15,917</b>	<b>2,822</b>	<b>128</b>	<b>5,042</b>	<b>368,785</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>at 1 April 2022</b>	<b>-</b>	<b>(149)</b>	<b>(3,095)</b>	<b>(10,735)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,981)</b>
Depreciation charge	(5,218)	(957)	(809)	(256)	-	-	-	(7,240)
Depreciation written out to the Revaluation Reserve	-	717	-	-	-	-	-	717
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,218	306	-	-	-	-	-	5,524
Derecognition/Disposal	-	-	841	-	-	-	-	841
<b>at 31 March 2023</b>	<b>-</b>	<b>(83)</b>	<b>(3,064)</b>	<b>(10,992)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,139)</b>
<b>Net Book Value;</b>								
<b>at 31 March 2023</b>	<b>256,854</b>	<b>75,686</b>	<b>9,188</b>	<b>4,925</b>	<b>2,822</b>	<b>128</b>	<b>5,042</b>	<b>354,646</b>
<b>at 31 March 2022</b>	<b>239,539</b>	<b>67,353</b>	<b>5,175</b>	<b>4,663</b>	<b>2,822</b>	<b>128</b>	<b>4,823</b>	<b>324,502</b>

## Depreciation

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

- buildings (other than HRA dwellings) – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation generally over 5 - 20 years
- infrastructure – straight-line allocation generally over 20 - 40 years
- HRA dwellings – depreciation is based on a calculation of the weighted average remaining useful lives of key components of each dwelling (structure, roof, kitchen, bathroom, boiler and externals).

## Capital Commitments

At 31 March 2024, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24, budgeted to cost £4.3m. Similar commitments at 31 March 2023 were £1.8m.

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All valuations were carried out by external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Formal valuations of vehicles, plant and equipment are not carried out, as such items are carried at historical cost as a proxy for current value.

Significant assumptions applied in estimating current value are:

- that using beacon values for council dwellings represents a fair measure of the values to be used for the entire stock.
- that the Council has made arrangements for the adequate maintenance and repair of its properties.
- that historical cost is a reasonable proxy for the current value of plant, equipment and intangibles.
- that there are no planning proposals that are likely to have an effect on the value of properties.
- that any plant and machinery forming part of a property is included in the valuation.

PPE Revaluations	Council Dwellings £'000	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Carried at historical cost	-	-	7,226	4,606	3,165	-	2,515	17,513
Valued at current value as at:								
31/03/2024	259,328	64,936	-	-	-	-	-	324,264
31/03/2023	-	14,379	-	-	-	128	-	14,507
31/03/2022	-	1,721	-	-	-	-	-	1,721
31/03/2021	-	1,015	-	-	-	-	-	1,015
<b>Total Cost or Valuation</b>	<b>259,328</b>	<b>82,052</b>	<b>7,226</b>	<b>4,606</b>	<b>3,165</b>	<b>128</b>	<b>2,515</b>	<b>359,020</b>

## Non-Operational Property, Plant and Equipment (Surplus Assets)

The Council does not have any material surplus assets.

## Note 15 - Investment Properties

The below 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.

2022/23 £'000	Investment Property Income & Expenditure	2023/24 £'000
(71)	Rental income from investment property	(71)
2	Direct operating expenses from investment property	1
(4)	Other income and expenditure	-
<b>(72)</b>	<b>Net (gain)/loss</b>	<b>(70)</b>

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

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

2022/23 Non-current £'000	Investment Property Movements in Year	2023/24 Non-current £'000
935	Opening Balance	1,049
114	Net gains/losses from fair value adjustments	-
-	Transfers to/from Property Plant and Equipment	-
<b>1,049</b>	<b>Balance at the end of the year</b>	<b>1,049</b>

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the Council's external valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

### Fair Value Hierarchy

Details of the Council's Investment Property and information about the fair value hierarchy as at 31 March 2024 and 2023 is as follows:

2023/24 recurring fair value measurements using	Quoted prices in active markets for (level1) £'000	Other significant observable inputs (level2) £'000	Significant unobservable inputs (level3) £'000	Fair Value as at 31 March
Commercial unit	-	-	1,049	<b>1,049</b>
<b>Total</b>	-	-	<b>1,049</b>	<b>1,049</b>

2022/23 recurring fair value measurements using	Quoted prices in active markets for (level1) £'000	Other significant observable inputs (level2) £'000	Significant unobservable inputs (level3) £'000	Fair Value as at 31 March
Commercial unit	-	-	1,049	<b>1,049</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,049</b>	<b>1,049</b>

### Transfers between Levels of Fair Value Hierarchy

There were no transfers between levels during the year.

### Valuation Techniques used to determine Level 3 Fair Values for Investment Properties

Significant Unobservable Inputs - Level 3:

The commercial unit located in the local authority area is measured using the income approach, by means of a discounted cashflow method, where the expected cashflow from the property is discounted (using a market-derived discount rate) to establish the present value of the income stream. The approach has been developed by the Council's valuer using Council data requiring them to factor in assumptions such as the duration and timing of inflows, rent growth, etc.

They are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurement (and there is no reasonably available information that indicated that market participants would use different assumptions).

### Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment property, the highest and best use of the property is its current and best use.

### Note 16 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate solely to purchased software licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to all software licences is five years.

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

2022/23 Intangible Assets £'000	2023/24 £'000
<u>Balance at start of year:</u>	
679 Gross carrying amounts	972
(363) Accumulated amortisation	(343)
<b>316 Net carrying amount at start of year</b>	<b>629</b>
<u>Additions:</u>	
332 Purchases	408
(10) Amortisation for the period	(10)
<b>321 Net carrying amount at end of year</b>	<b>398</b>
<u>Derecognition/Sale:</u>	
(39) Gross carrying amounts	-
31 Accumulated amortisation	-
<b>629 Total</b>	<b>1,027</b>
<u>Comprising:</u>	
972 Gross carrying amounts	1,380
(342) Accumulated amortisation	(353)
<b>629 Total</b>	<b>1,027</b>

## Note 17 - Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	Non-current				Current				TOTAL	
	Inv		Debtors		Inv&cash		Debtors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
<b>Pre IFRS9 Categories</b>										
Fair value through Profit or loss	6,660	6,567	-	-	-	-	-	-	6,660	6,567
Amortised cost	1,000	1,000	-	-	36,054	34,871	-	-	37,054	35,871
<b>Total financial assets</b>	<b>7,660</b>	<b>7,567</b>	<b>-</b>	<b>-</b>	<b>36,054</b>	<b>34,871</b>	<b>-</b>	<b>-</b>	<b>43,714</b>	<b>42,438</b>
Non-financial assets										
Accrued interest	-	-	-	-	674	718	-	-	674	718
Debtors	-	-	228	228	-	-	7,235	9,828	7,463	10,056
<b>Total</b>	<b>7,660</b>	<b>7,567</b>	<b>228</b>	<b>228</b>	<b>36,728</b>	<b>35,589</b>	<b>7,235</b>	<b>9,828</b>	<b>51,851</b>	<b>53,212</b>

Financial Liabilities (value shown as ( ) on balance sheet)	Non-current				Current				TOTAL	
	Borrowing		Creditors		Borrowing		Creditors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
<b>Amortised cost</b>										
PWLB borrowings	35,460	35,460	-	-	-	-	-	-	35,460	35,460
<b>Total financial liabilities</b>	<b>35,460</b>	<b>35,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,460</b>	<b>35,460</b>
Non-financial liability (creditors)	-	-	10,488	11,470	-	-	11,470	10,229	21,958	21,699
<b>Total</b>	<b>35,460</b>	<b>35,460</b>	<b>10,488</b>	<b>11,470</b>	<b>-</b>	<b>-</b>	<b>11,470</b>	<b>10,229</b>	<b>57,418</b>	<b>57,159</b>

## Income, Expense, Gains and Losses

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

	31 March 2023		31 March 2024		Total	
	Surplus or Deficit on the PoS £'000	Other Compre- hensive I&E £'000	Surplus or Deficit on the PoS £'000	Other Compre- hensive I&E £'000	31-Mar 2023 £'000	31-Mar 2024 £'000
<b>Net gains/losses on:</b>						
Financial assets measured at fair value through Profit or loss	-	(340)	-	(433)	(340)	(433)
<b>Total net gains/losses</b>	<b>-</b>	<b>(340)</b>	<b>-</b>	<b>(433)</b>	<b>(340)</b>	<b>(433)</b>
Interest revenue	1,456	-	2,428	-	1,456	2,428
Interest expense	(1,298)	-	(1,418)	-	(1,298)	(1,418)
<b>Total</b>	<b>158</b>	<b>(340)</b>	<b>1,010</b>	<b>(433)</b>	<b>(182)</b>	<b>577</b>

## Breakdown of financial assets and liabilities:

	Non-Current		Current	
	31 Mar 2023 £'000	31 Mar 2024 £'000	31 Mar 2023 £'000	31 Mar 2024 £'000
<b>Financial assets</b>				
Investments:				
<b>Amortised Cost</b>				
Close Brothers Limited	-	1,000	1,000	5,000
Development Bank of Singapore	-	-	3,000	2,000
First Abu Dhabi Bank	-	-	1,000	-
Goldman Sachs International	1,000	-	1,000	4,000
Lancashire County Council	-	-	-	1,000
London Borough of Barking & Dagenham	-	-	-	4,000
Methyr Tydfil County Borough Council	-	-	-	1,000
National Westminster Bank	-	-	5,000	-
Nationwide Building Society	-	-	-	1,000
Qatar National Bank	-	-	4,000	-
Santander UK Plc	-	-	5,000	-
Standard Chartered Bank	-	-	8,000	2,000
Yorkshire Building Society	-	-	2,000	-
Cash & cash equivalents	-	-	6,054	14,871
<b>Fair Value through Profit and Loss</b>				
CCLA property fund	4,767	4,581	-	-
CCLA diversified fund	1,893	1,986	-	-
Accrued interest	-	-	674	718
<b>Total investments (including cash)</b>	<b>7,660</b>	<b>7,567</b>	<b>36,728</b>	<b>35,589</b>
Debtors	228	228	7,235	9,828
<b>Financial liabilities at amortised cost</b>				
Borrowings (all PWLB)	35,460	35,460	-	-
Creditors	10,488	11,470	11,470	10,229

## Fair value of assets and liabilities

Some of the Council's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurements	Input level in fair value	Valuation technique used to measure fair value	31-Mar 2023 Fair value £'000	31-Mar 2024 Fair value £'000
Pooled investment funds adjustment account				
CCLA	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly	6,723	6,641
<b>Total</b>			<b>6,723</b>	<b>6,641</b>

## Fair value of assets and liabilities

Financial liabilities (PWLB), financial assets represented by amortised cost and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Investments designated at fair value through other comprehensive income are carried at fair value - the price that would be received or paid in an orderly transaction between market participants at the measurement date.



	31 March 2023		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities (PWLB loans)	35,460	34,724	35,460	32,579
Long term creditors	-	-	-	-
Other liabilities	5,365	5,365	3,104	3,104
Financial assets at amortised cost	37,541	37,538	36,409	36,416
Investment at Fair Value through P&L	6,723	6,723	6,641	6,641
Long term debtors	228	228	228	228

The fair values calculated are as follows:

- The fair value of the PWLB loans £33million is calculated using the premature repayment method as at 31 March 2024 inclusive. (Level 2)
- The fair value of the financial assets at amortised cost is calculated by reference to prevailing benchmark market rates. (Level 2)
- The fair value of the financial assets at FVPL is calculated using quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date, (Level 1). COVID -19 impacted the CCLA property fund in 2019/20 and no withdrawals were allowed from the fund and therefore the fair value level was changed from Level 1 to Level 2 but the suspension was lifted in September 2020. The fund moved to 90-day notice of redemption co-incidentally at the same time. The fair value level will remain unchanged from 2019/20 (Level 2). As per IFRS9 and the extended statutory override of a further 2 years (until 31/3/2025) Available for sale has now been re classified as Fair Value through Profit & Loss, (CCLA property fund and diversified fund).
- For a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

## Nature and extent of risks arising from financial instruments

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the 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 rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy, and amendments to this, which requires that the Council only has deposits with Financial Institutions, who have minimum Fitch rating (Moody's or S&P equivalent) of: Long-term "A-"; Short-term "F1" (part nationalised F3); Money Market Funds (MMF) which have been rated "AAA", or equivalent and are Low Volatility NAV (LVNAV), Building societies with Assets greater than £10 billion and other local authorities.

To date, the Council has not experienced any losses from non-performance by any of its counter parties in relation to its investments and none are currently anticipated in the coming reporting period.

Customers are not assessed for creditworthiness, financial position, or past experience unless in connection with tendering for service contracts. However, the Council operates an active debt recovery process to ensure the collection of all sums due to the council and the targeting of customers who may require assistance by way of extended terms for repayment of debt.

The Council's maximum exposure to credit risk in relation to its investments in banks and financial institutions of £43 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to materialise. (However, it should be noted that Close Brothers rating was downgraded in February 2024 and while there was £6m invested as at 31 March 2024, no further investments have been placed since. £4m of the £6m matured within the first month of 2024/25). The following analysis summarises the risk categories of the Council's financial assets at 31 March 2024;

	Amount at 31 March 2023 £'000	Amount at 31 March 2024 £'000
Deposits with financial institutions:		
AAA rated counterparties	2,190	12,965
AA rated counterparties	4,000	8,000
A rated counterparties	28,740	8,800
BBB+ rated counterparties	-	6,000
Part Nationalised Banks	-	-
Building Societies with assets greater than £10 Billion	2,000	-
Unrated pooled Funds	7,000	7,000
<b>Total</b>	<b>43,930</b>	<b>42,765</b>

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

The Council does not generally allow credit for customers, such that £567k of the £10.06 million balance is past its due date for payment. (This excludes housing rent arrears, where an aged debt analysis is not available). The past due but not impaired amount of other debts can be analysed by age as follows:

	31 March 2023 £'000	31 March 2024 £'000
Less than three months	49	64
Three to nine months	76	133
Nine months to one year	33	19
More than one year	298	351
<b>Total</b>	<b>456</b>	<b>567</b>

## Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The risk that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates is mitigated by the borrowings being solely for the purpose of HRA self-financing, with the repayment of the debt linked to the HRA business plan. Any further borrowing whether HRA or General Fund, will be subject to a rigorous assessment of affordability.

	31 March 2023	31 March 2024
	£'000	£'000
Less than one year	-	-
Between one and two years	-	-
Between two and five years	-	-
Between five and ten years	8,870	8,870
Between ten and twenty years	8,870	8,870
More than twenty years	17,720	17,720
<b>Total</b>	<b>35,460</b>	<b>35,460</b>

## Market Risk

### *Interest Rates Risk.*

The Council's borrowings are 100% fixed rate and are therefore not subject to fluctuations in interest rates. Generally, investments are at a fixed rate, but to ensure stability and liquidity, Money Market Funds, call accounts, structured products where there is an interest rate floor and cap or annual rate change, and notice accounts for notice periods of 35 and 95 days are also used. 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 interest rates would have the following effects:

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements which feeds into the annual budget.

Estimates for interest receivable are updated during the year as an integral part of the budget monitoring and planning process. This allows adverse changes to be identified at various times and accommodated within the budget. According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be an increase in interest receivable on variable rate investments of £157k.

### Price Risk.

The Council does not generally invest in equity shares so is not exposed to losses arising from movements in the prices of shares, however the Council does have £5m invested in the CCLA Property Fund and £2m invested in the CCLA Diversified Fund where there is exposure to losses arising from movements in the value of the fund. Due to the 5 year statutory override, any gains or losses are not charged to the General Fund currently.

### Foreign Exchange Risk.

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

## Note 18 - Debtors

2022/23 £'000		2023/24 £'000
3,599	Trade Receivables	4,122
1,035	Prepayments	763
7,615	Other Receivable Amounts	12,318
<b>12,250</b>	<b>Total</b>	<b>17,203</b>

Other Receivable Amounts include NHS, Local Government, Police Authorities and Government bodies.

## Note 19 - Cash and Cash Equivalents

2022/23 £'000		2023/24 £'000
124	Cash and Bank balances	106
5,930	Short Term Deposits / Cash Equivalents	14,765
<b>6,054</b>	<b>Total Cash and Cash Equivalents</b>	<b>14,871</b>

## Note 20 - Assets Held for Sale

2022/23 £'000		2023/24 £'000
-	Balance outstanding at start of year	-
	Assets newly classified as held for sale:	
717	- Property Plant and Equipment	-
(717)	- Assets sold	-
-	<b>Balance Outstanding year end</b>	-

## Note 21 - Creditors

2022/23 £'000		2023/24 £'000
(8,610)	Trade payables	(9,039)
(10,231)	Other payables	(12,494)
<b>(18,841)</b>	<b>Total Creditors</b>	<b>(21,533)</b>

Other payable amounts include NHS, Local Government, Police Authorities and Government bodies.

## Note 21A - Long Term Creditors

2022/23 £'000		2023/24 £'000
(10,488)	s.106 1990 Town & Country Planning Act	(11,470)
<b>(10,488)</b>	<b>Total Long Term Creditors</b>	<b>(11,470)</b>

The Council receives contributions from developers under the provisions of Section 106 of the 1990 Town and Country Planning Act. Unspent amounts are only carried on the balance sheet when there are conditions or restrictions. When the conditions are met, then it's recognised as income. If there are no restrictions/conditions, then it gets recognised as income and put in capital grants unapplied until such time it is used to meet capital spending.

## Note 22 – Provisions (long term)

2022/23 £'000		2023/24 £'000
(2,971)	Opening Balance	(2,026)
(296)	Increase in provision during year	(595)
1,241	Utilised during year	746
<b>(2,026)</b>	<b>Closing Balance</b>	<b>(1,875)</b>

Following the introduction of the Business Rate Retention scheme the Council has assumed responsibility for a share of the cost of any refunds resulting from successful appeals by local businesses against the rateable value of their premises or the amount of rate relief (if any) they have been granted. The provision of £1.875m represents the Council's share of the estimated amounts which will be funded in respect of all business rate liability for 2023/24 and earlier years resulting from successful appeals.

## Note 23 - Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

## Note 24 - Unusable Reserves

2022/23 £'000		2023/24 £'000
(31,834)	Revaluation Reserve	(36,667)
340	Pooled Investment Funds Adjustment Account	433
(271,632)	Capital Adjustment Account	(272,545)
(53,717)	Pension Reserve	(9,713)
862	Collection Fund Adjustment Account	(1,168)
133	Accumulated Absences Account	101
<b>(355,848)</b>	<b>Total</b>	<b>(319,559)</b>

## Revaluation Reserve

2022/23 £'000		2023/24 £'000
<b>(25,538)</b>	<b>Balance 1 April</b>	<b>(31,834)</b>
(7,104)	Upward revaluation of assets	(6,472)
215	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,103
<b>(6,889)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(5,369)</b>

504	Difference between fair value depreciation and historical cost depreciation	487
-	Accumulated gains on assets sold or scrapped	-
89	Other amounts written off to the Capital Adjustment Account	49
<b>593</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>536</b>
<b>(31,834)</b>	<b>Balance 31 March</b>	<b>(36,667)</b>

## Pooled Investment Funds Adjustment Account

2022/23 £'000		2023/24 £'000
<b>(785)</b>	<b>Balance 1 April</b>	<b>340</b>
1,126	Fair value movements to/from GF in accordance with the statutory requirements	93
<b>340</b>	<b>Balance 31 March</b>	<b>433</b>

## Capital Adjustment Account

2022/23 £'000		2023/24 £'000
<b>(252,125)</b>	<b>Balance 1 April</b>	<b>(271,632)</b>
7,240	Charges for depreciation and impairment of non-current assets	9,430
(17,388)	Revaluation losses on non-current assets	1,509
10	Amortisation of intangible assets	10
4,078	Revenue expenditure funded from capital under statute	3,365
912	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	621
<b>(5,148)</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>14,935</b>
(593)	Adjusting Amounts written out of the Revaluation Reserve	(536)
<b>(5,741)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>14,399</b>
(1,896)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,639)
(3,180)	Use of Major Repairs Reserve to finance new capital expenditure	(4,423)
(5,075)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,379)
(529)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,650)
(1,607)	Capital expenditure charged against the General Fund and HRA balances	(1,243)
<b>(12,287)</b>	<b>Capital financing applied in year:</b>	<b>(13,334)</b>
(1,365)	Borrowing or liabilities met from the Major Repairs Reserve	(1,365)
(114)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-
-	Other movements	(613)
<b>(271,632)</b>	<b>Balance 31 March</b>	<b>(272,545)</b>

## Pensions Reserve

2022/23 £'000		2023/24 £'000
<b>(7,550)</b>	<b>Balance 1 April</b>	<b>(53,717)</b>
(47,773)	Remeasurements of the net defined benefit (liability)/asset	47,681
5,180	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	110
(3,574)	Employer's pensions contributions and direct payments to pensioners payable in the year	(3,787)
<b>(53,717)</b>	<b>Balance 31 March</b>	<b>(9,713)</b>

## Collection Fund Adjustment Account

2022/23 £'000		2023/24 £'000
<b>4,372</b>	<b>Balance 1 April</b>	<b>862</b>
(3,510)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,030)
-	- Other movements	-
<b>862</b>	<b>Balance 31 March</b>	<b>(1,168)</b>

## Accumulated Absences Account

2022/23 £'000		2023/24 £'000
<b>147</b>	<b>Balance 1 April</b>	<b>133</b>
(147)	Settlement or cancellation of accrual made at the end of the preceding year	(133)
133	Amounts accrued at the end of the current year	101
(14)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(32)
<b>133</b>	<b>Balance 31 March</b>	<b>101</b>

## Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items;

2022/23 £'000		2023/24 £'000
926	Interest received	2,384
(1,281)	Interest paid	(1,417)
<b>(355)</b>	<b>Total</b>	<b>967</b>

The surplus or deficit on the 'Provision of Services' has been adjusted for the following non-cash movements;

2022/23 £'000		2023/24 £'000
7,240	Depreciation of tangible assets	9,430
(17,388)	Impairment and downward valuations	1,509
10	Amortisation of intangible assets	10
(19,239)	Increase/(decrease) in creditors	2,525
(1,085)	(Increase)/decrease in debtors	296
1,606	Movement in pension liability	(3,677)
912	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	621
467	Other non-cash items charged to the net surplus or deficit on the provision of services	(150)
<b>(27,476)</b>	<b>Total</b>	<b>10,564</b>

The surplus or deficit on the 'Provision of Services' has been adjusted for the following items which are investing and financing activities;

<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
18,000 Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	10,000
(1,565) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,038)
(2,341) Any other items for which the cash effects are investing or financing cash flows	(8,353)
<b>14,094 Total</b>	<b>609</b>

## Note 26 - Cash Flow from Investing Activities

<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
(9,351) Purchase of property, plant and equipment, investment property and intangible assets	(12,353)
(1,000) Purchase of short-term and long-term investments	-
1,565 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,038
- Proceeds from short-term and long-term investments	-
912 Other receipts from investing activities	9,076
<b>(7,874) Net cash flows from investing activities</b>	<b>(2,239)</b>

## Note 27 - Cash Flow from Financing Activities

<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
529 Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(1,650)
0 Repayments of short- and long-term borrowing	-
(1,390) Other payments for financing activities	(1,121)
<b>(861) Net cash flows from financing activities</b>	<b>(2,771)</b>

## Note 28 - Agency Services

The Council provided the following agency services in 2023/24;

- Collection of Penalty Notices for West Sussex County Council created a surplus in the General Fund Accounts of £173k (£153k 2022/23)
- Collection of car park income for other third parties - £2k (£2k 2022/23)
- Provision of a payroll service for a number of voluntary organisations and 4 Parish Councils (no charge is made for this service in 2023/24 and 2022/23).

## Note 29 - Members' Allowances

The Council paid the following amounts to/for Members of the Council during the year:

<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
429 Salaries	456
2 Allowances	4
- Expenses	-
<b>431 Total Members Allowances</b>	<b>460</b>



## Note 30 - Officers' Remuneration

2023/24		Salary, Fees and Allowances £'000	Expenses Allowances £'000	Compensation for Loss of Office £'000	Pension Contribution £'000	Total £'000
Chief Executive <sup>1</sup>	2023/24	21	-	-	4	25
	2022/23	127	-	-	27	154
Interim Chief Executive and Director of Environment & Community	2023/24	106	-	-	22	129
	2022/23	102	-	-	22	124
Interim Chief Executive and Director of Growth	2023/24	106	-	-	22	128
	2022/23	102	-	-	22	124
Group Head – Organisational Excellence	2023/24	80	-	-	14	94
	2022/23	78	-	-	17	95
Group Head – Law and Governance <sup>2</sup>	2023/24	80	-	-	14	94
	2022/23	59	-	-	13	72
Group Head- Finance <sup>3</sup>	2023/24	83	-	-	15	98
	2022/23	9	-	-	2	11
Group Head - Planning	2023/24	80	-	-	14	94
	2022/23	78	-	-	17	95
Group Head – Technical Services	2023/24	80	-	-	14	94
	2022/23	76	-	-	17	93
Group Head – Business & Economy	2023/24	44	-	-	8	52
	2022/23	63	-	-	14	77
Group Head – Housing, Wellbeing & Communities <sup>4</sup>	2023/24	29	-	-	5	34
	2022/23	-	-	-	-	-
Group Head – Environment & Climate Change	2023/24	80	-	-	14	94
	2022/23	78	-	-	17	95

Disclosures above are for a full year remuneration except for the following:

- 1 - Chief Executive ceased employment 31/5/2023 (2023/24)
- 2 – Group Head - Law and Governance commenced employment 20/6/2022 (2022/23)
- 3 – Group Head - Finance commenced employment 20/2/2023 (2022/23)
- 4 – Group Head - Housing, Wellbeing and Communities commenced employment 27/11/2023 (2023/24)

No Senior Officers were in receipt of bonus payments or benefits in kind for 2023/24.

The Council's employees receiving more than £50,000 (annualised) remuneration for the year (excluding employer's pension contributions), excluding the Senior Officers disclosed above:

	2022/23	2023/24	
50,001 to £55,000	8	8	*
£55,001 to £60,000	4	5	
£60,001 to £65,000	2	3	
£65,001 to £70,000	3	4	**
£70,001 to £75,000	-	-	
£75,001 to £80,000	-	-	
£80,001 to £85,000	-	-	
£85,001 to £90,000	-	-	
£90,001 to £95,000	-	-	
£95,001 to £100,000	-	-	
£100,001 to £105,000	-	-	
£105,001 to £110,000	-	-	
£110,001 to £115,000	-	-	
£115,001 to £120,000+	-	-	
<b>Total</b>	<b>17</b>	<b>20</b>	

\* Zero person 2023/24 (one person 2022/23) included by virtue of annualised salary.

\*\* Zero person 2023/24 (one person 2022/23) included by virtue of annualised salary.

## Exit Packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	22/23	23/24	22/23	23/24	22/23	23/24	2022/23	2023/24
£0-£20,000	0	1	0	1	0	2	0	30,333
£20,001-£40,000	0	0	0	1	0	1	0	33,491
£40,000-£60,000	0	0	0	1	0	1	0	52,199
£60,001-£80,000	0	2	0	0	0	2	0	152,023
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>268,046</b>

## Note 31 - External Audit Costs

The Council has/will incurred the following costs in relation to external audit:

2022/23 £'000	2023/24 £'000
61 Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	20
22 Fees payable to external auditors for the certification of grant claims and returns for the year	50
<b>83 Total</b>	<b>70</b>

## Note 32 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement. This analysis reveals the effect of reclassification of grants to reflect changing government funding methodology and priorities.

### Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

2022/23 £'000	2023/24 £'000
(390) Benefits Administration Grant	(373)
(156) Localised Council Tax Support Administration	(15)
(176) Business Rate Collection Allowance	(180)
(1,292) New Homes Bonus Grant	(616)
(4,434) S.31 grants paid to compensate loss of nndr income	(5,959)
(27) Individual Electoral Register (IER)	(4)
(415) Other Non-Ringfenced Grants	(148)
- Funding Guarantee Grant	(950)
(168) Lower Tier Services Grant	-
(62) Covid-19 New Burdens Support Grant	-
(253) Service Grant	(149)
- Revenue Support Grant (RSG)	(196)
(2,673) Capital Grants and Contributions	(6,179)
<b>(10,046) Total</b>	<b>(14,769)</b>

### Credited to Services

2022/23 £'000	2023/24 £'000
(355) Community wellbeing	(414)
(65) Coast Protection	(70)
- Council Tax Support	(356)
(309) Crime Reduction	(110)
(1,071) Leisure	(1,217)
(1,356) Disabled Facilities Grants	(1,768)
(2,658) Economic Regeneration	(1,584)
(8) Fuel poverty	-
(30,612) Housing Benefit Subsidy	(30,455)
(20) Neighbourhood Plan	-
(1,804) Homelessness	(1,815)
3 Elections	-
(747) Other	(1,017)
<b>(39,000) Total</b>	<b>(38,806)</b>

## Grant Receipts in Advance (Capital Grants)- Current Liabilities

2022/23 £'000	2023/24 £'000
- Brownfield Land Release Fund	(628)
(885) Levelling Up Grant	(3,339)
(147) Changing Places	(10)
(6) Shared Prosperity Fund Capital	(12)
<b>(1,038) Total</b>	<b>(3,989)</b>

### Note 33 - Related Parties

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

#### Central Government

Central Government is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government Departments are included in Note 13. Grant receipts outstanding on 31 March 2024 are included in Note 18 (Other Receivable Amounts).

#### Members

Members of the Council have direct control over the Council's financial and operating policies.

The total of members allowances paid in 2023/24 is shown in Note 29.

There were no declared related party transactions by members with the Council.

#### Officers

No transactions in 2023/24 with senior officers fall within the related party definition.

#### Other Public Bodies

Precepts and levies totalling £5.872 million were paid as disclosed in Note 11.

#### Entities Controlled or Significantly Influenced by the Council

There are no entities meeting the definition of related parties.

### Note 34 - Capital Expenditure and Capital Financing

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

## Capital Expenditure and Capital Financing

2022/23 £'000	2023/24 £'000
<b>48,089</b>	<b>52,859</b>
<b>Opening Capital Financing Requirement</b>	
Capital Investment:	
14,012 Property Plant and Equipment	10,565
332 Intangible Assets	408
4,078 Rev. Exp. Funded from Capital Under Statute	3,365
<b>18,422</b>	<b>14,338</b>
<b>Total Capital Spending</b>	
Sources of Finance:	
(1,896) Capital receipts	(1,639)
(5,075) Government Grants and other contributions	(4,379)
(3,180) Major repairs reserve	(4,423)
Sums set aside from revenue:	
(1,607) Direct revenue contributions to finance capital	(1,243)
(1,365) Borrowing or liabilities met from the Major Repairs Reserve	(1,365)
(529) Minimum revenue provision	(1,650)
<b>(13,652)</b>	<b>(14,699)</b>
<b>Total Sources of Finance</b>	
- Write out of lease liability	(612)
<b>52,859</b>	<b>51,886</b>
<b>Closing Capital Financing Requirement</b>	

Explanation of movements in year;

2022/23 £'000	2023/24 £'000
2,090 Increase in underlying need to borrow (unsupported by government financial assistance)	2,042
4,574 Assets acquired under finance leases	-
(1,894) Other movements	(3,015)
<b>4,770</b>	<b>(973)</b>
<b>Inc/(dec) in Capital Financing Requirement</b>	

## Note 35 - Leases

### Council as Lessee

#### Finance Leases

In 2022/23 the Combined Cleansing Contract was extended for a further three years, the vehicle fleet used in the contract have been renewed. Under IFRIC 4 'Determining Whether an Arrangement Contains a Lease' the Council has recognised these assets in its own Balance Sheet together with a liability for a Finance Lease.

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts:

2022/23 £'000	2023/24 £'000
5,424 Vehicles, Plant & Equipment	3,026
<b>5,424</b>	<b>3,026</b>
<b>Total</b>	

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Council and finance costs that

will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2022/23 £'000		2023/24 £'000
	Finance lease liabilities (net present value of min. lease payments):	
1,650	current	1,623
3,715	non-current	1,481
477	Finance costs payable in future years	179
<b>5,842</b>	<b>Minimum lease payments</b>	<b>3,283</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000
Not later than 1 year	1,860	1,743	(1,650)	(1,623)
Later than 1 but no later than 5 years	3,749	1,539	(3,495)	(1,481)
Later than 5 years	233	-	(220)	-
<b>Total</b>	<b>5,842</b>	<b>3,282</b>	<b>(5,365)</b>	<b>(3,104)</b>

## Operating Leases

The Council has operating leases for: open spaces; photocopiers; and general light vehicles.

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

2022/23 £'000		2023/24 £'000
19	Not later than 1 year	98
53	Later than 1 but no later than 5 years	275
28	Later than 5 years	25
<b>100</b>	<b>Total</b>	<b>398</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement in relation to these leases in 2023/24 was £125k (2022/23 £67k) representing the value of the minimum lease payments.

## Council as Lessor

### Finance Leases

The Council has no currently determined finance leases as lessor.

### Operating Leases

The Council leases out various property assets under operating leases either for investment or as a temporary means of generating rental income pending future development.

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

2022/23 £'000		2023/24 £'000
1,136	Not later than 1 year	1,120
3,591	Later than 1 but no later than 5 years	3,067
12,842	Later than 5 years	12,263
<b>17,569</b>	<b>Total</b>	<b>16,450</b>

The lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Separate figures for contingent rents are not available.

### **Note 36 - Impairment Losses**

There were no material impairment losses during 2023/24.

### **Note 37 - Termination Benefits**

The Council terminated the contract of a number of employees in 2023/24 (none in 2022/23), incurring liabilities of £268,046. None of the terminations involved senior officers.

See Officers' Remuneration note 30 for the number of exit packages and the total cost per band.

### **Note 38 - Defined Benefit Pension Scheme**

#### **Participation in Pension Schemes**

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by West Sussex County Council - this is a funded defined benefits scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

The West Sussex County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Panel of West Sussex County Council. Policy is determined in accordance with the Pensions Fund Regulations. The Pensions Panel is responsible to the Governance Committee for the appointment of professional and specialist investment advisers and managers on a consultancy basis.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

#### **Discretionary Post-retirement Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

## Transactions Relating to Post-employment Benefits

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

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Cost of services:				
Service cost comprising:				
* current service costs	5,362	2,627	-	-
* past service costs (inc. curtailments)	-	64	-	-
* (gain)/loss from settlements	-	-	-	-
Financing and Investment income and exp:				
* net interest expense	(182)	(2,581)	-	-
<b>Total post emp benefit charged to the surplus/deficit on Provision of Services</b>	<b>5,180</b>	<b>110</b>	<b>-</b>	<b>-</b>
Other post emp benefits charge to the CIES				
Remeasurement of the net defined benefit liability comprising:				
* Return on plan assets (exc. amount inc. the net interest exp.)	11,680	(6,932)	-	-
* Actuarial gain/loss arising on changes in demographic assumptions.	(2,613)	(949)	-	-
* Actuarial gain/loss arising on changes in financial assumptions	(67,831)	(6,425)	-	-
* Other expenses	11,391	4,490	(203)	90
* Asset ceiling adjustment (as per Hyman's report)	-	57,555	-	-
<b>Total post emp benefit charged to the CIES</b>	<b>(42,193)</b>	<b>47,849</b>	<b>(203)</b>	<b>90</b>
Movement in Reserves Statement				
* Rev of net charges made to sur/def on PoS for post emp ben.	5,180	110	-	-
Actual amount charged to GF for pensions in year:				
* Employer's contributions payable to scheme	3,512	3,663	-	-
* Retirement benefits payable to pensioners			259	272

## Pensions Assets and liabilities recognised in the Balance Sheet

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

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(147,676)	(148,542)	(3,195)	(3,013)
Fair value of plan assets	204,588	218,823	-	-
Sub-total	56,912	70,281	(3,195)	(3,013)
Other movements in the (liability)/asset (if applicable)	-	(57,555)	-	-
<b>Net asset arising from the defined benefit obligation</b>	<b>56,912</b>	<b>12,726</b>	<b>(3,195)</b>	<b>(3,013)</b>



The total Pension net asset for 2023/24 is £12,726k LGPS less Discretionary Benefits of £3,013k = £9,713k (£53,717k 2022/23).

### Reconciliation of the movements in the fair value of scheme assets;

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening fair value of scheme assets</b>	<b>211,807</b>	<b>204,588</b>	-	-
Interest income	5,698	9,663	-	-
Remeasurement gain/(loss):				
* Return on plan assets (exc. amount inc. the net interest expense)	(11,680)	6,932	-	-
* Other	-	-	-	-
Contribution from employer	3,512	3,663	259	272
Contribution from employees into scheme	793	835	-	-
Benefits paid	(5,542)	(6,858)	(259)	(272)
Other	-	-	-	-
<b>Closing fair value of scheme assets</b>	<b>204,588</b>	<b>218,823</b>	-	-

### Reconciliation of present value of the scheme liabilities (Defined Benefit Obligations);

	Funded Liability LGPS		Unfunded Liability Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
<b>Opening balance at 1st April</b>	<b>200,600</b>	<b>147,676</b>	<b>3,657</b>	<b>3,195</b>
Current service costs	5,362	2,627	-	-
Interest income	5,516	7,082	-	-
Contributions by scheme participants	793	835	-	-
Remeasurement gain/(loss):				
* Actuarial gain/loss arising on changes in demographic assumptions	(2,613)	(949)	-	-
* Actuarial gain/loss arising on changes in financial assumptions	(67,831)	(6,425)	-	-
* Other	11,391	4,490	(203)	90
Past service costs	-	64	-	-
Benefits paid	(5,542)	(6,858)	(259)	(272)
Other	-	-	-	-
<b>Closing balance at 31st March</b>	<b>147,676</b>	<b>148,542</b>	<b>3,195</b>	<b>3,013</b>

### Local Government Pension Scheme assets comprised:

	Fair Value of scheme assets	
	2022/23 £'000	2023/24 £'000
Cash and cash equivalents	1,091	2,513
Equity securities by industry type:		
Consumer	-	-
Manufacturing	-	-
Energy and Utilities	-	-
Financial Institutions	-	-
Health and Care	-	-
Information Technology	-	-
Debt securities:		
UK Government	-	-
Private equities- all categories	5,827	6,536
Real Estate:		
UK Property	20,362	18,053
Overseas Property	-	-

Investment funds and unit trusts:			
Equities		101,248	109,628
Bonds		58,285	63,151
Infrastructure		9,956	10,414
Other		7,819	8,528
<b>Totals</b>		<b>204,588</b>	<b>218,823</b>

All scheme assets have quoted prices in active markets except private equity.

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The West Sussex County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 1 April 2024. The principal assumptions used in their calculations have been:

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Long term expected rate of return on assets in scheme:				
Equity investments	-2.8%	8.2%	-	-
Bonds	-2.8%	8.2%	-	-
Property	-2.8%	8.2%	-	-
Cash	-2.8%	8.2%	-	-
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.9 yrs	21.8 yrs	21.9 yrs	21.8 yrs
Women	24.2 yrs	24.1 yrs	24.2 yrs	24.1 yrs
Longevity at 65 for future pensioners:				
Men	22.4 yrs	22.2 yrs	22.4	22.2
Women	25.8 yrs	25.6 yrs	25.8	25.6
Rate of inflation	3.2%	3.2%	3.2%	3.2%
Rate of increase in salaries	4.5%	4.3%	4.5%	4.3%
Rate of increase in pensions (CPI)	3.0%	2.8%	3.0%	2.8%
Rate for discounting scheme liabilities	4.8%	4.8%	4.8%	4.8%

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

	Approx % increase to employer liability	Approx monetry amount (£000)
0.5% decrease in real discount rate	2.0%	2,503
1 year increase in member life expectancy	4.0%	6,062
0.5% increase in the salary increase rate	0.0%	105
0.5% increase in the pensions increase rate (CPI)	1.0%	2,441

## Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The next triennial valuation will be concluded by 31 March 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £3.472 million for employer contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2023/24.

Note, the total asset calculated by the Hymans Robertson LLP for 2023/24 was a Net Asset (before any asset ceiling adjustments) of £70.281m. However, under IAS19, the Council can only include an asset within its Statement of Accounts to 'the net present value of future service costs as at 31 March 2024'.

Hyman Robertson LLP used the following information for their calculation at 31 March 2024:

	£'000
Net Asset	70,281
Expected net asset once agreed past service contributions are paid	85,355
Economic benefit available as a reduction in future contributions	27,800
Additional liability	(57,555)

As the economic benefit available as reduction in future contributions is lower, there is an additional liability to recognise and an adjustment of (£57,555k) is required to the Net Asset / (Liability) for the effect of the asset ceiling.

Therefore, the Council's net asset position, in line with the instructed methodology, for 31 March 2024 balance sheet is as follows:

	£'000
Net Asset (unadjusted)	70,281
Effect of the asset ceiling on net asset / (liability)	(57,555)
Net Asset / (Liability)	12,726

Therefore, the Council has only included assets to the value of £12,726k.

### **McCloud/Sargeant Treatment**

Arun District Council has allowed for the McCloud judgement in the calculation of the latest funding valuation. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure.

### **Guaranteed Minimum Pension (GMP) Equalisation / Indexation treatment (Lloyd's ruling)**

Arun District Council has allowed for the impact of the full GMP indexation in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation has already been included in the accounting disclosure.

### **Goodwin Judgement (Teacher's Pension Equality discrimination case)**

The actuary has previously carried out some approximate analysis across our LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The remedy is still uncertain, but they estimate the potential impact of this to be very small for a typical Fund (c0.1% of obligations). The Council's actuary, therefore, do not believe it is necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Council, and indeed the highly approximate nature of applying an unknown remedy.

### **Note 39 - Contingent Liabilities**

The Council has given guarantees, relating to potential West Sussex County Council Pension Fund liabilities, in respect of two contracts for outsourced services. The value of these commitments is dependent on several factors including actuarial assessment of the pension fund and the Council's future plans for the delivery of the relevant services.

## Housing Revenue Account Income and Expenditure Statement

2022/23 £'000	HRA Statement	2023/24 £'000
	<b>Expenditure</b>	
6,715	Repairs & Maintenance	6,416
6,213	Supervision & Management	6,128
143	Rents, Rates, Taxes and other charges	230
(10,286)	Depreciation, impairments and revaluation losses/(gains) of non-current assets	7,562
249	Movement in the allowance for bad debts	(138)
<b>3,034</b>	<b>Total Expenditure</b>	<b>20,198</b>
	<b>Income</b>	
(16,717)	Dwelling rents	(18,126)
(445)	Non-dwelling rents	(439)
(764)	Charges for services and facilities	(1,187)
-	Other	(20)
<b>(17,926)</b>	<b>Total Income</b>	<b>(19,772)</b>
<b>(14,892)</b>	<b>Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>426</b>
(753)	(Gains)/loss on sale of HRA Fixed Assets	(62)
1,585	Interest Payable and Similar Charges	2,091
(143)	HRA Interest and Investment Income	(326)
-	Capital grants and Contributions	(1,716)
<b>(14,203)</b>	<b>(Surplus) or Deficit for Year on HRA Services</b>	<b>413</b>

## Movement on the HRA Statement

2022/23 £'000	Movement on the HRA Statement	2023/24 £'000
<b>(3,891)</b>	<b>Balance on the HRA at the end of the previous year</b>	<b>(1,523)</b>
(14,203)	(Surplus) or Deficit on the HRA Income and Expenditure Statement	413
16,571	Adjustments between accounting basis and funding basis under statute	628
<b>2,368</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>1,041</b>
2,368	(Increase) or decrease on the HRA for the year	1,041
<b>(1,523)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(482)</b>

2022/23 £'000	HRA adjustment between accounting basis	2023/24 £'000
10,371	Transfers to/(from) the Capital Adjustment Account	(5,758)
753	Gain or (loss) on sale of non-current assets	62
(98)	Contributions to or (from) the Pension Reserve	207
2	Transfers to/(from) the Accumulated Absences Account	4
5,543	Transfers to/(from) Major Repairs Reserve	6,113
-	Capital expenditure funded by Govt Grants & Other Contributions	-
-	Capital expenditure funded by the HRA	-
<b>16,571</b>	<b>Net additional amount required by statute to be debited/(credited) to the HRA Bal for the year</b>	<b>628</b>

## HRA Property, Plant and Equipment

HRA PPE to 31 March 2024	Council Dwellings HRA £'000	Land & Buildings HRA £'000	Vehicles, Plant, Furniture & Equipment HRA £'000	Assets Under Construction HRA £'000	Total HRA Property, Plant & Equipment £'000
<b>Cost or Valuation</b>					
<b>at 1 April 2023</b>	<b>256,854</b>	<b>5,151</b>	<b>3,731</b>	<b>3,462</b>	<b>269,198</b>
Additions	6,060	13	397	220	<b>6,690</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	248	-	-	<b>248</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,244)	12	-	-	<b>(7,232)</b>
Reclassifications and transfer	3,658	-	-	(3,658)	-
Derecognition/Disposal	-	-	(947)	-	<b>(947)</b>
Assets reclassified (to)/from Held for Sale	-	-	-	-	-
<b>at 31 March 2024</b>	<b>259,328</b>	<b>5,425</b>	<b>3,181</b>	<b>23</b>	<b>267,957</b>
<b>Accumulated Depreciation &amp; Impairment</b>					
<b>at 1 April 2023</b>	-	<b>(7)</b>	<b>(1,174)</b>	-	<b>(1,181)</b>
Depreciation charge	(5,781)	(54)	(278)	-	<b>(6,113)</b>
Depreciation written out to the Revaluation Reserve	-	49	-	-	<b>49</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,781	2	-	-	<b>5,783</b>
Derecognition/Disposal	-	-	379	-	<b>379</b>
<b>at 31 March 2024</b>	-	<b>(10)</b>	<b>(1,073)</b>	-	<b>(1,083)</b>
<b>Net Book Value;</b>					
<b>at 31 March 2024</b>	<b>259,328</b>	<b>5,415</b>	<b>2,108</b>	<b>23</b>	<b>266,874</b>
<b>at 31 March 2023</b>	<b>256,854</b>	<b>5,144</b>	<b>2,558</b>	<b>3,462</b>	<b>268,019</b>
HRA PPE to 31 March 2023	Council Dwellings HRA £'000	Land & Buildings HRA £'000	Vehicles, Plant, Furniture & Equipment HRA £'000	Assets Under Construction HRA £'000	Total HRA Property, Plant & Equipment £'000
<b>Cost or Valuation</b>					
<b>at 1 April 2022</b>	<b>239,540</b>	<b>4,895</b>	<b>3,731</b>	<b>4,822</b>	<b>252,989</b>
Additions	4,227	10	-	1,867	<b>6,104</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	216	-	-	<b>216</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	10,577	30	-	-	<b>10,607</b>
Reclassifications and transfer	3,228	-	-	(3,228)	-
Derecognition/Disposal	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	(717)	-	-	-	<b>(717)</b>
<b>at 31 March 2023</b>	<b>256,854</b>	<b>5,151</b>	<b>3,731</b>	<b>3,462</b>	<b>269,199</b>
<b>Accumulated Depreciation &amp; Impairment</b>					
<b>at 1 April 2022</b>	-	<b>(14)</b>	<b>(896)</b>	-	<b>(910)</b>
Depreciation charge	(5,218)	(48)	(278)	-	<b>(5,543)</b>
Depreciation written out to the Revaluation Reserve	-	51	-	-	<b>51</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,218	4	-	-	<b>5,222</b>
Derecognition/Disposal	-	-	-	-	-
<b>at 31 March 2023</b>	-	<b>(7)</b>	<b>(1,174)</b>	-	<b>(1,181)</b>
<b>Net Book Value;</b>					
<b>at 31 March 2023</b>	<b>256,854</b>	<b>5,144</b>	<b>2,558</b>	<b>3,462</b>	<b>268,019</b>
<b>at 31 March 2022</b>	<b>239,540</b>	<b>4,881</b>	<b>2,835</b>	<b>4,822</b>	<b>252,078</b>

The vacant possession value of dwellings within the Council's Housing Revenue Account as at 31 March 2024 was £786 million. Comparing the vacant possession value and Balance Sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than market rents.

## HRA Intangible Assets

2022/23 £'000	Intangible assets (HRA)	2023/24 £'000
	Balance at start of year:	
313	Gross carrying amounts	645
(91)	Accumulated amortisation	(91)
222	Net carrying amount at start of year	<b>554</b>
	Additions:	
332	Purchases	342
-	- Amortisation for the period	-
<b>554</b>	<b>Net carrying amount at end of year</b>	<b>896</b>
	Comprising:	
645	Gross carrying amounts	987
(91)	Accumulated amortisation	(91)
<b>554</b>	<b>Net carrying amount at end of year</b>	<b>896</b>

## HRA Assets Held for Sale

2022/23 £'000	Assets Held for Sale (HRA)	2023/24 £'000
	- <b>Balance outstanding at start of year</b>	-
	Assets newly classified as held for sale	
717	Property Plant and Equipment	-
(717)	Assets sold	-
	- <b>Balance outstanding at end of year</b>	-

## Notes to the HRA Account

2022/23 No.	Dwelling types (HRA)	2023/24 No.
169	Bedsit	169
1,610	Flats	1,618
1,617	Houses / bungalows	1,634
2	Hostels	2
<b>3,398</b>	<b>Total</b>	<b>3,423</b>

## Housing Revenue Account Capital Expenditure and Financing

2022/23 £'000	Capital Expenditure and Financing (HRA)	2023/24 £'000
	<b>Capital investment;</b>	
4,569	Operational assets	6,812
1,867	Non-operational assets	220
	- Revenue Expenditure Funded from Capital under Statute	83
<b>6,436</b>	<b>Total Capital Spending</b>	<b>7,115</b>
	<b>Sources of funding;</b>	
	- Housing Revenue	-
(1,341)	Capital Receipts	(556)
(3,180)	Major Repairs Reserve	(4,423)
(120)	Govt Grants & Other Contributions	(1,181)
	- Acquired under finance lease	-
(1,795)	Unfinanced	(955)
<b>(6,436)</b>	<b>Total Sources of Finance</b>	<b>(7,115)</b>

### Rent Arrears

Tenants' arrears at 31 March 2024 were £1,278k (previous year £1,297k). The provision for doubtful debts amounted to £171k (previous year £323k).



## Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

31 March 2023			31 March 2024			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
			<b>INCOME:</b>			
	(129,938)	(129,938)	Council Tax Receivable		(139,352)	(139,352)
(30,470)		(30,470)	Business Rates Receivable	(32,612)		(32,612)
(749)		(749)	Trans Protection Payments Rec'able	(3,715)		(3,715)
	(1)	(1)	Reconciliation adjustments			-
<b>(31,219)</b>	<b>(129,939)</b>	<b>(161,158)</b>	<b>Total amounts to be credited</b>	<b>(36,327)</b>	<b>(139,352)</b>	<b>(175,679)</b>
			<b>EXPENDITURE:</b>			
			<b>Apportm'nt of Prev. Year Sur/Def:</b>			
(4,418)		(4,418)	Central Government	(755)		(755)
(884)	(572)	(1,456)	West Sussex County Council	(151)	(180)	(331)
(3,534)	(138)	(3,672)	Arun District Council	(604)	(32)	(636)
	(81)	(81)	Sussex Police and Crime Comm.		(26)	(26)
			<b>Precepts, demands and shares:</b>			
16,618		16,618	Central Government	16,754		16,754
3,324	98,029	101,353	West Sussex County Council	3,351	104,798	108,149
13,294	17,404	30,698	Arun District Council	13,404	18,282	31,686
	14,172	14,172	Sussex Police and Crime Comm.		15,392	15,392
			<b>Charges to Collection Fund:</b>			
1	-	1	Write-offs of uncollectable amounts	-	-	-
452	735	1,187	Inc/(dec) in allowance for impairment	278	1,183	1,461
(2,363)		(2,363)	Inc/(dec) in allowance for appeals	(377)		(377)
179		179	Charge to General Fund for allowable collection costs for non-domestic rates	180		180
<b>22,669</b>	<b>129,549</b>	<b>152,218</b>	<b>Total amounts to be debited</b>	<b>32,080</b>	<b>139,417</b>	<b>171,497</b>
<b>(8,549)</b>	<b>(390)</b>	<b>(8,939)</b>	<b>(Surplus)/Deficit arising in year</b>	<b>(4,247)</b>	<b>65</b>	<b>(4,182)</b>
<b>10,354</b>	<b>1,472</b>	<b>11,826</b>	<b>(Surplus)/Deficit b/f at 1 April</b>	<b>1,805</b>	<b>1,082</b>	<b>2,887</b>
<b>1,805</b>	<b>1,082</b>	<b>2,887</b>	<b>(Surplus)/Deficit c/f at 31 March</b>	<b>(2,442)</b>	<b>1,147</b>	<b>(1,295)</b>

## Collection Fund

<b>Business Rates £'000</b>	<b>Council Tax £'000</b>	<b>Total £'000</b>	<b>Collection Fund</b>	<b>Business Rates £'000</b>	<b>Council Tax £'000</b>	<b>Total £'000</b>
			<b>Allocated to;</b>			
905		905	Central Government	(1,221)		(1,221)
181	819	1,000	West Sussex County Council	(244)	1172	928
719	143	862	Arun District Council	(977)	(197)	(1,174)
	120	120	Sussex Police and Crime Comm.		172	172
<b>1,805</b>	<b>1,082</b>	<b>2,887</b>	<b>Total</b>	<b>(2,442)</b>	<b>1,147</b>	<b>(1,295)</b>

## Notes to the Collection Fund

### 1. Council Tax Base

	2022/23	2023/24
Equivalent Valuation Band D properties in:		
Valuation Band A	4,063	3,379
Valuation Band B	8,003	7,318
Valuation Band C	15,119	15,065
Valuation Band D	13,386	14,041
Valuation Band E	10,928	11,723
Valuation Band F	7,489	8,211
Valuation Band G	3,932	4,296
Valuation Band H	468	513
<b>Total Band D Equivalents</b>	<b>63,389</b>	<b>64,546</b>
Allowance for non-collection 0.6%	(380)	(387)
<b>Tax Base for year</b>	<b>63,011</b>	<b>64,159</b>

### 2. Council Tax (total including parish average)

	2022/23	2023/24
Valuation Band A	£1,364.22	£1,419.21
Valuation Band B	£1,591.59	£1,655.75
Valuation Band C	£1,818.96	£1,892.28
Valuation Band D	£2,046.33	£2,128.82
Valuation Band E	£2,501.07	£2,601.88
Valuation Band F	£2,955.81	£3,074.96
Valuation Band G	£3,410.55	£3,548.02
Valuation Band H	£4,092.65	£4,257.63

### 3. General Statistics

	2022/23	2023/24
Rateable value of non-domestic properties at 31 March	£98.3m	£97.9m
Number of non-domestic properties at 31 March	4,966	4,943
Non-domestic rating multiplier: small businesses	0.499	0.499
Non-domestic rating multiplier: other	0.512	0.512
Average Council Tax for a Band D property	£2,046	£2,129

## **Glossary**

### **Accounting Policies**

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

### **Accruals**

Sums included in the financial statements to recognise income or expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### **Accrued Interest**

Interest accumulated but not yet received or paid.

### **Actuarial**

The appraisal of economic and demographic factors in order to estimate future pension liabilities.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

### **Agency Services**

Services which are performed by or for other councils or bodies, where the council/body responsible for the service reimburses the council carrying out the work for the costs incurred.

### **Amortisation**

The apportionment (charging or writing off) of the cost of an intangible asset as an operational cost over the asset's estimated useful life.

### **Amortised Cost**

The amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount.

### **Asset**

An item having value to the Council in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. the Civic Centre, or intangible, e.g. computer software licence.

### **Audit of Accounts**

An independent examination of the Council's financial affairs.

### **Balance Sheet**

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

### **Borrowing**

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

### **Budget**

The forecast of net revenue and capital expenditure over the accounting period.

### **Business Improvement District (BID)**

A business led partnership delivering additional services to local business by charging a levy on all business rates payers in addition to business rates.

**Capital Expenditure**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**Capital Financing**

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue contributions, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

**Capital Programme**

The capital schemes the Council intends to carry out over a specific period of time.

**Capital Receipt**

The proceeds from the disposal of land or other fixed assets where the proceeds total over £10,000. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

**Community Assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks.

**Componentisation**

Component parts of a major asset may not have the same useful lives (i.e. they wear out or depreciate at different rates); therefore those components with a value that is significant in relation to the total value of the asset shall be depreciated separately. The purpose is to ensure that the depreciation charged in the Income & Expenditure Statement properly reflects the consumption of economic benefit.

**Council Tax**

A local tax on domestic property set by local authorities in order to meet their budget requirement.

**Council Tax Base**

The total number of properties within the local authority area expressed in terms of band D equivalents, incorporating discounts, deductions and exemptions.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy.

**Defined Benefit Pension Scheme**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**Depreciated Replacement Cost (DRC)**

A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence. It is used for specialist assets where no market exists.

**Depreciation**

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

**Discretionary Benefits (pensions)**

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

**Earmarked Reserves**

Reserves which are held by the Council for specified purposes.

**Existing use Value (EUV)**

The amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction in its existing use; it is used for most PPE assets with a variation required for council dwellings.

**Financial Asset**

Any asset that is cash, a contractual right to receive cash or another financial asset from another party, or an equity instrument issued by another party, examples include bank deposits, bonds and stocks.

**Financial Instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Liability**

An obligation to deliver cash or another financial asset.

**General Fund**

The main revenue fund from which the Cost of Services is met.

**Held for Sale**

Asset held for sale are those assets where it is probable that the carrying value will be recovered principally through a sale transaction rather than through continuing use.

**Highest and Best Use**

The highest and best use of the asset provides the maximum value to market participants through its use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible.

**Housing Capital Receipts Pool**

A proportion of receipts relating to housing disposal is payable to the Government in accordance with statutory requirements. This is known as housing capital receipts pooling.

**Impairment**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

**Infrastructure Assets**

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are footpaths and coast protection defences.

**Lease**

A contract for the hire of a specific asset. The lessor owns the asset but conveys the right to use the asset to the lessee for an agreed period of time in return for the payment of specified rentals. Leases may be either operating leases or finance leases.

**Liability**

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

**Major Repairs Reserve**

All local housing authorities are required to operate this reserve which is used to fund either capital expenditure relating to HRA dwellings or the repayment of housing debt.

**Market Value**

The amount at which a property would be exchanged between knowledgeable and willing parties in an arm's-length transaction.

**Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

**Non-Domestic Rates (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, central government and major preceptors.

**Observable Inputs**

Are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

**Operating Lease**

A lease where the ownership of the fixed asset remains with the lessor.

**Orderly Transaction**

A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction.

**Precept**

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

**Precepting Authority**

An authority that sets a precept to be collected by a billing authority (Arun) through the Council Tax bill. West Sussex County Council and Sussex Police & Crime Commissioner are known as major precepting authorities. Parish/Town Councils are known as local precepting authorities.

**Related Parties**

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

**Related Party Transactions**

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

**Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

**Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

**Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature such as disabled facility grants.

**Support Services Costs/Charges**

Expenditure on administrative and professional services and office accommodation, which is recharged to service users on a specified basis.

**Tangible Fixed Asset**

Physical assets that yield benefits to the Council and the services it provides for a period of more than one year.

**Useful Economic Life (UEL)**

The period over which the Council will derive benefits from the use of a fixed asset.

**Unobservable Inputs**

Are inputs for which market data is not available and that are developed using the best information available to the Council about the assumptions that market participants would use when pricing the asset or liability.

**Unusable Reserve**

Those reserves that the Council may not use to fund the services it provides. This includes the Revaluation Reserve that holds the unrealised gains and losses on Property Plant and Equipment.

**Usable Reserve**

Those reserves that the Council may use to fund the services it provides, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt.



# **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARUN DISTRICT COUNCIL**

**The draft 2023/24 Statement of Accounts remains subject to audit.**

Once the audit has finished, and the report and opinion is supplied, they will be published here.