



Arun District Council

Annual Statement of Accounts for the year 2022/23

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 & 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, post 2022/23 year end.

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 373 staff in full-time and part-time positions 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 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 remains difficult to assess as there are several variables which continue to 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 at 31 March 2023. Government had again issued local Councils with a one year financial settlement for 2022/23 with the intention of announcing the reviews later.

The 2015 Spending Review announced several significant changes in future Local Government funding. One of the most significant proposals was the 100% business rate retention by 2020. This had been reduced to a local share of 75%, with no agreement of how the split will be determined between District and County Councils in two tier areas. The timing of the reset of the retained business rates baseline proposed for 2022/23 remains unclear and similar to the Fair Funding Review has been delayed further. When introduced, this could effectively wipe out all or a proportion of the past gains through growth built up since the inception of the scheme. There are no further details currently available, and the situation will continue to be monitored closely. The Council has set up a Funding Resilience Reserve to enable a planned transition when funding sources mentioned above 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 an emergency.

Over the course of 2022/23, the Council has seen a rapid increase in costs, particularly involving its major contractors. This has all stemmed from the continuing war between Russia and Ukraine which has increased energy costs and overall global inflation. At the end of the financial year for 2021/22, Arun District Council added £500k to an Earmarked Reserve to assist in tackling inflation during 2022/23. This fund has been used.

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. 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.

Council Tax Income

Arun's Council Tax income including Parish Councils is summarised in the table below:

Actual 2021/22	Arun including Parish Councils	Actual 2022/23	Budget 2023/24
62,244	Tax base	63,011	64,159
£191.52	Band D Tax	£196.47	£202.34
£11,994,515	Council Tax Income (including parishes)	£12,379,771	£12,982,000

The Council Tax for 2022/23 is based on an Arun Band D of £196.47, which represents an increase of £4.95 or 2.58% (£191.52 for 2021/22). Arun's tax base increased in 2022/23 from 62,244 to 63,011 (767). The increase is mainly due to the completion of new dwellings in the district. The slowdown in increase is due to a backlog of properties being valued by the Valuation Office Agency.

Government policy in relation to the calculation of the Council's spending power is broadly based on a £5 annual increase in Band D Council Tax. The Councils Medium Term Financial Plan assumes a 2% or £5 annual increases in the Council tax over the next 5 years in order to balance its budget.

2022 saw the UK's historically low interest rate environment develop into one of increasing interest rates. This and the proactive investment of cash balances, has generated £1.456m in interest in 2022/23 (£0.460m previous year).

Business Rate Retention Scheme

With no Business Rates retention Scheme Pilot for 2021/22, a bid was made and approved by government for a revised pool arrangement consisting of Arun District Council, Adur & Worthing District Council, Horsham District Council, Mid Sussex District Council and West Sussex County Council with effect from 1 April 2022, making 2022/23 its first financial year.

Financial Management

The 2022/23 budget was considered by the Policy and Finance Committee on 10 February 2022 before being formally approved by Full Council on 23 February 2022. The budget was aligned with the Council's Medium Term Financial Strategy 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, the Net cost of service in the expenditure and funding analysis and the outturn for 2022/23 for the GF and HRA (please see further details on HRA).

Reconciliation of the outturn position to the Financial Statements 2022/23

	GF £'000	Earmarked £'000	HRA £'000	Combined £'000
Cost of Service as per Comprehensive Income & Expenditure Statement	28,634	-	(14,892)	13,742
Adjustments between accounting basis & funding under regulations:				
Adjustment for Capital Purposes	(2,001)	-	10,286	8,285
Net Change for Pensions Adjustments	(2,678)	-	(266)	(2,944)
Other Changes	12	-	2	14
Total Adjustments (See Note 7)	(4,667)	-	10,022	5,355
Net Cost of Services in the Expenditure and Funding Analysis	23,966	-	(4,869)	19,097
Other Income and Expenditure (see Expenditure and Funding Analysis)	(17,226)	-	7,238	(9,988)
Transfer to / (from) Earmarked Reserve (See Note 10 - Net Transfers)	(6,740)	6,740	-	-
(Surplus) / Deficit for the year	-	6,740	2,370	9,110

Please note Arun Council's internal budget monitoring format is significantly different from the above reporting format. The Expenditure and Funding Analysis (EFA) statement and notes provides the link from one to the other.

The original budget for 2022/23 anticipated a break-even (no change) in the level of General Fund Reserve. The Council's governance arrangements required some additional expenditure (that was

not included in the original budget) to be approved by Full Council. During the year four additional supplementary estimates totalling £429k were approved:

Reconciliation of Supplementary Approvals

	Estimates £000	Total £000
Defending planning appeals (FC 130722)	100	
Combined Cleansing Contract (FC 130722)	180	
Continuing weekly refuse collections (FC 130722)	109	
HMO Additional licensing consultation (FC 290922)	40	
Total Supplementary Approvals to end of March 2023	429	429

These changes combined with an underspend for the year resulted in a total approved budget contribution to earmarked reserves of £1.694m, as can be seen in the table below.

It is important to note that the outturn position is comprised of a significant number of smaller over and underspends and some more significant items (over £100k) which are analysed below.

Variation Analysis: Original Budget to Outturn 2022/23

	£'000
Service Underspend Variations against original budget	
Parks & Open Spaces: Section 106 income	(554)
Business Rate Collection: NDR cash reconciliation	(115)
Legal Services: Beach hut leases and additional planning income.	(131)
Estates: Arun Leisure Centre Repairs	(568)
Planning: Local Development Framework	(272)
Total Underspend	(1,640)
Service Overspend Variations against original budget	
Regeneration: Grant funds transferred to 2023/24	569
Public Cleansing: Contractual increase	126
Recreation & Sport: Contractual increase	265
Planning Service: Various adjustments	827
Homelessness: Nightly Paid Accommodation	1,100
Rent Allowances: Universal Credits	154
Rent Allowances: Special Services unfunded	264
Internal Audit: Outsourcing of Service	128
Establishment	1,391
Total Overspend	4,824
All Other Variations	(755)
Total Cost of Service Variance against Original Budget	2,429
Corporate Costs	
Interest on Balances: Increase in Interest Rates	(1,187)
Earmarked Reserve Contributions: Net taken from reserves	(2,764)
Earmarked Reserve Contributions: Put to Funding Resilience	1,694
Capital Expenditure Financed from Revenue:	1,229
Other Corporate Costs	66
Total Corporate Costs	(962)
Finance	
Retained Business Rates: Increase in ADC NDR Contributions	(960)
Other non-ringfenced grants: Largely New Burdens	(507)
Finance Variations	(1,467)
Total Balance	0

Underspend variations against original budget:

Parks & Open Spaces

Section 106 (s106) agreements, also known as planning obligations, are agreements between developers and Arun District Council. These are negotiated as part of a condition of planning consent. The Town and Country Planning Act 1990 enables Arun to negotiate contributions towards a range of infrastructure and services. Once the conditions are met, payment becomes due. However, as meeting the conditions can be unpredictable, the Council does not include them within its budgets, hence the (£554k) underspend.

Business Rate Collection

Over the years, variances have accrued, £116k in 22/23 related to cash transactions between this financial year and the next.

Legal Services

Depending on the type of Beach Hut lease, these are reviewed every 3 or 7 years and can result in additional one-off income. Additional planning income has also led to a further underspend.

Estates

The 2022/23 budget included £344k relating to Arun's proportion of works required at the Arun Leisure Centre as part of the 5-year plan agreed with West Sussex County Council (the dual use agreement). This plan has now been reprofiled and split between revenue and capital in the 2023/24 and will be reflected in the budget for subsequent years. The delay in the programme getting up and running has contributed towards £326k of the overall £568k underspend.

Planning- Local Development Framework

A budget was set to deliver the Local Development Framework, however, part of this budget remained unspent.

Overspend variations against original budget:

Regeneration

This relates to grant funds received during 2022-23 from Central Government and other Local Authorities have been carried forward to 2023-24.

Public Cleansing & Recreation and Sport

As a result of increased inflation, our major contracts had to be reviewed, and costs adjusted in excess of expected budget levels.

Planning- Administration and Delivery

Additional costs were identified as follows; £141k for Interim Head of Development Control, £149k for consultants (for application assessments etc), £100k defending planning appeals, £239k Planning Performance Agreements and £198k for local plan projects (for example viability appraisals and housing delivery model agreements).

It is worth noting that the above variances are against Arun District Council's original budget. During the year, these variances have been funded using reserves, unspent establishment budget and income received from developers.

Homelessness

The costs of nightly paid accommodation and demand levels continued to rise during 2022-23 resulting in a significant overspend in this area.

Rent Allowances

Due to housing benefits transferring to Universal Credits, it is the local authority's responsibility to cover shortfalls using Discretionary Housing Payments (DHP). Furthermore, as specialist accommodation with additional services such as security included become more widely available within the area, the Council is seeing the amount it can reclaim decrease.

Internal Audit

As a result of a review in the level of service provision, it was identified that and to provide additional resources would be required to provide an effective service.

Establishment

Some posts at Arun District Council are financed by other stake holders, for example, West Sussex County Council. The funding is kept separate from the main General Fund in what are known as Earmarked Reserves. Earmarked Reserves is ring-fenced funding for special projects within the community. The overspend of £1,391k (against original budget) is in relation to staff being funded using Earmarked Reserves through virements upon original budget.

Corporate Costs

Interest on Balances

With inflation reaching a 40 year high in the UK, the Bank of England has continued to steadily increase base interest rates over the past 12 months. At the beginning of April 2022, the Bank of England base rate was 0.75%, reaching 4.25% by March 2023. The higher interest rates have generated additional investment interest income for the Council through its Treasury Management strategy.

Earmarked Reserve Contributions

During 2022-23 funding of (£2,764k) was used. However, at year end, a balance of £1,694k was transferred into the Funding Resilience Reserve. As of 31 March 2023, the Funding Resilience Reserve has £10,767k to assist the council with expected financial changes over the medium term.

Capital Expenditure Financed from Revenue

Arun delivered and partially delivered a number of capital schemes funded from revenue contributions, which were carried over from prior years. These include Place St Maur public realm, Sunken Gardens improvements and car park resurfacing. Other capital schemes in 22/23 were funded from other sources such as S106's, grants and capital receipts.

Finance

Retained Business Rates

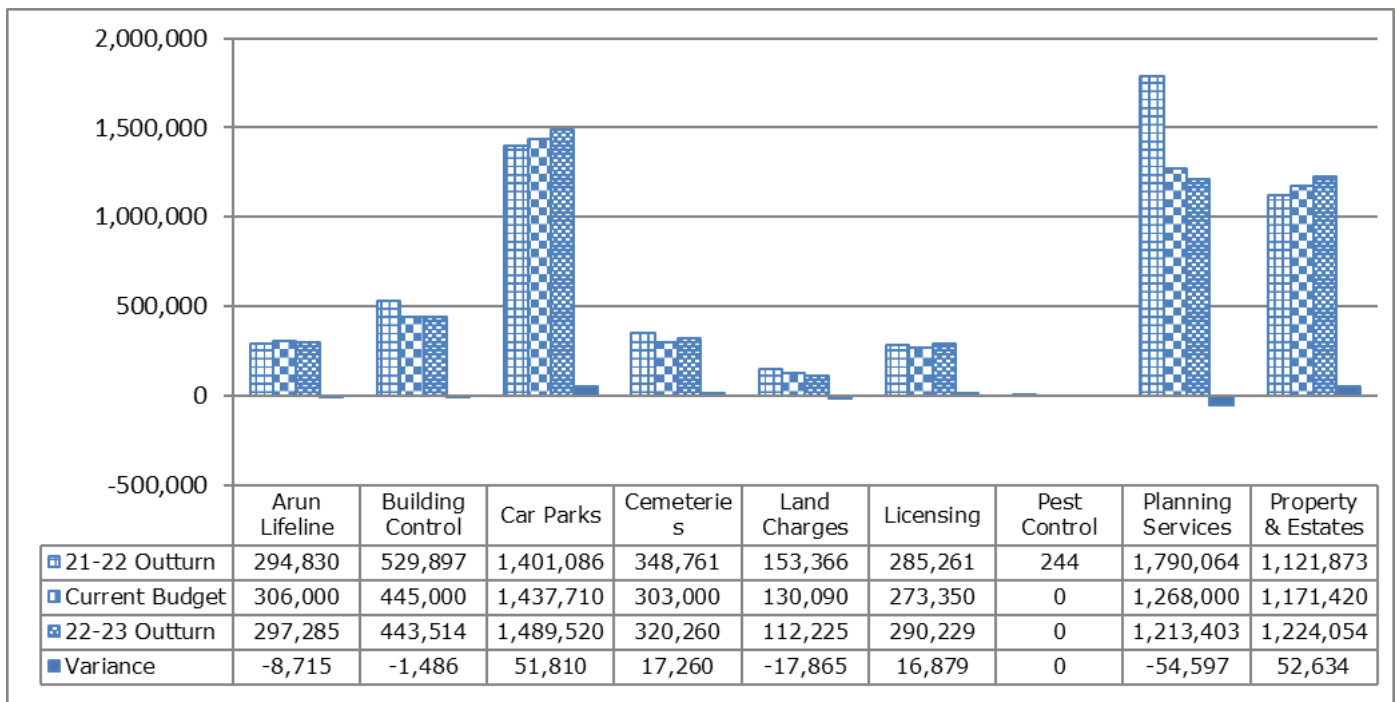
Following on from the Covid-19 pandemic, Arun has managed to maintain its business base which has resulted in additional income above the original budget.

Non-Ringfenced Grants

Arun District Council receives two types of grant payments. Grants that do not have any terms attached to them and those for specific purposes. Non-Ringfenced Grants fall into the first category. These are generally government grants set at the beginning of the year and funding for new burdens following legislation changes. Over the past year (£509k) of additional funding has been given to the council above budget.

Income Variation Outturn 2022/23

The Council's income from fees and charges was largely in line with the original budget set for 2022/23.



Capital Spending and Finance

A budget of £12.3m for capital and special revenue projects was approved by the Council for 2022/23. In addition, £17.8m was carried forward from 2021/22 to complete already approved projects. Actual expenditure for 2022/23 amounted to £13.8m (£11.3m in 2021/22). Details of the capital financing is 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.



New play facilities were delivered in 2022/23 at a total capital cost of £301k - Hotham Park Extension £27k, Longbrook £18k, Hothamton £20k, Trinity Way £19k, Lashmar £50k, Homewood £40k (£31.5k contribution from Findon Parish Council), Bersted Park £16k, Keystone Multi Use Games Area (MUGA) £82k and outdoor gym equipment £29k.

Pictured left Homewood, Findon.

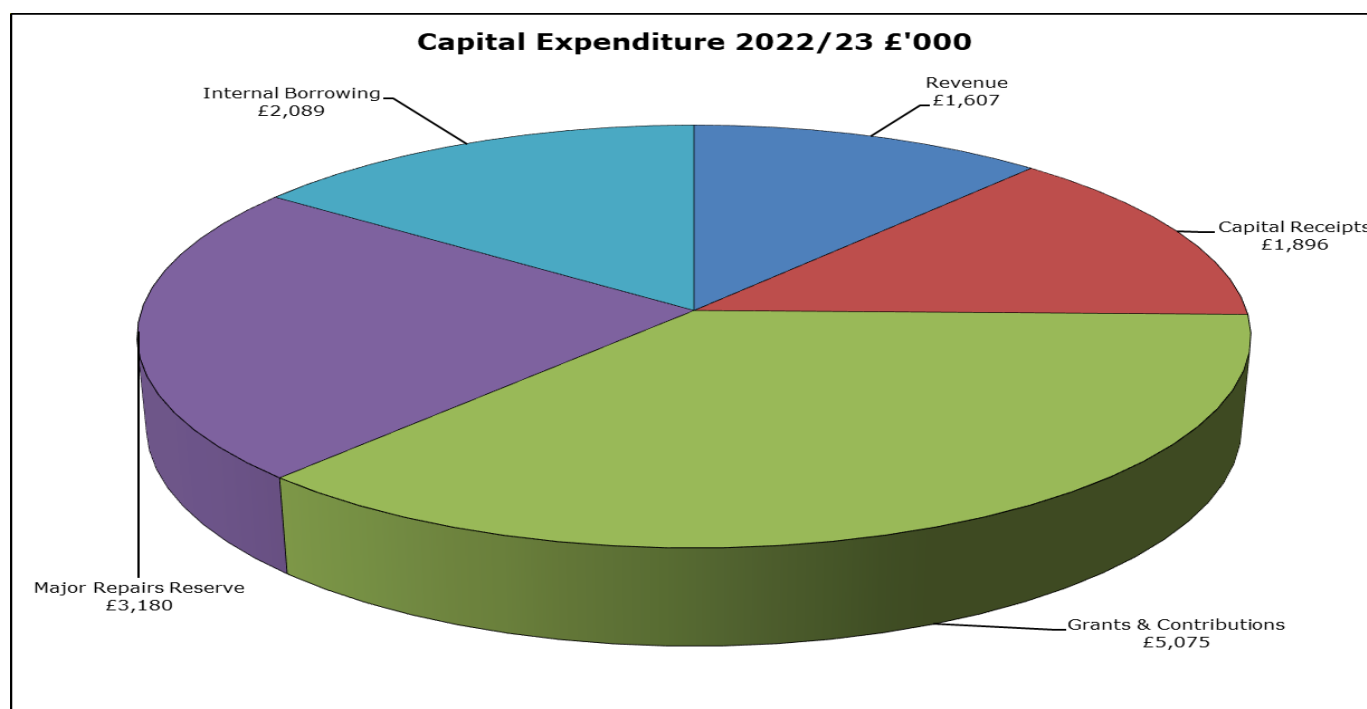
In 2021/22 Arun was awarded £19.4m by the Levelling Up Fund for improvements to Alexandra Theatre Bognor Regis (allocation £12.2m) and Littlehampton Seafront (allocation £7.2m). The projects will be delivered over the next couple of financial years.

The Council’s housing stock development programme continued in 2022/23 delivering 22 new dwellings and one acquisition, these were delivered at a total cost of £4.3m (prior year expenditure included in this figure, in year expenditure amounted to £2.4m). A further £0.51m was also spent on the scheme at Bognor Regis still under development.

Pictured right are properties delivered at Summer Lane, Pagham.



The total financing of Capital Expenditure for 2022/23 is summarised below:



Housing Revenue Account (HRA)

In September 2017 the Council approved the priorities of the new HRA Business Plan. These priorities included:

- The construction or acquisition of 250 new homes over the 10-year life of the plan;
- The development of a new Housing Asset Management Strategy;
- Establishing and implementing a 5 year programme of improvements to sheltered schemes;
- Maximising income and making the best use of available resources.

The latest 30 Year Housing Revenue Account Business Plan update was considered at Housing and Wellbeing Committee on 6 December 2022. 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.

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 2022/23 the HRA, including the Major Repairs Reserve, showed a deficit of £1.372m compared with the budgeted deficit of £1.396m. The HRA reserve balance at 31 March 2023 was £1.521m. This balance is expected to continue to reduce over the first few years of the new Business Plan as a result of the programme of new dwellings and additional expenditure on the housing stock.

The relationship between the HRA and the CIES (page14) and EFA (page13) is analysed on the main statements. The deficit of £1.372m referred to above comprises £2.370m deficit on the HRA and £0.998m surplus on the Major Repairs Reserve.

Pensions Asset

Under the requirements of IAS 19 the Council shows the total future costs of pension liabilities for the Local Government Pension Scheme. It is important to note that as the asset/liability is matched by a reserve, the figures do not have any effect on the level of Council Tax in respect of the General Fund or rent in respect of Housing Revenue Account.

As at 31 March 2023, there was a net asset of £53.717m compared with £7.550m for the previous year. Under accounting requirements the Council can only account for a pension asset value within a pre-determined "asset ceiling". The actuaries calculated that the pension asset of £53.717m is within the asset ceiling and can therefore be fully accounted for (see note 38). The reason for the increase in Pension Assets is due to changes in the remeasurement values, in particular the increase in the rate used for discounting scheme liabilities.

The present funded liabilities comprise of approximately £46.005m, £24.742m and £76.929m in respect of employee members, deferred pensioners and pensioners respectively as of 31 March 2023.

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

Treasury Management

The Council has significant cash surpluses, and these are mainly invested with the highest quality banks and building societies and £5m is invested in a local authority property fund and £2m in a diversified fund with the same organisation. All investments are made in strict compliance with the CIPFA Treasury Management Code of Practice. Total investments amounted to £43.93m (£44.60m including accrued interest). The total interest earned on these investments in 2022/23 was £1.46m, representing an average interest rate of 2.35% (2021/22 0.59%).

Balances and Reserves

The Council's total usable reserves at 31 March 2023 amounted to £39.491m, a decrease of £8.944m compared with the previous year £48.435m. They were comprised of: earmarked reserves £20.793m; Housing Revenue Account balance £1.523m; General Fund Revenue

balance £5.000m; usable capital receipts £1.704m (some of which must be spent within agreed timeframes); Housing Major Repairs Reserve £3.884m; and Capital Grants Unapplied £6.587m.

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. It is here that the large movements relating to property revaluations are disclosed.

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.

Note: the statements are produced using values that have been calculated and rounded to the nearest thousand. This rounding convention can result in some rounding differences in the totals and sub-totals arrived at within the main statements and the notes to the accounts.

Prior Period (2021/22) Re-statement of Balances

The audit of the 2021/22 statement of accounts identified that the accounting treatment for certain capital contributions as receipts in advance was incorrect. The sums should have been accounted for as capital grants unapplied. Note 41 to the accounts sets out the adjustments required to re-state the 2021/22 comparatives.

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 2023. 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 and the accounts amended accordingly for such events and adjustments arising from audit. 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 accounts were approved by the Audit and Governance Committee of Arun District Council on 3 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).

2021/2022 (re-stated)			2022/2023			
Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000	Expenditure and Funding Analysis	Net Expenditure Chargeable to the General Fund & HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
5,132	804	5,936	Corporate Support Committee	5,267	762	6,029
1,518	433	1,951	Economy Committee	2,769	2,005	4,774
7,810	1,209	9,019	Environment Committee	7,246	1,476	8,722
4,795	746	5,541	Housing & Wellbeing Committee	5,502	(134)	5,368
874	(10,720)	(9,846)	Housing Revenue Account	(4,870)	(10,022)	(14,892)
23	262	285	Planning Committee	1,005	260	1,265
1,881	289	2,170	Policy & Finance Committee	2,178	298	2,476
-	5	5	Non distributed costs	-	-	-
22,033	(6,972)	15,061	Net Cost of Services	19,097	(5,355)	13,742
(15,730)	(8,962)	(24,692)	Total: Other income & Expenditure	(9,988)	(15,642)	(25,630)
6,303	(15,934)	(9,631)	(Surplus) or deficit	9,109	(20,997)	(11,888)
(42,728)			Opening Combined General Fund & Housing Revenue Account Balance	(36,425)		
6,303			(Surplus) or Deficit on the General Fund and HRA Balance for the Year (statutory basis)	9,109		
(36,425)			Closing Combined General Fund & Housing Revenue Account Balance	(27,316)		

The 2021-22 comparative for Total: Other Income and Expenditure has been re-stated as a result of the re-classification of certain capital grants received. Note 41 to the accounts provides further detail.

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.

2021/2022 (re-stated)			2022/2023			
Expenditure £'000	Income £'000	Net £'000	Notes	Expenditure £'000	Income £'000	Net £'000
6,251	(315)	5,936	Corporate Support Committee	6,492	(463)	6,029
7,425	(5,474)	1,951	Economy Committee	6,104	(1,330)	4,774
17,679	(8,660)	9,019	Environment Committee	17,880	(9,158)	8,722
43,265	(37,725)	5,540	Housing & Wellbeing Committee	41,460	(36,093)	5,368
7,472	(17,318)	(9,846)	Housing Revenue Account (HRA) #	3,054	(17,945)	(14,892)
2,328	(2,042)	286	Planning Committee	2,678	(1,413)	1,265
2,170	-	2,170	Policy & Finance Committee	2,476	-	2,476
5	-	5	Non distributed costs	-	-	-
86,595	(71,534)	15,061	Cost of Service	80,145	(66,403)	13,742
5,582	(948)	4,634	11 Other operating expenditure	5,260	(653)	4,607
5,611	(4,793)	818	12 Financing and investment income & expenditure	6,542	(6,997)	(455)
-	(30,145)	(30,145)	13 Taxation & non-specific grant Inc.	-	(29,782)	(29,782)
97,788	(107,420)	(9,632)	(Surplus)/Deficit on Provision of Services	91,947	(103,835)	(11,888)
		772	24 (Surplus)/deficit on revaluation of Property, Plant & Equipment			(6,889)
		(944)	24 (Surplus)/deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			1,126
		(6,331)	24 Remeasurement of the net defined benefit liability/(asset)##			(47,773)
		(6,503)	Other Comprehensive Income & Expenditure			(53,537)
		(16,134)	Total Comprehensive Income & Expenditure			(65,425)

The 2021-22 comparative for Taxation and non-specific grant income has been re-stated as a result of the re-classification of certain capital grants received. Note 41 to the accounts gives further details.

HRA expenditure and income includes revaluation gains (credits) or losses (debits). In 2022/23 this amounted to a £10.6m gain and in 2021/22 a £4.7m gain. The Housing Revenue Account Statement and Note 14 Property, plant and equipment provides further analysis.

Remeasurement of the net defined benefit liability/(asset) – a significant gain has accrued in 2022/23 mainly due to the discount rate used to value defined benefit obligations increasing (see note 38 for further details).

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

2022/23

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

2021/22 (re-stated)

Movement in Reserves Statement	General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021 carried forward	(36,238)	(6,490)	(1,933)	(2,346)	(6,803)	(53,810)	(259,970)	(313,779)
Movement in reserves during 2021-22								
(Surplus) or deficit on the provision of services (CIES)	(368)	(9,264)	-	-	-	(9,632)	-	(9,632)
Other Comprehensive Income and Expenditure (CIES)	-	-	-	-	-	-	(6,503)	(6,503)
Total Comprehensive Income & Expenditure	(368)	(9,264)	-	-	-	(9,632)	(6,503)	(16,134)
Adjustments between accounting basis & funding basis under regulations (note9)	4,073	11,862	(102)	(540)	(287)	15,006	(15,006)	-
(Increase) or Decrease in 2021-22	3,705	2,598	(102)	(540)	(287)	5,374	(21,509)	(16,134)
Balance at 31 March 2022 carried forward	(32,533)	(3,892)	(2,035)	(2,886)	(7,090)	(48,435)	(281,478)	(329,913)

The 2021-22 comparatives have been re-stated as a result of the re-classification of certain capital grants received. Note 41 to the accounts gives further details.

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 2022 £'000 (re- stated)	Note	Balance Sheet	31 March 2023 £'000
324,502	14	Property, Plant and Equipment	354,646
934	15	Investment property	1,049
316	16	Intangible Assets	629
7,785	17	Long-Term Investments	7,660
7,550	38	Long-Term Investments - Pension Asset	53,717
288	17	Long-Term Debtors	228
341,375		Long Term Assets	417,929
48,144	17	Short-Term investments	30,674
-	20	Assets Held for Sale	-
12,240	18	Short-Term Debtors	12,250
14,561	17/19	Cash and Cash Equivalents	6,054
74,945		Current Assets	48,978
-	17	Short-Term Borrowing	-
(37,367)	21	Short-Term Creditors	(18,841)
(2,971)	22	Provisions	(2,026)
(162)	32	Grants Receipts in Advance - Capital	(1,038)
(40,500)		Current Liabilities	(21,905)
(9,412)	17/21A	Long-Term Creditors	(10,488)
(35,460)	17	Long-Term Borrowing	(35,460)
-	38	Pensions Liabilities	-
(1,035)	35	Other Long-Term Liabilities	(3,715)
(45,907)		Long Term Liabilities	(49,663)
329,913		Net Assets	395,339
(48,435)	23/MiRS	Usable Reserves	(39,491)
(281,478)	24	Unusable Reserves	(355,848)
(329,913)		Total Reserves	(395,339)

Balance Sheet (continued)

The 31 March 2022 comparatives for capital grants received in advance (current and non-current) and usable reserves have been re-stated as a result of the re-classification of certain capital contributions. Note 41 to the accounts provides further details.

Antony Baden CPFA 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.

2021/2022 £'000 (re- stated)	<i>Note</i>	Cash Flow	2022/2023 £'000
(9,632)	<i>CIES</i>	Net (surplus) or deficit on the provision of services	(11,888)
(4,309)	25	Adjustments to surplus or deficit on the provision of services for non-cash movements	27,476
3,443	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(14,094)
(10,498)		Net Cash flows from operating activities	1,494
15,874	26	Net cash flows from investing activities	7,874
(1,171)	27	Net cash flows from financing activities	(861)
4,205		Net (increase) or decrease in cash and cash equivalents	8,507
18,766		Cash and cash equivalents at the beginning of the reporting period	14,561
14,561		Cash and cash equivalents at the end of the reporting period	6,054

The 31 March 2022 comparatives have been re-stated as a result of the re-classification of certain capital contributions. Note 41 to the accounts provides further details of what adjustments have been made to the Cash Flow Statement.

Note 1 - Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, supported by International Financial Reporting Standards (IFRS).

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

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.

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 or loss (PFPL).

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 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year), the Council has decided to voluntarily adopt in the 2023/24 financial statements.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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.
- Transactions related to leases form a fairly insignificant part of the Council's total income and expenditure. However, there is a requirement to assess whether leases are finance or operating leases. In making this assessment, officers have had regard to CIPFA guidance and the advice received from consultants. The conclusion and classifications of these deliberations are outlined on Note 35.
- In the course of providing its services, the Council has dealings with many entities. However, after due consideration by officers, it has been determined that none of these entities are controlled by the Council and that publication of group accounts is therefore unnecessary. Particular attention has been paid to the Littlehampton Harbour Board and Age Concern West Sussex. The Council has considered the setting up of a wholly owned Local Property Company and has registered the name of the Company - "Trisanto Development Corporation" - at Companies House. However, the company has remained dormant and there are no implications for the 2022/23 accounts. The Economy Committee approved the closure of the Company on 29 March 2022 and formal closure (dissolved) was actioned on 21 March 2023.
- 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	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 £370k for every year that useful lives had to be reduced.
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 of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the Real Discount Rate assumption would result in an increase in the pension obligation of £2.343 million. A 0.1% increase in the Pension Increase Rate (CPI) would increase the pension obligation by £2.132m.
Bad Debt Impairment	The Council has made allowances for bad debt impairment of £1.642 million in 2022/23 (£1.889 million in 2021/22) 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 £82k (£94k in 2021/22).

Provisions	A provision of £2.026 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 2022/23 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 £203k.
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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 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. 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.	Significant changes in any of the relevant factors or assumptions would result in a significantly lower or higher fair value measurement for the asset.
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Note 5 - Material Items of Income and Expense

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

Note 6 - Events After the Balance Sheet Date

The 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 2023, 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

	2022/23			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'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	(10,286)	266	(2)	(10,022)
Planning Committee	-	262	(2)	260
Policy & Finance Committee	-	305	(6)	298
Non distributed costs	-	-	-	-
Net Cost of Services	(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)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(19,079)	1,606	(3,524)	(20,997)

	2021/22 (re-stated)			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Corporate Support Committee	28	836	(60)	804
Economy Committee	292	151	(11)	433
Environment Committee	571	684	(46)	1,209
Housing & Wellbeing Committee	173	608	(35)	746
Housing Revenue Account	(10,969)	264	(15)	(10,720)
Planning Committee	-	285	(23)	262
Policy & Finance Committee	-	335	(46)	289
Non distributed costs	-	5	-	5
Net Cost of Services	(9,906)	3,170	(236)	(6,973)
Other income and expenditure from the Expenditure and Funding Analysis	(2,732)	(1,319)	(4,911)	(8,962)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(12,637)	1,851	(5,148)	(15,935)

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.

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.

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

	2021/22 £'000 (re- stated)	2022/23 £'000
Expenditure:		
Salaries	11,226	11,777
Employee benefits expenses	5,438	5,348
Other services expenses	73,288	73,098
Support service recharges	-	-
Depreciation, amortisation, impairment etc	(3,354)	(10,137)
Interest payments	5,609	6,539
Precepts and levies	5,133	5,260
Payments to Housing Capital Receipts Pool	449	-
Loss on the disposal of assets	-	-
Total expenditure	97,788	91,885
Income:		
Fees, charges and other service income	28,873	29,905
Interest and investment income	4,718	6,808
Income from council tax, non-domestic rates	17,278	19,736
Government grants and contributions	55,998	46,881
Gain on the disposal of assets	552	443
Total income	107,419	103,773
(Surplus) or Deficit on the Provision of Services	(9,632)	(11,888)

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.

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
Adjustments to the Revenue Resources						
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:						
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)
Total Adjustments to Revenue Resources	2,279	9,473	-	-	(815)	(10,936)
Adjustments between Revenue and Capital Resources						
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)
Total Adjustments between Revenue and Capital Resources	2,146	7,099	(1,565)	(4,178)	-	(3,501)
Adjustments to Capital Resources						
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)
Total Adjustments to Capital Resources	-	-	1,896	3,180	1,318	(6,395)
Other adjustments						-
Total Adjustments	4,425	16,571	331	(998)	503	(20,832)

2021/22 (re-stated)	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
Adjustments to the Revenue Resources						
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:						
Pension cost (transferred to (or from) the Pensions Reserve)	(1,764)	(86)	-	-	-	1,851
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)	4,911	-	-	-	-	(4,911)
Holiday pay (transferred to the Accumulated Absences reserve)	221	15	-	-	-	(236)
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)	(232)	3,460	-	-	(1,495)	(1,733)
Total Adjustments to Revenue Resources	3,136	3,389	-	-	(1,495)	(5,030)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	108	1,839	(1,948)	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(449)	-	449	-	-	-
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve	-	6,552	-	(6,552)	-	-
Borrowing or liabilities met from the Major Repairs Reserve	-	-	-	3,544	-	(3,544)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	219	82	-	-	-	(301)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,059	-	-	-	-	(1,059)
Total Adjustments between Revenue and Capital Resources	937	8,473	(1,499)	(3,008)	-	(4,904)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,396	-	-	(1,396)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	2,467	-	(2,467)
Application of capital grants to finance capital expenditure	-	-	-	-	1,208	(1,208)
Total Adjustments to Capital Resources	-	-	1,396	2,467	1,208	(5,072)
Other adjustments	-	-	-	-	-	-
Total Adjustments	4,073	11,862	(102)	(540)	(287)	(15,005)

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 2022/23.

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 1 April 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022	Transfer s out 2022/23	Transfer s in 2022/23	Bal at 31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Support Committee	(17,829)	18,612	(18,184)	(17,401)	6,407	(3,478)	(14,472)
Delayed Capital & Special Projects	(4,923)	4,923	(3,474)	(3,474)	3,474	(1,759)	(1,759)
Economy Committee	(1,248)	626	(1,119)	(1,740)	1,346	(250)	(644)
Environment Committee	(2,548)	790	(576)	(2,334)	735	(231)	(1,830)
Housing and Wellbeing Committee	(2,145)	949	(641)	(1,837)	439	(475)	(1,873)
Planning Policy Committee	(469)	291	(568)	(746)	533	-	(213)
Total	(29,162)	26,191	(24,562)	(27,532)	12,933	(6,194)	(20,791)

Note 11 - Other Operating Expenditure

2021/22 £'000		2022/23 £'000
4,877	Precepts	5,024
256	Levies	236
449	Payments to the Government Housing Capital Receipts Pool	-
(948)	Gains/losses on the Disposal of Non-Current Assets	(653)
4,634	Total Other Operating Expenditure	4,607

Note 12 - Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
1,469	Interest payable and similar charges	1,298
(43)	Net interest on the net defined benefit liability (asset)	(182)
(464)	Interest receivable and similar income	(1,456)
(177)	Income and expenditure in relation to investment properties and changes in their fair value	(187)
34	Changes in impairment loss allowance of financial instruments	72
818	Total	(455)

Note 13 - Taxation and Non-Specific Grant Income

2021/22 £'000 (re-stated)		2022/23 £'000
(16,823)	Council tax income	(17,353)
(455)	National non-domestic rates (nndr) income and expenditure	(2,383)
(11,372)	Non-ringfenced government grants	(7,373)
(1,495)	Capital grants and contributions	(2,673)
(30,145)	Total	(29,782)

Note 14 - Property, Plant and Equipment

Movements to 31 March 2023	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
Cost or Valuation								
at 1 April 2022	239,539	67,502	8,270	15,399	2,822	128	4,823	338,483
Additions	4,227	943	4,876	518	0	0	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)
at 31 March 2023	256,854	75,769	12,252	15,917	2,822	128	5,042	368,785
Accumulated Depreciation & Impairment								
at 1 April 2022	-	(149)	(3,095)	(10,735)	-	-	-	(13,981)
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
at 31 March 2023	-	(83)	(3,064)	(10,992)	-	-	-	(14,139)
Net Book Value;								
at 31 March 2023	256,854	75,686	9,188	4,925	2,822	128	5,042	354,646
at 31 March 2022	239,539	67,353	5,175	4,663	2,822	128	4,823	324,502

Movements to 31 March 2022	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
Cost or Valuation								
at 1 April 2021	231,758	68,562	7,897	14,260	2,822	104	2,407	327,810
Additions	4,043	173	565	1,139	-	-	2,415	8,335
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(1,471)	-	-	-	24	-	(1,447)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	4,723	238	-	-	-	-	-	4,961
Reclassifications and transfer	-	-	-	-	-	-	-	-
Derecognition/Disposal	(116)	-	(192)	-	-	-	-	(307)
Assets reclassified (to)/from Held for Sale	(868)	-	-	-	-	-	-	(868)
at 31 March 2022	239,539	67,502	8,270	15,399	2,822	128	4,823	338,483
Accumulated Depreciation & Impairment								
at 1 April 2021	-	(149)	(2,615)	(10,479)	-	-	-	(13,244)
Depreciation charge	(6,246)	(939)	(656)	(256)	-	-	-	(8,098)
Depreciation written out to the Revaluation Reserve	-	675	-	-	-	-	-	675
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	176	-	-	-	-	176
Derecognition/Disposal	6,246	264	-	-	-	-	-	6,510
at 31 March 2022	-	(149)	(3,095)	(10,735)	-	-	-	(13,981)
Net Book Value;								
at 31 March 2022	239,539	67,353	5,175	4,663	2,822	128	4,823	324,502
at 31 March 2021	231,758	68,412	5,282	3,780	2,822	104	2,407	314,567

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 2023, the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23, budgeted to cost £1.8m. Similar commitments at 31 March 2022 were £5.6m and £3.7m at 31 March 2021.

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	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Carried at historical cost	-	-	9,188	4,925	2,822	-	5,042	21,978
Valued at current value as at:								
31/03/2023	256,854	70,480	-	-	-	128	-	327,462
31/03/2022	-	1,848	-	-	-	-	-	1,848
31/03/2021	-	1,023	-	-	-	-	-	1,023
31/03/2020	-	2,335	-	-	-	-	-	2,335
Total Cost or Valuation	256,854	75,686	9,188	4,925	2,822	128	5,042	354,646

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.

2021/22 £'000	Investment Property Income & Expenditure	2022/23 £'000
(71)	Rental income from investment property	(71)
3	Direct operating expenses from investment property	2
(3)	Other income and expenditure	(4)
(71)	Net (gain)/loss	(72)

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:

2021/22 Non-current £'000	Investment Property Movements in Year	2022/23 Non-current £'000
829	Opening Balance	935
106	Net gains/losses from fair value adjustments	114
-	- Transfers to/from Property Plant and Equipment	-
935	Balance at the end of the year	1,049

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 2023 and 2022 is as follows:

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	1,049
Total	-	-	1,049	1,049

2021/22 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	-	-	935	935
Total	-	-	935	935

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:

2021/22 Intangible Assets £'000	2022/23 £'000
<u>Balance at start of year:</u>	
462 Gross carrying amounts	679
(380) Accumulated amortisation	(363)
82 Net carrying amount at start of year	316
<u>Additions:</u>	
252 Purchases	332
(19) Amortisation for the period	(10)
316 Net carrying amount at end of year	321
<u>Derecognition/Sale:</u>	
(36) Gross carrying amounts	(39)
36 Accumulated amortisation	31
316 Total	629
<u>Comprising:</u>	
679 Gross carrying amounts	972
(363) Accumulated amortisation	(342)
316 Total	629

Note 17 - Financial Instruments

Financial Assets	Non-current				Current				TOTAL	
	Inv		Debtors		Inv&cash		Debtors		31-Mar 2022 £'000	31-Mar 2023 £'000
	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000		
Pre IFRS9 Categories										
Fair value through Profit or loss	7,785	6,660							7,785	6,660
Amortised cost		1,000			62,561	36,054			62,561	37,054
Total financial assets	7,785	7,660	-	-	62,561	36,054	-	-	70,346	43,714
Non-financial assets									-	-
Accrued interest					144	674			144	674
Debtors			288	228			7,386	7,235	7,673	7,463
Total	7,785	7,660	288	228	62,706	36,728	7,386	7,235	78,164	51,851

Financial Liabilities	Non-current				Current				TOTAL	
	Inv		Debtors		Inv&cash		Debtors		31-Mar 2022 £'000	31-Mar 2023 £'000
	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000	31-Mar 2022 £'000	31-Mar 2023 £'000		
Amortised cost										
PWLB borrowings	(35,460)	(35,460)							(35,460)	(35,460)
Total financial liabilities	(35,460)	(35,460)	-	-	-	-	-	-	(35,460)	(35,460)
Non-financial liability (creditors)			(9,412)	(10,488)			(31,720)	(11,470)	(41,132)	(21,958)
Total	(35,460)	(35,460)	(9,412)	(10,488)	-	-	(31,720)	(11,740)	(76,592)	(57,418)

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 2022		31 March 2023		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 2022 £'000	31-Mar 2023 £'000
Net gains/losses on:						
Financial assets measured at fair value through Profit or loss		785		(340)	785	(340)
Total net gains/losses	-	785	-	(340)	785	(340)
Interest revenue	464		1,456		464	1,456
Interest expense	(1,469)		(1,298)		(1,469)	(1,298)
Total	(1,005)	785	158	(340)	(219)	(182)

Breakdown of financial assets and liabilities:

	Non-Current		Current	
	31 Mar 2022	31 Mar 2023	31 Mar 2022	31 Mar 2023
	£'000	£'000	£'000	£'000
Financial assets				
Investments:	-	-	-	-
Amortised Cost				
Barclays	-	-	-	-
Close Brothers Limited	-	-	8,000	1,000
Dev. Bank of Singapore	-	-	9,000	3,000
First Abu Dhabi Bank	-	-	-	1,000
Goldman Sachs International	-	1,000	11,000	1,000
Lloyds Banking Group	-	-	-	-
NatWest Bank	-	-	2,000	5,000
Qatar National Bank	-	-	3,000	4,000
Santander UK Plc	-	-	-	5,000
Slough BC	-	-	-	-
Standard Chartered Bank	-	-	11,000	8,000
Yorkshire Building Society	-	-	4,000	2,000
Cash & cash equivalents	-	-	14,561	6,054
Fair Value through Profit and Loss				
CCLA property Fund	5,708	4,767	-	-
CCLA diversified Fund	2,077	1,893	-	-
Accrued interest	-	-	144	674
Total investments (including cash)	7,785	7,660	62,705	36,728
Debtors	288	228	7,386	7,235
Financial liabilities at amortised cost				
Borrowings (all PWLB)	35,460	35,460	-	-
Creditors	9,412	10,488	31,720	11,470

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 2022 Fair value £'000	31-Mar 2023 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	7,842	6,723
Total			7,842	6,723

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 2022		31 March 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities (PWLB loans)	35,460	47,293	35,460	34,724
Long term creditors	-	-	-	-
Other liabilities	1,321	1,321	5,365	5,365
Financial assets at amortised cost	62,038	61,978	37,541	37,538
Investment at fair value through profit & loss (FVPL)	7,842	7,842	6,723	6,723
Long term debtors	288	288	228	228

The fair values calculated are as follows:

- The fair value of the PWLB loans £35million is calculated using the premature repayment method as at 31 March 2023 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 authority 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-"; (with the exception of part nationalised institutions BBB-); 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 £44 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 2023 that this was likely to materialise. The following analysis summarises the risk categories of the Council's financial assets at 31 March 2023;

	Amount at 31 March 2022 £'000	Amount at 31 March 2023 £'000
Deposits with financial institutions:		
AAA rated counterparties	13,950	2,190
AA rated counterparties	9,000	4,000
A rated counterparties	35,000	28,740
Local Authorities	-	-
Part Nationalised Banks	-	-
Building Societies with assets greater than £10 Billion	4,000	2,000
Unrated pooled Funds	7,000	7,000
Total	68,950	43,930

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 £456k of the £7.5 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 2022 £'000	31 March 2023 £'000
Less than three months	186	49
Three to nine months	126	76
Nine months to one year	11	33
More than one year	230	298
Total	553	456

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 2022	31 March 2023
	£'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
Total	35,460	35,460

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 2023, 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 £152k.

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

2021/22 £'000		2022/23 £'000
3,318	Trade Receivables	3,599
821	Prepayments	1,035
8,102	Other Receivable Amounts	7,615
12,240	Total	12,250

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

Note 19 - Cash and Cash Equivalents

2021/22 £'000		2022/23 £'000
611	Cash and Bank balances	124
13,950	Short Term Deposits / Cash Equivalents	5,930
14,561	Total Cash and Cash Equivalents	6,054

Note 20 - Assets Held for Sale

2021/22 £'000		2022/23 £'000
-	Balance outstanding at start of year	-
	Assets newly classified as held for sale:	
868	- Property Plant and Equipment	717
(868)	- Assets sold	(717)
	Balance Outstanding year end	-

Note 21 - Creditors

2021/22 £'000		2022/23 £'000
(8,620)	Trade payables	(8,610)
(28,747)	Other payables	(10,231)
(37,367)	Total Creditors	(18,841)

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

Note 21A - Long Term Creditors

2021/22 £'000		2022/23 £'000
(9,412)	s.106 1990 Town & Country Planning Act	(10,488)
(9,412)	Total Long Term Creditors	(10,488)

The authority 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.

Note 22 – Provisions

2021/22 £'000		2022/23 £'000
(3,000)	Opening Balance	(2,971)
(1,183)	Increase in provision during year	(296)
1,212	Utilised during year	1,241
(2,971)	Closing Balance	(2,026)

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 £2.026m represents the Council's share of the estimated amounts which will be funded in respect of all business rate liability for 2022/23 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

2021/22 £'000		2022/23 £'000
(25,538)	Revaluation Reserve	(31,834)
(785)	Pooled Investment Funds Adjustment Account	340
(252,124)	Capital Adjustment Account	(271,632)
(7,550)	Pension Reserve	(53,717)
4,372	Collection Fund Adjustment Account	862
147	Accumulated Absences Account	133
(281,478)	Total	(355,848)

Revaluation Reserve

2021/22 £'000		2022/23 £'000
(26,742)	Balance 1 April	(25,538)
(2,190)	Upward revaluation of assets	(7,104)
2,962	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	215

772	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(6,889)
431	Difference between fair value depreciation and historical cost depreciation	504
-	Accumulated gains on assets sold or scrapped	-
-	Other amounts written off to the Capital Adjustment Account	89
431	Amount written off to the Capital Adjustment Account	593
(25,538)	Balance 31 March	(31,834)

Pooled Investment Funds Adjustment Account

2021/22 £'000		2022/23 £'000
159	Balance 1 April	(785)
(944)	Fair value movements to/from GF in accordance with the statutory requirements	1,126
(785)	Balance 31 March	340

Capital Adjustment Account

2021/22 £'000		2022/23 £'000
(239,985)	Balance 1 April	(252,125)
8,098	Charges for depreciation and impairment of non-current assets	7,240
(11,471)	Revaluation losses on non-current assets	(17,388)
19	Amortisation of intangible assets	10
2,742	Revenue expenditure funded from capital under statute	4,078
1,000	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	912
388	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	(5,148)
(431)	Adjusting Amounts written out of the Revaluation Reserve	(593)
(43)	Net written out amount of the cost of non-current assets consumed in the year	(5,741)
(1,396)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,896)
(2,467)	Use of Major Repairs Reserve to finance new capital expenditure	(3,180)
(3,223)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,075)
(301)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(529)
(1,059)	Capital expenditure charged against the General Fund and HRA balances	(1,607)
(8,446)	Capital financing applied in year:	(12,287)
(3,544)	Borrowing or liabilities met from the Major Repairs Reserve	(1,365)
(106)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(114)
-	Other movements	-
(252,125)	Balance 31 March	(271,632)

Pensions Reserve

2021/22 £'000		2022/23 £'000
(3,070)	Balance 1 April	(7,550)
(6,331)	Remeasurements of the net defined benefit (liability)/asset	(47,773)
5,440	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	5,180

(3,589) Employer's pensions contributions and direct payments to pensioners payable in the year	(3,574)
(7,550) Balance 31 March	(53,717)

Collection Fund Adjustment Account

2021/22 £'000	2022/23 £'000
9,283 Balance 1 April	4,372
(4,911) 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	(3,510)
- Other movements	-
4,372 Balance 31 March	862

Accumulated Absences Account

2021/22 £'000	2022/23 £'000
384 Balance 1 April	147
(384) Settlement or cancellation of accrual made at the end of the preceding year	(147)
147 Amounts accrued at the end of the current year	133
(237) 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	(14)
147 Balance 31 March	133

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items;

2021/22 £'000	2022/23 £'000
(488) Interest received	(926)
1,469 Interest paid	1,281
981 Total	355

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

2021/22 £'000	2022/23 £'000
(8,098) Depreciation of tangible assets	(7,240)
11,471 Impairment and downward valuations	17,388
(19) Amortisation of intangible assets	(10)
(4,074) (Increase)/decrease in creditors	19,239
(873) Increase/(decrease) in debtors	1,085
(1,851) Movement in pension liability	(1,606)
(1,000) Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(912)
135 Other non-cash items charged to the net surplus or deficit on the provision of services	(467)
(4,309) Total	27,476

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

2021/22 £'000 (re-stated)	2022/23 £'000
- Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(18,000)
1,948 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,565
1,495 Any other items for which the cash effects are investing or financing cash flows	2,341
3,443 Total	(14,094)

Note 26 - Cash Flow from Investing Activities

2021/22 £'000	2022/23 £'000
8,195 Purchase of property, plant and equipment, investment property and intangible assets	9,351
11,000 Purchase of short-term and long-term investments	1,000
(1,948) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,565)
- Proceeds from short-term and long-term investments	-
(1,373) Other receipts from investing activities	(912)
15,874 Net cash flows from investing activities	7,874

Note 27 - Cash Flow from Financing Activities

2021/22 £'000	2022/23 £'000
301 Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	529
8,860 Repayments of short- and long-term borrowing	-
(10,332) Other payments for financing activities	(1,390)
(1,171) Net cash flows from financing activities	(861)

Note 28 - Agency Services

The Council provided the following agency services in 2022/23;

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

Note 29 - Members' Allowances

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

2021/22 £'000	2022/23 £'000
411 Salaries	429
1 Allowances	2
- Expenses	-
412 Total Members Allowances	431

Note 30 - Officers' Remuneration

2022/23			Salary, Fees and Allowances £'000	Expenses Allowances £'000	Compensation for Loss of Office £'000	Pension Contribution £'000	Total £'000
Chief Executive	Full yrs pay	2022/23	127	-	-	27	154
	7 Mnths pay	2021/22	73	-	-	15	88
Director of Env. & Comm	Full yrs pay	2022/23	102	-	-	22	124
Director of Place	Full yrs pay	2021/22	103	-	-	22	125
Director of Growth	Full yrs pay	2022/23	102	-	-	22	124
Director of Services	Full yrs pay	2021/22	103	-	-	22	125
Group Head- Org. Excel.	Full yrs pay	2022/23	78	-	-	17	95
Group Head – Policy	Full yrs pay	2021/22	76	-	-	16	92
Group Head- Law & Gov and Mon. Officer	9 mnths pay	2022/23	59	-	-	13	72
Group Head – Cou. Advice & Mon. Officer	6 mnths pay	2021/22	41	-	-	8	49
Group Head- Finance and S151 Officer	1 mnths pay	2022/23	9	-	-	2	11
Interim GH- Finance and S151 Officer	11 mnths pay	2022/23	73	-	-	16	89
Interim GH - Corporate Support & S151 Officer	10 mnths pay	2021/22	60	-	-	13	73
Group Head - Corporate Support & S151 Officer	3 mnths pay	2021/22	17	-	-	4	21
Group Head – Planning	Full yrs pay	2022/23	78	-	-	17	95
	Full yrs pay	2021/22	76	-	-	16	92
Group Head - Technical Services	Full yrs pay	2022/23	76	-	-	17	93
	Full yrs pay	2021/22	76	-	-	16	92
Group Head- Bus. & Eco.	Full yrs pay	2022/23	63	-	-	14	77
Group Head – Economy	Full yrs pay	2021/22	69	-	-	15	84
Group Head- Wellbeing & Communities	9 mnths pay	2022/23	59	-	-	13	72
Group Head - Community Wellbeing	Full yrs pay	2021/22	76	-	-	16	92
Interim GH- Housing	Full yrs pay	2022/23	211	-	-	-	211
Group Head- Housing	1 mnths pay	2022/23	8	-	-	1	9
Group Head - Residential Services	Full yrs pay	2021/22	81	-	-	17	98
Group Head- Env. & Climate change	Full yrs pay	2022/23	78	-	-	17	95
Group Head - Neighbourhood Services	Full yrs pay	2021/22	78	-	-	17	95
Totals		2022/23	1,123	-	-	198	1,321
		2021/22	929	-	-	197	1,126

A realignment of the Group Heads took effect from Monday 4 July 2022 during 2022/23. No Senior Officers were in receipt of bonus payments or benefits in kind for 2022/23.

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:

	2021/22	2022/23	
50,001 to £55,000	13	8	*
£55,001 to £60,000	5	4	**
£60,001 to £65,000	4	2	
£65,001 to £70,000	-	3	***
£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+	-	-	
Total	22	17	

* Three people (2021/22) and one person (2022/23) included by virtue of annualised salary

** One person (2021/22) and zero people (2022/23) included by virtue of annualised salary

*** Zero people (2021/22) and 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 comp redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23
£0-£20,000	-	-	-	-	-	-	-	-
£20,001-£40,000	1	-	-	-	1	-	37	-
£40,000-£60,000	-	-	-	-	-	-	-	-
£60,001-£80,000	-	-	-	-	-	-	-	-
£80,001-£100,000	-	-	-	-	-	-	-	-
£100,001-£150,000	-	-	-	-	-	-	-	-
£150,001-£200,000	-	-	-	-	-	-	-	-
Total	1	-	-	-	1	-	37	-

Any costs in the table above includes exit packages would be charged to the Council's Comprehensive Income & Expenditure Statement in the relevant financial year excluding accruals made for redundancies & disclosed. During 2022/23 there were none.

Note 31 - External Audit Costs

The Council has/will incurred the following costs in relation to the audit of the Statement of Accounts:

2021/22 Restated £'000		2022/23 £'000
102	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	61
28	Fees payable to external auditors for the certification of grant claims and returns for the year	22
130	Total	84

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

2021/22 £'000 (re-stated)		2022/23 £'000
(401)	Benefits Administration Grant	(390)
(156)	Localised Council Tax Support Administration	(156)
(180)	Business Rate Collection Allowance	(176)
(1,040)	New Homes Bonus Grant	(1,292)
(6,131)	S.31 grants paid to compensate loss of nndr income	(4,434)
(29)	Individual Electoral Register (IER)	(27)
(306)	Other Non-Ringfenced Grants	(415)
(1,059)	COMF	-
(677)	Lower Tier Services Grant	(168)
	- Covid-19 Hardship Relief	-
	- Covid-19 Rough Sleeping	-
(405)	Covid-19 New Burdens Support Grant	(62)
(831)	Covid-19 Support Grant	-
	- Covid-19 Self Isolation Payments	-
(159)	Sales, Fees & Charges Support Grant	-
	- DLUHC Service Grant	(253)
	- Revenue Support Grant (RSG)	(1)
(1,495)	Capital Grants and Contributions	(2,673)
(12,867)	Total	(10,046)

Credited to Services

2021/22 £'000	2022/23 £'000
(395) Community wellbeing	(355)
(60) Coast Protection	(65)
(79) Housing	-
(129) Crime Reduction	(309)
(639) Leisure	(1,071)
(1,618) Disabled Facilities Grants	(1,356)
(4,368) Economic Regeneration	(2,658)
(15) Fuel poverty	(8)
(32,516) Housing Benefit Subsidy	(30,612)
(40) Neighbourhood Plan	(20)
(1,974) Homelessness	(1,804)
(282) Elections	3
(796) Other	(747)
(42,911) Total	(39,000)

Grant Receipts in Advance (Capital Grants)- Current Liabilities

2021/22 £'000 (re-stated)	2022/23 £'000
(42) Parish Councils	-
(120) Levelling Up Grant	(885)
- Changing Places	(147)
- Shared Prosperity Fund Capital	(6)
(162) Total	(1,038)

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 set out in Note 13. Grant receipts outstanding on 31 March 2023 are shown 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 2022/23 is shown in Note 29.

Three members declared transactions for 2022/23 that fall within the related party definition;

- CPI Moling Ltd provides occasional engineering works for ADC (2022/23 ADC spend £5k)

- Leases buildings from ADC (2022/23 ADC receipts £13k)
- Coast to Capital directorship (2022/23 ADC spend £24k).

Contracts were entered into in full compliance with the Council's standing orders.

Officers

No transactions in 2022/23 with senior officers, fall within the related party definition.

Other Public Bodies

Precepts and levies totalling £5.260 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, see Note 3 for further details.

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

2021/22 £'000		2022/23 £'000
48,750	Opening Capital Financing Requirement	48,089
	Capital Investment:	
8,335	Property Plant and Equipment	14,012
252	Intangible Assets	332
2,742	Rev. Exp. Funded from Capital Under Statute	4,078
11,329	Total Capital Spending	18,422
	Sources of Finance:	
(1,396)	Capital receipts	(1,896)
(3,223)	Government Grants and other contributions	(5,075)
(2,467)	Major repairs reserve	(3,180)
	Sums set aside from revenue:	
(1,059)	Direct revenue contributions	(1,607)
(3,544)	Borrowing or liabilities met from the Major Repairs Reserve	(1,365)
(301)	Minimum revenue provision	(529)
(11,990)	Total Sources of Finance	(13,652)
48,089	Closing Capital Financing Requirement	52,859

Explanation of movements in year;

2021/22 £'000		2022/23 £'000
3,184	Increase in underlying need to borrow (unsupported by government financial assistance)	2,090
-	- Assets acquired under finance leases	4,574
(3,845)	Other movements	(1,894)
(661)	Increase/(decrease) in Capital Financing Requirement	4,770

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:

2021/22 £'000		2022/23 £'000
1,264	Vehicles, Plant & Equipment	5,424
1,264	Total	5,424

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:

2021/22 £'000		2022/23 £'000
	Finance lease liabilities (net present value of min. lease payments):	
285	current	1,650
1,035	non-current	3,715
177	Finance costs payable in future years	477
1,497	Minimum lease payments	5,842

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2021/22	2022/23	2021/22	2022/23
	£'000	£'000	£'000	£'000
Not later than 1 year	328	1,860	(285)	(1,650)
Later than 1 but no later than 5 years	819	3,749	(711)	(3,495)
Later than 5 years	350	233	(324)	(220)
Total	1,497	5,842	(1,320)	(5,365)

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:

2021/22 £'000		2022/23 £'000
16	Not later than 1 year	19
9	Later than 1 but no later than 5 years	53
30	Later than 5 years	28
55	Total	100

The expenditure charged to the Comprehensive Income and Expenditure Statement in relation to these leases in 2022/23 was £67k (2022/23 £85k) 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:

2021/22 £'000		2022/23 £'000
872	Not later than 1 year	1,136
2,854	Later than 1 but no later than 5 years	3,591
9,504	Later than 5 years	12,842
13,230	Total	17,569

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 2022/23.

Note 37 - Termination Benefits

The Council terminated the contract of 0 (zero) employees in 2022/23, incurring redundancy liabilities of £nil. A liability amounting to £nil was incurred in 2022/23, total liabilities include additional pension strain of £nil.

See Officers' Remuneration note 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	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Cost of services:				
Service cost comprising:				
* current service costs	5,468	5,362	-	-
* past service costs (inc. curtailments)	5	-	-	-
* (gain)/loss from settlements	-	-	-	-
Financing and Investment income and exp:				
* net interest expense	(43)	(182)	-	-
Total post employment benefit charged to the surplus/deficit on provision of services	5,430	5,180	-	-
Other post employment benefits charged to the CIES				
Remeasurement of the net defined benefit liability comprising:				
* Return on plan assets (exc amount inc the net interest exp.)	4,711	11,680	-	-
* Actuarial gain/loss arising on changes in demographic assump.	(7,010)	(2,613)	-	-
* Actuarial gain/loss arising on changes in financial assumptions	(8,040)	(67,831)	-	-
* Other expenses	9,832	11,391	(291)	(203)
Total post employment benefit charged to the CIES	4,923	(42,193)	(291)	(203)
Movement in Reserves Statement				
* Reversal of net charges made to surplus/deficit on provision of services for post employment benefit.	5,430	5,180	-	-
Actual amount charged for pensions in year:				
* Employer's contributions payable to scheme	3,330	3,512	259	259
* Retirement benefits payable to pensioners				

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	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Present value of the defined benefit obligation	(200,600)	(147,676)	(3,657)	(3,195)
Fair value of plan assets	211,807	204,588	-	-
Net (liability)/asset arising from the defined benefit obligation	11,207	56,912	(3,657)	(3,195)

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

	LGPS		Disc Benefits	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening fair value of scheme assets	208,288	211,807	-	-
Interest income	4,149	5,698	-	-
Remeasurement gain/(loss):				
* Return on plan assets (excluding the amount included in the net interest expense)	(4,711)	(11,680)	-	-
* Other	-	-	-	-
Contribution from employer	3,330	3,512	259	259
Contribution from employees into scheme	741	793	-	-
Benefits paid	(5,513)	(5,542)	(259)	(259)
Other	5,523	-	-	-
Closing fair value of scheme assets	211,807	204,588	-	-

Reconciliation of present value of the scheme liabilities (Defined Benefit Obligation)

	Funded Liability- LGPS		Unfunded Liability Disc Benefits	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening balance at 1st April	201,011	200,600	4,207	3,657
Current service costs	5,468	5,362	-	-
Interest income	4,106	5,516	-	-
Contributions by scheme participants	741	793	-	-
Remeasurement gain/(loss):				
* Actuarial gain/loss arising on changes in demographic assumptions	(7,010)	(2,613)	-	-
* Actuarial gain/loss arising on changes in financial assumptions	(8,040)	(67,831)	-	-
* Other	9,832	11,391	(291)	(203)
Past service costs	5	-	-	-
Benefits paid	(5,513)	(5,542)	(259)	(259)
Other	0	-	-	-
Closing balance at 31st March	200,600	147,676	3,657	3,195

Local Government Pension Scheme assets comprised:

	Fair Value of scheme assets	
	2021/22 £'000	2022/23 £'000
Cash and cash equivalents	765	1,091
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	4,328	5,827
Real Estate:		
UK Property	20,670	20,362
Overseas Property	-	-
Investment funds and unit trusts:		
Equities	99,111	101,248
Bonds	73,212	58,285
Infrastructure	9,105	9,956

Other	4,616	7,819
Totals	211,807	204,588

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 2023. The principal assumptions used in their calculations have been:

	LGPS		Disc Benefits	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Long term expected rate of return on assets in scheme:				
Equity investments	-0.3%	-2.8%	-	-
Bonds	-0.3%	-2.8%	-	-
Property	-0.3%	-2.8%	-	-
Cash	-0.3%	-2.8%	-	-
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.9 yrs	21.9 yrs	21.9 yrs	21.9 yrs
Women	24.2 yrs	24.2 yrs	24.2 yrs	24.2 yrs
Longevity at 65 for future pensioners:				
Men	22.8 yrs	22.4 yrs	22.8 yrs	22.4 yrs
Women	25.9 yrs	25.8 yrs	25.9 yrs	25.8 yrs
Rate of inflation	2.8%	3.2%	2.8%	3.2%
Rate of increase in salaries	4.7%	4.5%	4.7%	4.5%
Rate of increase in pensions (CPI)	3.2%	3.0%	3.2%	3.0%
Rate for discounting scheme liabilities	2.7%	4.8%	2.7%	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%	2,343
1 year increase in member life expectancy	4.0%	6,035
0.5% increase in the salary increase rate	0.0%	243
0.5% increase in the pensions increase rate (CPI)	1.0%	2,132

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 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will be concluded by 31 March 2023.

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 £3.437 million for employer contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2022/23.

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

The table above shows the amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans.

Asset Ceiling Calculation

The total (net) asset calculated by the Hyman Robertson LLP for 2022/23 was £53,717k.

Under accounting standard IAS19, the Council can only include an asset within its Statement of Accounts up to a value that is calculated, known as the asset ceiling. The asset ceiling was calculated by the actuary as follows.

Hyman Robertson LLP used the following information for their calculation at 31 March 2023:

- Future Working Lifetime of the Employer calculated as 16 as at the most recent triennial funding valuation.
- Assumed employer's payroll over the next year is £12,242k.
- Discount rate of 4.75% p.a. and salary increase of 4.5% p.a. from the Employer's 31 March accounting report, giving an annuity in perpetuity of 400.
- It has assumed that the present value of the liability expected to arise from next years' service by scheme members, less the present value of future employee contributions is equal to the projected current service cost of the Employer's accounting report multiplied by the projected payroll. This figure is £2,506k.
- Employer's contribution rate is assumed at 17.5% per annum.
- The results of the instructed calculations are:
 - Present value of future service cash contributions over the next year: 17.5%
x£12,242k = £2,142k
 - Net present value of (employer) future service costs:

- 400 x £2,506k = £1,002,400k
- Net present value of (employer) future contributions
400 x £2,142k = £856,800k

The present value of future employer service costs £1,002,400k less the present value of employer future contributions £856,800k = £145,600k.

The Council's (net) asset of £53,717k is less than the difference of £145,600k above so £53,717k can all be included within the balance sheet.

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.

Guaranteed Minimum Pension (GMP) Equalisation / Indexation – historical transfers (Further Lloyd's ruling)

This further ruling is unlikely to have a significant impact on the pension obligations of a typical employer, and the historic individual member data we would need to assess the impact is not readily available. As a result, we have not made any allowance for this within our calculations at the Accounting Date.

Goodwin Judgement (Teachers Pension Equality discrimination case)

The actuary have 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 (c0.1-0.2% of obligations). They 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 Arun District Council, and indeed the highly approximate nature of applying an unknown remedy.

Other court cases

Arun District Council are also aware of the following court cases which may also impact LGPS benefits in the future:

- Walker
- O'Brien

It is our understanding these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical Employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, Arun District Council has not made any allowance for the potential remedies to these judgements.

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.

Note 40 – Going Concern

Section 1 – Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code, therefore, assume that a local authority's services will continue to operate for the foreseeable future.

Section 2 – Historical and Current Financial Position

The Covid pandemic affected the Council considerably in 2020/21 and 2021/22 but with Government regulations being pulled back, the aftermath in 2022/23 is not as considerable. The Council has distributed grants applicable and accounted for and repaid balances remaining as it should. Very little remains on the Council's 2022/23 accounts regarding Covid19 monetary values.

On 24 February 2022, Russian forces invaded Ukraine. As western economies look to source gas and oil from other sources, this has increased the price further.

To bring inflation under control, the Bank of England has been increasing the interest base rate. As at the 31 March 2022, the UK interest base rate was 0.75%, this rose steadily during 2022/23 to 4.25% by 31 March 2023, with UK inflation reaching 8.9% by the same date.

These factors combine to create what is nationally called the 'cost of living crisis'.

The Earmarked Reserve of £500k for "inflationary pressures" set up in 2021/22 was fully utilised in 2022/23, its balance at 31 March 2023 is therefore nil.

Section 3 – Impact of Covid

A balanced budget for 2022/23 was set in February 2022. The general fund reserve has remained at £5m, this was mainly due to a transfer of £6.7m from Earmarked Reserves to the General Fund.

Income streams, particularly in Planning, Building Control and Car Parking have remained buoyant during 2022/23.

The impact of Covid-19 during 2022/23 was not as significant as 2020/21, with Government funding reducing as the pandemic receded.

The Collection Fund had a deficit of £3.581m on 31 March 2023. This is repaid by the precepting authorities over future financial years. Arun's share of the deficit of £0.954m is shown in the Collection Fund Adjustment Account and is due to be repaid over a further two years, 2023/24 and 2024/25.

During 2022/23 the Council continued pursuing Trade Receivable bad debts. These were not pursued during the main period of the pandemic. Our current bad debts for 2022/23 have increased marginally from £318k the previous year, to £377k in the current year.

It is also worth noting that the Council has established a funding resilience reserve to mitigate any adverse financial consequences arising for the Fair Funding Review (£9.073m on 31 March 2023) and the rest of the retained business rates baseline. The Council, therefore, has additional resources to absorb any potential loss of business rate income. This is a finite resource and it is expected that when the Fair Funding Review is implemented, further measures will be necessary to balance the Council's budget.

Section 4 – Cash Position

The Council had a cash balance made up of Money Market Funds, Call Account and Bank Account of £6m and £30m invested in short term deposits on 31 March 2023. The Council also had £1m invested in a 2 year investment (Goldman Sachs International), £2m invested in the CCLA Diversified Fund and a further £5m invested in the CCLA Property Fund. It is extremely unlikely that the Council would need to redeem either the £2m invested in the CCLA Diversified Fund or the £5m invested in the CCLA Property Fund but it remains a possible option.

Throughout the medium term the Council remains confident in its ability to maintain enough cash for its services but if required the £2m in the Diversified Fund could be accessed generally within two business days.

In a 'stressed' case scenario whereby income is constrained further in the event of any future waves and income recovery only very slowly, the Council has enough levels of reserves and investments that it would not run out of cash. This has been assessed up to March 2026 and in the unlikely event the Council did run in to cashflow problems, the Council is able to borrow money from its bank or potentially partnering local authorities over the short-term.

Cashflow has been assessed up to March 2025. Furthermore, the Council is likely to continue with its 2023/24 capital programme as these are long term projects over several financial years with budgets being drawn down from Earmarked Reserves as and when required.

Section 5 – Conclusion

These accounts have been prepared on a going concern basis, cashflow has been assessed up to 31 March 2025. The projection of a balanced budget in 2023/24 is within the level of general useable reserves. As part of our Treasury Management Strategy, daily banking and forecasting is undertaken to maintain a minimum cash balance of £200k within the Council's main bank account.

Note 41 – Prior Period Adjustments

Capital grants receipts in advance

The audit of the 2021/22 financial statements identified that the accounting treatment for certain capital contributions as receipts in advance was incorrect. As at 31 March 2022 the following balances should have been classified as capital grants unapplied (usable reserves).

Capital Contributions	31/3/2022
(included as receipts in advance)	£'000
Disabled Facilities Grants	1,513
S106 Deposits HRA	3,076
Coastal Community Fund	1,852
Total	6,441

Consequently, 2021/22 comparatives have been re-stated to correctly account for this income as capital grants unapplied. A summary of the re-statement of the entries within the primary financial statements is set out below. Supporting notes to the primary statements have also been re-stated accordingly.

2021/22 Re-stated Balances	Original Balance £000	Re-stated Balance £000	Change £000
Expenditure and Funding Analysis			
Total: Other income and expenditure – adjustments between funding and accounting basis	(9,108)	(8,962)	146
Comprehensive Income and Expenditure Statement			
Taxation and non-specific grant income – income	(30,290)	(30,145)	145
Movement in Reserves Statement			
Balance at 31 March 2021 – Capital Grants Unapplied Account	(217)	(6,803)	(6,586)
(Surplus) or deficit on the provision of services – General Fund Balance	(556)	(368)	188
(Surplus) or deficit on the provision of services – Total HRA Balance	(9,221)	(9,264)	(43)
Adjustments between accounting basis and funding basis under regulation – General Fund Balance	4,261	4,073	(188)
Adjustments between accounting basis and funding basis under regulation – HRA Balance	11,819	11,862	43
Adjustments between accounting basis and funding basis under regulation – Capital Grants Unapplied	(433)	(287)	146
Balance at 31 March 2022 carried forward	(650)	(7,090)	(6,440)
Balance Sheet			
Current liabilities – grants receipts in advance – Capital	(3,526)	(162)	3,364
Long term liabilities – grants receipts in advance – Capital	(3,076)	-	3,076
Usable Reserves	(41,995)	(48,435)	(6,440)
Cash Flow Statement			
Net (surplus) or deficit on the provision of services	(9,777)	(9,632)	145
Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing	3,588	3,443	(145)

Housing Revenue Account Income and Expenditure Statement

2021/22 £'000 (re-stated)	HRA Statement	2022/23 £'000
	Expenditure	
5,514	Repairs & Maintenance	6,715
5,711	Supervision & Management	6,213
256	Rents, Rates, Taxes and other charges	143
(4,418)	Depreciation, impairments and revaluation losses/(gains) of non-current assets	(10,286)
89	Movement in the allowance for bad debts	249
7,152	Total Expenditure	3,034
	Income	
(15,868)	Dwelling rents	(16,717)
(449)	Non-dwelling rents	(445)
(663)	Charges for services and facilities	(764)
(20)	Other	-
(17,000)	Total Income	(17,926)
(9,848)	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(14,892)
(839)	(Gains)/loss on sale of HRA Fixed Assets	(753)
1,466	Interest Payable and Similar Charges	1,585
(2)	HRA Interest and Investment Income	(143)
(42)	Capital grants and Contributions	-
(9,265)	(Surplus) or Deficit for Year on HRA Services	(14,203)

Movement on the HRA Statement

2021/22 £'000	Movement on the HRA Statement	2022/23 £'000
(6,489)	Balance on the HRA at the end of the previous year	(3,891)
(9,265)	(Surplus) or Deficit on the HRA Income and Expenditure Statement	(14,203)
11,862	Adjustments between accounting basis and funding basis under statute	16,571
2,598	Net (increase) or decrease before transfers to or from reserves	2,368
2,598	(Increase) or decrease on the HRA for the year	2,368
(3,891)	Balance on the HRA at the end of the current year	(1,523)

2021/22 £'000 (re-stated)	HRA adjustment between accounting basis	2022/23 £'000
4,500	Transfers to/(from) the Capital Adjustment Account	10,371
839	Gain or (loss) on sale of non-current assets	753
(86)	Contributions to or (from) the Pension Reserve	(98)
15	Transfers to/(from) the Accumulated Absences Account	2
6,552	Transfers to/(from) Major Repairs Reserve	5,543
-	Capital expenditure funded by Govt Grants & Other Contributions	-
42	Capital grants and contributions	-
11,862	Net additional amount required by statute to be debited/(credited) to the HRA Bal for the year	16,571

HRA Property, Plant and Equipment

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
Cost or Valuation					
at 1 April 2022	239,540	4,895	3,731	4,822	252,989
Additions	4,227	10	-	1,867	6,104
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	216	-	-	216
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	10,577	30	-	-	10,607
Reclassifications and transfer	3,228	-	-	(3,228)	-
Derecognition/Disposal	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	(717)	-	-	-	(717)
at 31 March 2023	256,854	5,151	3,731	3,462	269,199
Accumulated Depreciation & Impairment					
at 1 April 2022	-	(14)	(896)	-	(910)
Depreciation charge	(5,218)	(48)	(278)	-	(5,543)
Depreciation written out to the Revaluation Reserve	-	51	-	-	51
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,218	4	-	-	5,222
Derecognition/Disposal	-	-	-	-	-
at 31 March 2023	-	(7)	(1,174)	-	(1,181)
Net Book Value;					
at 31 March 2023	256,854	5,144	2,558	3,462	268,019
at 31 March 2022	239,540	4,881	2,835	4,822	252,078
HRA PPE to 31 March 2022					
	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
Cost or Valuation					
at 1 April 2021	231,758	4,683	3,460	2,407	242,308
Additions	4,043	5	291	2,415	6,754
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	207	-	-	207
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	4,723	-	-	-	4,723
Reclassifications and transfer	(116)	-	(19)	-	(135)
Derecognition/Disposal	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	(868)	-	-	-	(868)
at 31 March 2022	239,540	4,895	3,731	4,822	252,989
Accumulated Depreciation & Impairment					
at 1 April 2021	-	(17)	(639)	-	(656)
Depreciation charge	(6,246)	(46)	(259)	-	(6,552)
Depreciation written out to the Revaluation Reserve	-	49	-	-	49
Depreciation written out to the Surplus/Deficit on the Provision of Services	6,246	-	-	-	6,246

Derecognition/Disposal	-	-	3	-	3
at 31 March 2022	-	(14)	(896)	-	(910)
Net Book Value;					
at 31 March 2022	239,540	4,881	2,835	4,822	252,078
at 31 March 2021	231,758	4,666	2,821	2,407	241,652

The vacant possession value of dwellings within the Council's Housing Revenue Account as at 31 March 2023 was £778 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

2021/22 £'000	Intangible assets (HRA)	2022/23 £'000
	Balance at start of year:	
128	Gross carrying amounts	313
(91)	Accumulated amortisation	(91)
37	Net carrying amount at start of year	222
	Additions:	
185	Purchases	332
-	- Amortisation for the period	-
222	Net carrying amount at end of year	554
	Comprising:	
313	Gross carrying amounts	645
(91)	Accumulated amortisation	(91)
222	Net carrying amount at end of year	554

HRA Assets Held for Sale

2021/22 £'000	Assets Held for Sale (HRA)	2022/23 £'000
-	Balance outstanding at start of year	-
	Assets newly classified as held for sale	
868	Property Plant and Equipment	717
(868)	Assets sold	(717)
-	Balance outstanding at end of year	-

Notes to the HRA Account

2021/22 No.	Dwelling types (HRA)	2022/23 No.
170	Bedsit	169
1,608	Flats	1,610
1,604	Houses / bungalows	1,617
2	Hostels	2
3,384	Total	3,398

Housing Revenue Account Capital Expenditure and Financing

2021/22 £'000	Capital Expenditure and Financing (HRA)	2022/23 £'000
	Capital investment;	
4,524	Operational assets	4,569
2,415	Non-operational assets	1,867
6,940	Total Capital Spending	6,436
	Sources of funding;	
-	Housing Revenue	-
(1,288)	Capital Receipts	(1,341)
(2,467)	Major Repairs Reserve	(3,180)
-	Govt Grants & Other Contributions	(120)
-	Acquired under finance lease	-
(3,184)	Unfinanced	(1,795)
(6,940)	Total Sources of Finance	(6,436)

Rent Arrears

Tenants' arrears at 31 March 2023 were £1,297k (previous year £1,229k). The provision for doubtful debts amounted to £323k (previous year £277k).

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 2022			31 March 2023			
Business Rates £'000	Council Tax £'000	Total £'000	Collection Fund	Business Rates £'000	Council Tax £'000	Total £'000
			INCOME:			
	(125,308)	(125,308)	Council Tax Receivable		(129,938)	(129,938)
(29,417)		(29,417)	Business Rates Receivable	(30,470)		(30,470)
-		-	Transitional Protection Payments Receivable	(749)		(749)
	-	-	Reconciliation adjustments		(1)	(1)
(29,417)	(125,308)	(154,725)	Total amounts to be credited	(31,219)	(129,939)	(161,158)
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
(10,558)		(10,558)	Central Government	(4,418)		(4,418)
(2,549)	(1,127)	(3,676)	West Sussex County Council	(884)	(572)	(1,456)
(8,447)	(207)	(8,654)	Arun District Council	(3,534)	(138)	(3,672)
	(157)	(157)	Sussex Police and Crime Commissioner		(81)	(81)
			Precepts, demands and shares:			
18,941		18,941	Central Government	16,618		16,618
3,788	94,603	98,391	West Sussex County Council	3,324	98,029	101,353
15,152	16,871	32,023	Arun District Council	13,294	17,404	30,698
	13,459	13,459	Sussex Police and Crime Commissioner		14,172	14,172
			Charges to Collection Fund:			
261	415	676	Write-offs of uncollectable amounts	1	-	1
403	97	500	Increase/(decrease) in allowance for impairment	452	735	1,187
(73)		(73)	Increase/(decrease) in allowance for appeals	(2,363)		(2,363)
180		180	Charge to General Fund for allowable collection costs for non- domestic rates	179		179
17,098	123,954	141,052	Total amounts to be debited	22,670	129,549	152,219
(12,319)	(1,354)	(13,673)	(Surplus)/Deficit arising in year	(8,549)	(390)	(8,939)
22,673	2,826	25,498	(Surplus)/Deficit b/f at 1 April	10,354	1,472	11,826
10,354	1,472	11,826	(Surplus)/Deficit c/f at 31 March	1,805	1,082	2,887
			Allocated to;			
5,177		5,177	Central Government	905		905
1,035	1,095	2,130	West Sussex County Council	181	819	1,000
4,142	230	4,372	Arun District Council	719	143	862
	147	147	Sussex Police and Crime Commissioner		120	120
10,354	1,472	11,826	Total	1,805	1,082	2,887

Notes to the Collection Fund

1. Council Tax Base

	2021/22	2022/23
Equivalent Valuation Band D properties in:		
Valuation Band A	3,262	4,063
Valuation Band B	7,119	8,003
Valuation Band C	14,807	15,119
Valuation Band D	13,680	13,386
Valuation Band E	11,507	10,928
Valuation Band F	7,954	7,489
Valuation Band G	4,181	3,932
Valuation Band H	495	468
Total Band D Equivalents	63,005	63,389
Allowance for non-collection 0.6%	(377)	(380)
Tax Base for year	62,628	63,011

2. Council Tax (total including parish average)

	2021/22	2022/23
Valuation Band A	£1,329.91	£1,364.22
Valuation Band B	£1,551.56	£1,591.59
Valuation Band C	£1,771.21	£1,818.96
Valuation Band D	£1,994.86	£2,046.33
Valuation Band E	£2,438.16	£2,501.07
Valuation Band F	£2,881.46	£2,955.81
Valuation Band G	£3,324.77	£3,410.55
Valuation Band H	£3,989.72	£4,092.65

3. General Statistics

	2021/22	2022/23
Rateable value of non-domestic properties at 31 March	£97.7m	£98.3m
Number of non-domestic properties at 31 March	4,951	4,966
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	£1,995	£2,046

Glossary

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

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.

Authority/Local Authority

A Local Authority is an administrative body in local government, also referred to in the Statement of Accounts as a Council.

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 Grants

Grants received towards capital expenditure.

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.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

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.

Comprehensive Income and Expenditure Statement (CIES)

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

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.

Current Service Cost (Pensions)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

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.

Direct Revenue Contributions

Capital expenditure funded from revenue budgets. Also known as Revenue Contributions to Capital Outlay (RCCO).

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.

Doubtful Debt (also known as bad debt)

A debt that the Council may not be able to recover. A provision is made in the accounts for doubtful debts each year based on the value and age of debts outstanding.

Earmarked Reserves

Reserves which are held by a Council for specified purposes.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material (see materiality) items that derive from events or transactions that fall within the ordinary activities of the Council but which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

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.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

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 financial asset that is tradable, for example, bank deposits and investments.

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.

Going Concern

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Government Grants

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

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 & 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.

Historic Cost

The amount originally paid for a fixed asset.

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.

Housing Revenue Account (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IFRS

International Financial Reporting Standards (IFRS) a global language for business affairs so that accounts are understandable and comparable across international boundaries.

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.

Intangible Assets

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Property

Interests in land and/or buildings which are held solely to earn rentals or for capital appreciation or both. Investment Properties are valued at highest and best use and must be revalued every year.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund.

However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

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.

Liquid Investment

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

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 Participants

Buyers and sellers in the principal (or most advantageous) market for an asset or liability. The principal market is that with the greatest volume and level of activity, whilst the most advantageous

is the market that maximises the amount that would be received to sell the asset or paid to transfer the liability after taking into account transport and transaction cost.

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.

MHCLG

Ministry of Housing, Communities and Local Government, the main Government department dealing with local government, housing and community issues.

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.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

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.

Non-Operational Assets

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

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.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

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.

Payables (also known as Creditors)

Financial liabilities arising from a contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier. They are only recognised when the goods or services are delivered or received by the Council.

Past Service Cost (Pensions)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

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.

Prepayment

An adjustment made in the financial statements for goods or services already paid which relate to the next financial year.

Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Property, Plant & Equipment (PPE)

Tangible assets (i.e. assets with physical substance) that are held for use by the Council for the supply of services, for rental to others or for administrative purposes that are expected to be used for at least part of the succeeding financial year. These may be operational or non-operational.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

Rateable Value

The annual assumed rental of a hereditament, which is used for NNDR purposes.

Receivables (also known as Debtors)

Financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents. They are only recognised when goods or services have been transferred to the service recipient before the customer pays consideration or before payment is due.

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

The day-to-day expenses of providing services.

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**