MID SUSSEX DISTRICT COUNCIL

# Statement of Accounts 2025–2026 (Unaudited Version)

30 June 2026

# Statement of Accounts for the Year Ended 31 March 2026

## Contents

# Statement of Responsibility and Narrative Report

# Statement of Responsibilities for the Statement of Accounts

## 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 Council, that Officer is the Assistant Director for Corporate Resources;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

## The Assistant Director, Corporate Resources' Responsibilities

The Assistant Director, Corporate Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code;

The Assistant Director, Corporate Resources has also:

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

I declare that the Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2026. 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 are therefore authorised for issue.

R Jarvis CPFA
Assistant Director, Corporate Resources (S151)
AUDIT COMMITTEE TBC

**Approval for the Statement of Accounts**

Cllr P Lucraft
Chairman Audit Committee
AUDIT COMMITTEE TBC

**Approval for the Statement of Accounts**

# Narrative Report by the Assistant Director, Corporate Resources

## 1. Introduction

The aim of this report is to be fair, balanced and understandable for the users of the financial statements. The format of these accounts is required by law to include to be detailed, as prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS). The finances of the Council are complex and therefore to aid the reader of the Statement of Accounts, the Narrative Report presents an overview of the financial year and the significant issues that impacted the Council's finances and services over that period.

**Accounts of the financial year ended 31 March 2026.**

The Council's Accounts for 2025/26 comprise:

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

Each of the main Financial Statements are explained further below:

**Comprehensive Income and Expenditure Statement (CIES)** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with 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.

**Movement in Reserves Statement (MIRS*)*** – This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 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 for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

**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 (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line 'Adjustments between accounting basis and funding basis under regulations.

**Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period using the indirect method. 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.

**Notes to the Accounts** - These explain the basis of the figures in the accounts. The order of the notes is not prescribed, and they are presented in a systematic manner that is most effective for the understanding of readers of the Council's Accounts.

**Expenditure and Funding Analysis Note –** The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's Assistant Directors. Income and expenditure accounted for under generally accepted accounting 5

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

## 2. Performance during the year and the financial outlook

### About Mid Sussex

Mid Sussex makes up around 129 square miles in the heart of West Sussex. It is surrounded by countryside, areas of interest and of natural beauty, a large part of which falls within the area of the South Downs National Park. Local highlights include Wakehurst Place, Nymans Gardens, the Balcombe viaduct and the Jack and Jill windmills.
It has a population of 161,755[1] and is home to more than 8,000 successful local businesses. There are a mix of busy market towns and picturesque villages, alongside established industrial estates. It is nationally known for attractions like the Bluebell Railway, state of the art sporting facilities at The Arc and East Grinstead Sports Centre, and the vineyards at Bolney.

### Mid Sussex Successes

MSDC is always working to boost and enhance the area it serves. This includes improving Council services, supporting economic development, caring for the local environment and being a healthy, inclusive and supportive district for all its residents. In the last year the 123 Waste Collections have been rolled out and events such as Play Days and Skate Fest have benefitted the local children and communities.


### Revenue Expenditure

The Council maintains a robust framework of budget management and monitoring to ensure pressures are identified early and action taken by directorates to manage potential variations within their cash limited budgets.

In 2025/26 the Council's service budgets were underspent by £246k, this comprises £96k on Service Budgets and a net underspend on Centrally Held Budgets of £150k.

During the year the Council has undertaken work regarding entering a joint venture to place shape Burgess Hill. Work on this will continue in 2026/27.

The table below shows actual net spending using the standard management reporting format and how these compare with outturn.

### The 2025/26 Approved Budget

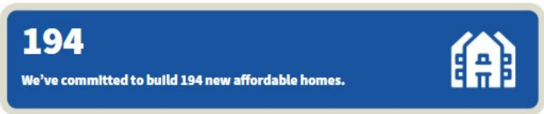
Annually the Council reviews its Medium-Term Financial Plan to ensure value for money and the delivery of Council priorities. This is done through the process of developing the Councils Corporate Plan and Budget. The Corporate Plan and Budget was presented and approved by Council on 26 February 2025.

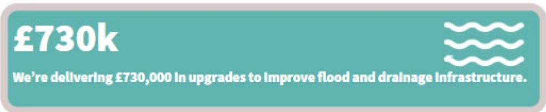
[1] - Based on latest ONS Mid Year Population Estimate Total population - ONS

| Table 1: Summary of Revenue Spending for 2025/26 | Budget 2025/26 £'000 | Outturn 2025/26 £'000 | Variation 2025/26 £'000 |
|---|---|---|---|
| **Deputy Chief Executive** | | | |
| Planning & Sustainable Economy | 1,995 | 1,922 | (73) |
| Communities | 2,167 | 2,112 | (55) |
| **Total** | **4,162** | **4,034** | **(128)** |
| **Director of People and Commercial Contracts** | | | |
| Commercial Services & contracts | 4,574 | 4,940 | 366 |
| Digital & People Services | 6,153 | 5,937 | (216) |
| **Total** | **10,727** | **10,877** | **150** |
| **Director Resources & Organisational Development** | | | |
| Legal & Democratic | 1,659 | 1,655 | (4) |
| Human Resources and Organisational Development | 841 | 790 | (51) |
| Communications, PR & Community Engagement | 267 | 254 | (13) |
| Corporate Resources | 4,458 | 4,408 | (50) |
| **Total** | **7,225** | **7,107** | **(118)** |
| Centrally Held Budgets | 1,056 | 906 | (150) |
| **Total Revenue Spending** | **23,170** | **22,924** | **(246)** |

**Future Outlook**
The successes of the Food Waste recycling, disabled grants, community outreach and our other services will be continuing into the next financial year, building on our achievements to date. A new website for MSDC is currently being built to complement the new Council Phone App, making contacting the Council and finding information even easier. The Net Zero Action Plan will continue to make improvements around sustainability. Several other positive initiatives are in the pipeline, helping to improve infrastructure and communities across Mid Sussex.






## 3. Level of Financial Reserves

The financial statements also provide detail of the Council's reserves, which are an essential tool to manage risk exposure and to smooth the impact of in year unexpected events.

The Council classifies its Usable Reserves as follows:

**General Reserve**: To manage financial risk, if they cannot be managed by other mitigations. Providing a financial cushion for unexpected events and emergencies.

**Capital Programme Reserve**: Established in 2024/25, holds all funding agreed to support the delivery of the capital programme and a contingency to manage associated financial risk.

**Earmarked Specific Reserves**: This contains amounts received for a particular purpose, working reserves or where it has been agreed the set aside funds for a specific purpose.

**Usable Capital Receipts Reserve**: This represents the capital receipts from the sale of assets that are available to finance future capital expenditure.

Further details are set out in Statement Note 7 of this document and a summary is provided in table 2 below:

| Table 2 – Financial Reserves | |
|---|---|
| | **Balance 31/03/26 £'000** |
| **General Reserve** | |
| Held in perpetuity | 5,071 |
| Unallocated | 12,102 |
| | 17,173 |
| **Specific Reserves** | 24,874 |
| **Capital Programme Reserve** | 2,744 |
| **Capital Receipts** | 6,152 |
| **Capital Grants Unapplied** | 5,753 |
| **Total Reserves and Balances** | **56,696** |

The table below then provides a reconciliation of outturn to the statement of accounts. This is a prescribed analysis required by the Code of Practice on Local Authority Accounting.

| Revenue Expenditure 2025/26 | Revised Budget* 2025/26 £'000 | Outturn 2025/26 £'000 | Variation from Revised Budget** 2025/26 £'000 | Transfer (to)/from Reserves 2025/26 £'000 | Other Adjustments 2025/26 £'000 | Total Net Cost of Services (CIES EFA Note 1) 2025/26 £'000 |
|---|---|---|---|---|---|---|
| | **Outturn Summary** | | | **Reconciliation of Outturn to Statement of Accounts** | | |
| Planning & Sustainable Economy | 1,995 | **1,922** | **(73)** | **112** | **334** | **2,368** |
| Communites | 2,167 | **2,112** | **(55)** | **(1)** | **(53)** | **2,058** |
| Commercial Services & Contracts | 4,574 | **4,940** | **366** | **(1,874)** | **4,285** | **7,351** |
| Digital & People Services | 6,153 | **5,937** | **(216)** | **477** | **68** | **6,482** |
| Legal & Democratic Services | 1,659 | **1,655** | **(4)** | **234** | **(4)** | **1,885** |
| Organisational Development | 1,108 | **1,044** | **(64)** | **221** | **(1)** | **1,264** |
| Corporate Resources | 4,458 | **4,408** | **(50)** | **393** | **341** | **5,142** |
| **Council Net Expenditure** | 22,114 | **22,018** | **(96)** | **(438)** | **4,970** | **26,550** |
| Centrally Held Budgets | 1,056 | **906** | **(150)** | **(906)** | **0** | **0** |
| **Total** | 23,170 | **22,924** | **(246)** | **(1,344)** | **4,970** | **26,550** |

*Includes approved variations including any utilisation of Balance Unallocated during the year.
** Variations are explained in Outturn Report to Cabinet 6 July 2026.
# Other adjustments are items that were included in Outturn but need to be excluded from Net Cost of Service (NCS) in the CIES as these items are shown below NCS in the Statement of Accounts e.g. Investment Property income, non-ringfenced grants, and external interest. In addition, finance leases and recharged salaries to front line services have to be adjusted as the shown as fully recharged services in the Statement of Accounts.
Figures are subject to rounding

**Capital Expenditure**
Capital expenditure represents money spent on purchasing, upgrading and improving assets. Capital expenditure usually generates an asset that has a useful life of more than one year. In total the spend on Capital projects was £7,683k, with £5,366k being on Council assets and £2,354k being contributions to third parties also known as REFCUS expenditure. The Council also spent £1,491k on Revenue projects.

| **Capital Expenditure 2025/26** | **2025/26 £000** |
|---|---|
| Temporary Accomodation Properties | 352 |
| Community Buildings | 518 |
| Parks and Open Spaces | 863 |
| Centre for Outdoor Sports | 1,717 |
| Refuse and Recycling Waste Vehicles | 1,290 |
| Refuse and Recycling Wheeled Bins | 420 |
| Fibre Projects | 38 |
| Operational Assets incl. IT | 168 |
| Right of Use Assets | 233 |
| **Total Property, Plant and Equipment, Asset Under Construction (Note 12)** | **5,599** |
| Contributions to Third Parties | 1,409 |
| Housing - Disabled Facilities Grants (DFG) | 945 |
| **Total Capital Expenditure** | **7,953** |
| **Financed by:** | |
| Capital Programme Reserve | 1,185 |
| Government Grants and Contributions * | 1,609 |
| Capital Grants Unapplied Account | 3,710 |
| Usable Capital Receipts | 1,216 |
| **Total Capital Financing** | **7,720** |

* Includes Disabled Facilities Grant from West Sussex County Council.

## 4. Operational Service Performance

The outturn 2025/26 shows that performance has continued to be good across the Council, with a reducing number of exceptions. The outturn position in comparison with the previous financial year is summarised below. Where performance was below target, corrective action is taken.

| Year | Red | Amber | Green | Data Only | Total |
|---|---|---|---|---|---|
| **Q4 2025/26** | 7(17%) | 5 (12%) | 30 (71%) | 28 | 70 |
| **Q4 2024/25** | 5 (12%) | 4 (9%) | 33 (79%) | 28 | 70 |

Further detail can be found in the outturn report 2025/26 (Cabinet 6 July 2026).

## 5. Local Taxpayers

As a collection authority during the year, the Council collected £158,751k in Council Tax on behalf of West Sussex County Council, the Sussex Police and Crime Commissioner and Mid Sussex District Council and its towns and parishes. The collection rate for the year was 98% of the total amount due and most of the remainder will be collected in the first few months of 2026/27.

## 6. Pensions

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

The pension deficit decreased to £842k as at 31 March 2026, from an opening deficit position of £11,102k at 1 April 2025. The statement produced by the Fund's Actuary showed a closing net surplus position of £48,200k as at 31st March 2026. However, IAS19 imposes a limit on the maximum amount of surplus which can be recognised on the Employers Balance Sheet and following further calculations by the Fund's Actuary, an adjustment was applied that derecognises the surplus and moved the valuation into a deficit. The movement from the previous year is mainly due to the change in financial assumptions used by the actuary particularly the increase in the discount rate impacting liabilities. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. However, the Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Full details of the movement in the liability are shown in the Notes to the Accounts, Note 34.

## 7. Other Significant items

Other items are disclosed in the Notes to the Accounts, Note 3.

## 8. Changes in accounting policy

For this year's accounts, the only change in accounting policy is for leases due to the introduction of IFRS 16.

## 9. Borrowing

The Council had no external borrowing during the year.

## 10. Material Events after the reporting date

There are no such material events.

## 11. Business Rates Retention Scheme (RRS)

The income from Business Rates is part of our core funding and while there are signs that the scheme will change in the future, it is presently a reliable source of finance. The Council has also benefitted from the Rampion Windfarm substation being situated in Bolney as this rateable income is kept directly by Mid Sussex (by way of it being derived from renewable energy) rather than being shared with either the government or the other preceptors. This position should not change even when the system is reset to remove the rates growth and distribute that to other parts of the sector.

## 12. Council Tax Support Scheme (CTSS)

This has become business as usual now and has been updated to be administratively less cumbersome. We have also been able to offer a one-off top up through the year. This top-up was funded from a combination of WSCC and MSDC contributions.

## 13. Audit Backstop

In recent years, the sector has experienced an unprecedented crisis regarding the delivery of local government audits. For this reason, the Accounts and Audit (Amendment) Regulations 2024 were laid in parliament on 9 September 2024 and came into force on 30 September 2024 to implement a series of audit 'backstops' to clear the backlog in local audits and put the local audit system on a sustainable footing through these deadlines for publishing accounts. The government-imposed backstop date for the 2025/26 financial year is 31 January 2027, in line with the government's requirement to deliver audits to an earlier timetable in future years. The Council has met all previous backstop dates the last, for the 2024/25 Accounts, being 27 February 2026.

Our External Auditors were able to make significant progress in the level of assurance achieved in 2024/25 allowing Mid Sussex to be moved to a qualified opinion with the view to greater assurance continuing to be achieved year on year.

## 14. Further Information

Interested members of the public have a statutory right to inspect the accounts. The Notice is placed on the MSDC website, under the Finance Publications section. Further information about any aspect of the accounts is available by contacting accountancyservices@midsussex.gov.uk or Mid Sussex District Council, Oaklands Road, Haywards Heath, RH16 1SS. It is our intention to be open with the information that we hold, and we encourage local stakeholder enquiries.

MID SUSSEX
DISTRICT COUNCIL

# Financial Statements

# Comprehensive Income and Expenditure Statement

| 2024/25 Gross Expenditure £000 | 2024/25 Gross Income £000 | 2024/25 Net Expenditure £000 | | 2025/26 Gross Expenditure £000 | 2025/26 Gross Income £000 | 2025/26 Net Expenditure £000 |
|---|---|---|---|---|---|---|
| | | | **Service Area Net Expenditure (Note 1)** | | | |
| 5,399 | (1,424) | 3,975 | Planning & Sustainable Economy | 4,254 | (1,998) | **2,256** |
| 5,158 | (2,346) | 2,812 | Communities | 4,135 | (2,156) | **1,979** |
| 18,161 | (8,124) | 10,037 | Commercial Services & Contracts | 25,715 | (11,117) | **14,598** |
| 8,009 | (2,679) | 5,330 | Digital & People Services | 10,328 | (3,426) | **6,902** |
| 1,129 | (123) | 1,006 | Legal & Democratic Services | 2,019 | (173) | **1,846** |
| 26,490 | (23,674) | 2,816 | Corporate Resources | 23,867 | (19,755) | **4,112** |
| 10 | 0 | 10 | Organisational Development | 1,242 | 0 | **1,242** |
| 64,356 | (38,370) | 25,986 | **Net Cost of Services** | 71,560 | (38,625) | **32,935** |
| 5,688 | 0 | 5,688 | **Other Operating Expenditure (Note 8)** | 6,190 | 0 | **6,190** |
| 2,157 | (9,808) | (7,651) | **Financing & Investment Income/Expenditure (Note 9)** | 1,493 | (8,851) | **(7,358)** |
| 0 | (36,305) | (36,305) | **Taxation & Non-Specific Grant Income (Note 10)** | 0 | (33,362) | **(33,362)** |
| 72,201 | (84,483) | (12,282) | **(Surplus) / Deficit on Provision of Services** | 79,243 | (80,838) | **(1,595)** |
| | | (4,946) | (Surplus)/ Loss arising on revaluation of Property, Plant, Equipment assets (Note 25a) | | | **(5,296)** |
| | | 2,974 | Actuarial (gains) / losses on pension fund assets and liabilities (Note 34) | | | **(9,355)** |
| | | (1,972) | **Other Comprehensive Income and Expenditure** | | | **(14,651)** |
| | | (14,254) | **Total Comprehensive Income and Expenditure** | | | **(16,246)** |

# Movement In Reserves Statement

| | General Fund Reserves | Usable Capital Receipts | Capital Grants Unapplied Account | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Balance at 1 April 2025** | **(41,241)** | **(6,715)** | **(6,375)** | **(54,331)** | **(169,018)** | **(223,349)** |
| **Total Comprehensive Income and Expenditure** | **(1,595)** | **0** | **0** | **(1,595)** | **(14,651)** | **(16,246)** |
| Adjustments between accounting basis and funding basis under regulation (Note 6) | (1,956) | 563 | 622 | (771) | 771 | **0** |
| **Increase / Decrease in Year** | (3,551) | 563 | 622 | (2,366) | (13,880) | (16,246) |
| **Balance at 31 March 2026** | **(44,792)** | **(6,152)** | **(5,753)** | **(56,697)** | **(182,898)** | **(239,595)** |

| | |
|---|---|
| **General Fund Balances** | **(17,173)** |
| **Earmarked Specific Reserves** | **(27,619)** |
| **General Fund Reserves balance at 31 March 2026 (Note 7)** | **(44,792)** |

| | General Fund Reserves | Usable Capital Receipts | Capital Grants Unapplied Account | Total Usable Reserves | Total Unusable Reserves | Total Authority Reserves |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Balance at 1 April 2024** | **(37,350)** | **(4,518)** | **(11,220)** | **(53,088)** | **(156,007)** | **(209,095)** |
| **Total Comprehensive Income and Expenditure** | **(12,282)** | **0** | **0** | **(12,282)** | **(1,972)** | **(14,254)** |
| Adjustments between accounting basis and funding basis under regulation (Note 6) | 8,391 | (2,197) | 4,845 | 11,039 | (11,039) | 0 |
| **Increase / Decrease in Year** | (3,891) | (2,197) | 4,845 | (1,243) | (13,011) | (14,254) |
| **Balance at 31 March 2025** | **(41,241)** | **(6,715)** | **(6,375)** | **(54,331)** | **(169,018)** | **(223,349)** |

| | |
|---|---|
| **General Fund Balances** | **(14,359)** |
| **Earmarked Specific Reserves** | **(26,882)** |
| **General Fund Reserves balance at 31 March 2025 (Note 7)** | **(41,241)** |

# Balance Sheet

| 31 March 2025 £000 | | Note | 31 March 2026 £000 |
|---|---|---|---|
| 120,789 | Land and Buildings | | **130,311** |
| 659 | Vehicles, Plant & Equipment | | **2,138** |
| 6,279 | Infrastructure Assets | | **5,974** |
| 20 | Community Assets | | **20** |
| 8,414 | Assets Under Construction | | **1,634** |
| 0 | Surplus Assets | | **0** |
| 1,105 | Right of Use Assets | | **965** |
| 137,266 | **Property, Plant & Equipment** | 12, 17 | **141,042** |
| 825 | Heritage Assets | 13 | **825** |
| 46,496 | Investment Properties | 14 | **47,256** |
| 731 | Intangible Assets | 15 | **731** |
| 8,495 | Long Term Investments | 18 | **11,495** |
| 46 | Long Term Debtors | 18 | **48** |
| 193,859 | **Long Term Assets** | | **201,397** |
| 61,049 | Short Term Investments | 18 | **68,263** |
| 8,434 | Short Term Debtors | 19 | **6,863** |
| 865 | Assets Held For Sale | 21 | **215** |
| 10,072 | Cash & Cash Equivalents | 20 | **4,088** |
| 80,420 | **Current Assets** | | **79,429** |
| (15,077) | Creditors | 22 | **(13,397)** |
| (1,573) | Provisions | 23 | **(1,469)** |
| (343) | Lease Liability Payable Less 1 Year | 33 | **(420)** |
| 0 | Borrowing Payable Less 1 Year | 18 | **0** |
| (16,993) | **Current Liabilities** | | **(15,286)** |
| (22,073) | Capital Grants & Contributions Receipts In Advance | 11 | **(24,558)** |
| (762) | Lease Liability Payable Longer 1 Year | 33 | **(545)** |
| 0 | Borrowing Payable Longer 1 Year | 18 | **0** |
| (11,102) | Liability related to Defined Benefit Pension Scheme | 34 | **(842)** |
| (33,937) | **Long Term Liabilities** | | **(25,945)** |
| 223,349 | **Net Assets** | | **239,595** |
| (14,359) | General Fund Balances | 7 | **(17,173)** |
| (26,882) | Earmarked Specific Reserve | 7 | **(27,619)** |
| (6,715) | Usable Capital Receipts Reserve | MIRS | **(6,152)** |
| (6,375) | Capital Grants Unapplied Account | MIRS | **(5,753)** |
| (54,331) | **Usable Reserves** | 24 | **(56,697)** |
| (68,912) | Revaluation Reserve | | **(72,815)** |
| (111,786) | Capital Adjustment Account | | **(112,010)** |
| (13) | Deferred Capital Receipts Reserve | | **(12)** |
| 530 | Financial Instruments Revaluation Reserve | | **530** |
| 11,102 | Pensions Reserve | | **842** |
| (66) | Collection Fund Adjustment Account | | **412** |
| 127 | Accumulated Absences Account | | **155** |
| (169,018) | **Unusable Reserves** | 25 | **(182,898)** |
| (223,349) | **Total Reserves** | | **(239,595)** |

R Jarvis, CPFA
Assistant Director Corporate Resources
30 June 2026

# Cash Flow Statement

| 2024/25 £000 | | Note | 2025/26 £000 |
|---|---|---|---|
| 12,282 | **Net surplus / (deficit) on the provision of services** | CIES | **1,595** |
| (646) | Adjustments to net surplus or deficit on the provision of services for non cash movement | 27 | **8,238** |
| (9,910) | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 27 | **(5,349)** |
| 1,726 | **Net cash flows from Operating Activities** | | **4,484** |
| | **Investing Activities** | | |
| (12,172) | Purchase of property, plant and equipment, investment property and intangible assets | | **(6,129)** |
| (83,000) | Purchase of short-term and long-term investments | | **(86,000)** |
| 3,013 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | | **653** |
| 85,000 | Proceeds of short-term and long-term investments | | **76,000** |
| 5,559 | Capital grants and S106 contributions received | | **7,183** |
| (1,600) | **Net Cash flows from Investing Activities** | | **(8,293)** |
| | **Financing Activities** | | |
| 0 | Cash receipts of short-term and long-term borrowing | | **0** |
| (356) | Cash payments for the reduction of the outstanding liabilities relating to finance leases | | **(1,801)** |
| 0 | Repayments of short-term and long-term borrowing | | **0** |
| 1,450 | Other payments for financing activities | | **(374)** |
| 1,094 | **Net Cash flows from Financing Activities** | | **(2,175)** |
| 1,220 | **Net increase / (decrease) in cash and cash equivalents** | | **(5,984)** |
| 8,852 | Cash and cash equivalents at 1 April | 20 | **10,072** |
| 10,072 | Cash and cash equivalents at 31 March | 20 | **4,088** |
| 1,220 | Movement in year increase / (decrease) | | **(5,984)** |

# Notes to the Accounts

## 1. Expenditure and Funding Analysis

| | 2025/26 Net Expenditure Chargeable to the General Fund Balances | 2025/26 Adjustments for Capital purposes (Note a) | 2025/26 Net change for the Pensions adjustments (Note b) | 2025/26 Other Differences (Note c) | 2025/26 Total Adjustments between the Funding and Accounting Basis | 2025/26 Net Expenditure in the Comprehensive Income and Expenditure Statement |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Planning & Sustainable Economy | **2,368** | 0 | (107) | (5) | **(112)** | **2,256** |
| Communities | **2,058** | 0 | (87) | 8 | **(79)** | **1,979** |
| Commercial Services & Contracts | **7,351** | 7,312 | (67) | 2 | **7,247** | **14,598** |
| Digital & People Services | **6,482** | 548 | (145) | 17 | **420** | **6,902** |
| Legal & Democratic Services | **1,885** | 0 | (42) | 3 | **(39)** | **1,846** |
| Corporate Resources | **5,142** | 0 | (1,033) | 3 | **(1,030)** | **4,112** |
| Organisational Development | **1,264** | 0 | (22) | 0 | **(22)** | **1,242** |
| **Net Cost of Services** | **26,550** | 7,860 | (1,503) | 28 | **6,385** | **32,935** |
| Town & Parish Precepts and Levies | 6,187 | 0 | 0 | 0 | **0** | **6,187** |
| Net (gain)/loss on disposal of non current assets | 0 | 3 | 0 | 0 | **3** | **3** |
| Payment to Housing Capital Receipts Pool | 0 | 0 | 0 | 0 | **0** | **0** |
| Net interest receivable | (4,125) | 0 | 0 | 0 | **0** | **(4,125)** |
| Net interest on pension net defined benefit liability | 0 | 0 | 598 | 0 | **598** | **598** |
| Investment Properties | (3,071) | (760) | 0 | 0 | **(760)** | **(3,831)** |
| Financial Instruments Valuation Adjustment | 0 | 0 | 0 | 0 | **0** | **0** |
| Capital grants and contributions unapplied credited to the CIES | 0 | (3,088) | 0 | 0 | **(3,088)** | **(3,088)** |
| Council Tax Income | (19,472) | 0 | 0 | 104 | **104** | **(19,368)** |
| Business Rates Income | (3,190) | 0 | 0 | 374 | **374** | **(2,816)** |
| Non-ringfenced government grants | (8,090) | 0 | 0 | 0 | **0** | **(8,090)** |
| Capital Expenditure financed from revenue balances | 1,186 | (1,186) | 0 | 0 | **(1,186)** | **0** |
| Statutory provision for payment of debt, Minimum Revenue Provision | 474 | (474) | 0 | 0 | **(474)** | **0** |
| **Other Income and Expenditure (Notes 8, 9, 10)** | **(30,101)** | (5,505) | 598 | 478 | **(4,429)** | **(34,530)** |
| **(Surplus)/Deficit for year** | **(3,551)** | 2,355 | (905) | 506 | **1,956** | **(1,595)** |
| **Opening General Fund Reserves** | **(41,241)** | | | | | |
| Plus/ less Surplus or Deficit on General Fund Balance in Year | **(3,551)** | | | | | |
| **Closing General Fund Reserves** | **(44,792)** | | | | | |

The Net Expenditure Chargeable to the General Fund Balances shown above is listed by Service Area. This can be referenced back to the Narrative Report table on page 7 which is a summary of the Outturn reported to Cabinet on 6 July 2026 with columns showing transfers to reserves and other adjustments. The columns showing the Adjustments between the Funding and Accounting Basis give details of the adjustments to reach the total Net Expenditure in the CIES. These adjustments are also shown in Note 6.

### Adjustments for Capital Purposes

(a) 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

(b) Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council 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

(c) 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 the Accumulated Absences Account accrual for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.
- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for statutory override for pooled investments.
- 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.
- This also includes the net transfer to Earmarked Specific Reserves.

| | 2024/25 | 2024/25 | 2024/25 | 2024/25 | 2024/25 | 2024/25 |
|---|---|---|---|---|---|---|
| | **Net Expenditure Chargeable to the General Fund Balances** | Adjustments for Capital purposes (Note a) | Net change for the Pensions adjustments (Note b) | Other Differences (Note c) | **Total Adjustments between the Funding and Accounting Basis** | **Net Expenditure in the Comprehensive Income and Expenditure Statement** |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Planning & Sustainable Economy | **3,983** | 0 | (6) | (2) | **(8)** | **3,975** |
| Communities | **2,823** | 0 | (5) | (6) | **(11)** | **2,812** |
| Commercial Services & Contracts | **7,664** | 2,379 | (4) | (2) | **2,373** | **10,037** |
| Digital & People Services | **4,737** | 600 | (8) | 1 | **593** | **5,330** |
| Legal & Democratic Services | **1,012** | 0 | (2) | (4) | **(6)** | **1,006** |
| Corporate Resources | **3,866** | 0 | (1,049) | (1) | **(1,050)** | **2,816** |
| Organisational Development | **12** | 0 | (1) | (1) | **(2)** | **10** |
| **Net Cost of Services** | **24,097** | 2,979 | (1,075) | (15) | **1,889** | **25,986** |
| Town & Parish Precepts and Levies | 5,734 | 0 | 0 | 0 | **0** | **5,734** |
| Net (gain)/loss on disposal of non current assets | 0 | (46) | 0 | 0 | **(46)** | **(46)** |
| Payment to Housing Capital Receipts Pool | 0 | 0 | 0 | 0 | **0** | **0** |
| Net interest receivable | (4,595) | 0 | 0 | 0 | **0** | **(4,595)** |
| Net interest on pension net defined benefit liability | 0 | 0 | 402 | 0 | **402** | **402** |
| Investment Properties | (2,485) | (870) | 0 | 0 | **(870)** | **(3,355)** |
| Financial Instruments Valuation Adjustment | 0 | 0 | 0 | (103) | **(103)** | **(103)** |
| Capital grants and contributions unapplied credited to the CIES | (84) | (5,020) | 0 | 0 | **(5,020)** | **(5,104)** |
| Council Tax Income | (18,533) | 0 | 0 | 103 | **103** | **(18,430)** |
| Business Rates Income | (730) | 0 | 0 | (1,057) | **(1,057)** | **(1,787)** |
| Non-ringfenced government grants | (10,984) | 0 | 0 | 0 | **0** | **(10,984)** |
| Capital Expenditure financed from revenue balances | 3,233 | (3,233) | 0 | 0 | **(3,233)** | **0** |
| Statutory provision for payment of debt, Minimum Revenue Provision | 456 | (456) | 0 | 0 | **(456)** | **0** |
| **Other Income and Expenditure (Notes 8, 9, 10)** | **(27,988)** | (9,625) | 402 | (1,057) | **(10,280)** | **(38,268)** |
| **(Surplus)/Deficit for year** | **(3,891)** | (6,646) | (673) | (1,072) | **(8,391)** | **(12,282)** |
| **Opening General Fund Reserves** | **(37,350)** | | | | | |
| Plus/ less Surplus or Deficit on General Fund Balance in Year | **(3,891)** | | | | | |
| **Closing General Fund Reserves** | **(41,241)** | | | | | |

## 2. Expenditure and Income analysed by nature

The Council's expenditure and income is analysed as follows:

| 2024/25 £000 | Expenditure | 2025/26 £000 |
|---|---|---|
| 16,479 | Employee benefits expenses (includes Pensions adjustments in Note 1) | **19,072** |
| 23,384 | Benefits (CIES) | **19,791** |
| 19,666 | Premises, Transport, Supplies & Services, Third Party Payments | **22,335** |
| 2,952 | REFCUS (Narrative Report Note 2) | **2,354** |
| 346 | Revenue Projects | **1,491** |
| 1,317 | Investment Property operating expenditure (Note 14) | **872** |
| 410 | Investment property revaluations (net decreases) (Note 14) | **0** |
| 0 | Financial Instrument Valuation Adjustment Decrease (Note 9) | **0** |
| (342) | Support service recharges | **0** |
| 2,682 | Depreciation, amortisation (Note 12, Note 15) | **2,933** |
| (409) | Net (Gain)/Loss on revaluation (Note 12) | **4,182** |
| 28 | Interest payments (Note 9) | **23** |
| 5,734 | Precepts and levies (Note 8) | **6,187** |
| 0 | Payments to Housing Capital Receipts Pool (Note 8) | **0** |
| (46) | Net (Gain)/Loss on the disposal of assets (Note 8) | **3** |
| 72,201 | **Total Expenditure** | **79,243** |
| | **Income** | |
| (11,115) | Fees, charges and other service income (CIES) | **(13,070)** |
| (4,623) | Interest and dividend income (Note 18) | **(4,148)** |
| (3,802) | Investment property income (Note 14) | **(3,943)** |
| (1,280) | Investment property disposals (Note 14) | **0** |
| 0 | Investment property revaluations (net increases) (Note 14) | **(760)** |
| (103) | Financial Instrument Valuation Increase Adjustment (Note 9) | **0** |
| (20,217) | Income from council tax and non-domestic rates (Note 10) | **(22,184)** |
| (23,470) | Housing Benefit Gross Income (CIES) | **(19,613)** |
| (19,873) | Government grants and contributions (CIES) | **(17,120)** |
| (84,483) | **Total Income** | **(80,838)** |
| (12,282) | **(Surplus) / deficit on the Provision of Services** | **(1,595)** |

## 3. Material Items of Income and Expense

For the purposes of this note, the Council considers materiality as £1,444,000, based on 2% of prior year gross service expenditure. Where material items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of these items would be separately disclosed. For 2025/26 there are no material items that are not disclosed in other notes.

## 4. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Assistant Director, Corporate Resources on 30 June 2026. Events taking place after the reporting period are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 5. Prior Period Adjustments

There are no prior period adjustments.

## 6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

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

**Capital Receipts Reserve**

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

**Capital Grants Unapplied Account**

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

| 2025/26 | Usable Reserves | | |
|---|---|---|---|
| **Adjustments to the Revenue Resources** | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied Account £000 |
| 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 costs (transferred to/from the Pensions Reserve, Note 25(e)) | 905 | 0 | 0 |
| Council tax and NDR (transfers to or from Collection Fund Adjustment Account (Note 25(f)) | (478) | 0 | 0 |
| Holiday pay (transferred to the Accumulated Absences Account (Note 25 (h)) | (28) | 0 | 0 |
| Financial Instruments Valuation Adjustments (transferred to the Financial Instruments Valuation Reserve (Note 25 (d)) | 0 | 0 | 0 |
| Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account: | | | |
| Charges for depreciation and impairment of non current assets | (2,933) | 0 | 0 |
| Revaluation losses on Property Plant and Equipment, and Heritage Assets | (4,182) | 0 | 0 |
| Movements in the fair value of Investment Properties | 760 | 0 | 0 |
| Amortisation of intangible assets | 0 | 0 | 0 |
| Capital grants and contributions applied for REFCUS | 1,609 | 0 | 0 |
| Revenue expenditure funded from capital under statute | (2,354) | 0 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (655) | 0 | 0 |
| Donated Assets Account | 0 | 0 | 0 |
| Capital grants and contributions unapplied credited to the CIES | 3,088 | 0 | (3,088) |
| **Total Adjustments to Revenue Resources** | (4,268) | 0 | (3,088) |
| **Adjustments between Revenue and Capital Resouces** | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | 652 | (652) | 0 |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) | 0 | 0 | 0 |
| Statutory provision for the payment of debt (transfer to the Capital Adjustment Account) | 474 | 0 | 0 |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 1,186 | 0 | 0 |
| **Total Adjustments between Revenue and Capital Resources** | 2,312 | (652) | 0 |
| **Adjustments to Capital Resouces** | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 1,216 | 0 |
| Application of capital grants to finance capital expenditure | 0 | 0 | 3,710 |
| Cash payments in relation to deferred capital receipts | 0 | (1) | 0 |
| **Total Adjustments to Capital Resources** | 0 | 1,215 | 3,710 |
| **Total Adjustments on MIRS** | (1,956) | 563 | 622 |

| 2024/25 | Usable Reserves | | |
|---|---|---|---|
| **Adjustments to the Revenue Resources** | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied Account £000 |
| 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 costs (transferred to/from the Pensions Reserve, Note 25(e)) | 673 | 0 | 0 |
| Council tax and NDR (transfers to or from Collection Fund Adjustment Account (Note 25(f)) | 954 | 0 | 0 |
| Holiday pay (transferred to the Accumulated Absences Account (Note 25 (h)) | 15 | 0 | 0 |
| Financial Instruments Valuation Adjustments (transferred to the Financial Instruments Valuation Reserve (Note 25 (d)) | 103 | 0 | 0 |
| Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account: | | | |
| Charges for depreciation and impairment of non current assets | (2,678) | 0 | 0 |
| Revaluation losses on Property Plant and Equipment, and Heritage Assets | 409 | 0 | 0 |
| Movements in the fair value of Investment Properties | (410) | 0 | 0 |
| Amortisation of intangible assets | (4) | 0 | 0 |
| Capital grants and contributions applied for REFCUS | 2,246 | 0 | 0 |
| Revenue expenditure funded from capital under statute | (2,952) | 0 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (1,686) | 0 | 0 |
| Donated Assets Account | 425 | 0 | 0 |
| Capital grants and contributions unapplied credited to the CIES | 4,595 | 0 | (4,595) |
| **Total Adjustments to Revenue Resources** | **1,690** | **0** | **(4,595)** |
| **Adjustments between Revenue and Capital Resouces** | | | |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve | 3,013 | (3,013) | 0 |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) | 0 | 0 | 0 |
| Statutory provision for the payment of debt (transfer to the Capital Adjustment Account) | 456 | 0 | 0 |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | 3,232 | 0 | 0 |
| **Total Adjustments between Revenue and Capital Resources** | **6,701** | **(3,013)** | **0** |
| **Adjustments to Capital Resouces** | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | 816 | 0 |
| Application of capital grants to finance capital expenditure | 0 | 0 | 9,440 |
| Cash payments in relation to deferred capital receipts | 0 | 0 | 0 |
| **Total Adjustments to Capital Resources** | **0** | **816** | **9,440** |
| **Total Adjustments on MIRS** | **8,391** | **(2,197)** | **4,845** |

## 7. Transfers To/From Earmarked Specific Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked specific reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25. The net movement in the year is shown on the Movement in Reserves Statement.

| Specific Reserve | Balance at 1 April 2024 £000 | Transfers In 2024/25 £000 | Transfers Out 2024/25 £000 | Balance at 31 March 2025 £000 | Transfers In 2025/26 £000 | Transfers Out 2025/26 £000 | Balance at 31 March 2026 £000 |
|---|---|---|---|---|---|---|---|
| Planning & Sustainable Economy | (1,829) | (582) | 481 | (1,930) | (549) | 456 | **(2,023)** |
| Communities | (140) | (434) | 151 | (423) | (158) | 79 | **(502)** |
| Commercial Services & Contracts | (5,684) | (3,460) | 588 | (8,556) | (3,440) | 2,817 | **(9,179)** |
| Digital & People Services | (2,419) | 0 | 483 | (1,936) | (200) | 642 | **(1,494)** |
| Legal & Democratic Services | 2 | (99) | 39 | (58) | (80) | 10 | **(128)** |
| Corporate Resources | (15,156) | (3,694) | 4,871 | (13,979) | (2,203) | 1,889 | **(14,293)** |
| Organisational Development | (311) | 0 | 311 | 0 | 0 | 0 | **0** |
| **Specific Reserve Total** | (25,537) | (8,269) | 6,924 | (26,882) | (6,630) | 5,893 | **(27,619)** |
| **General Fund Balances** | (11,813) | (2,546) | 0 | (14,359) | (2,816) | 2 | **(17,173)** |
| | (37,350) | (10,815) | 6,924 | (41,241) | (9,446) | 5,895 | **(44,792)** |

**Earmarked Specific Reserves** – The major movements in reserves include:

**Transfers In**
Contribution towards the Development Plan (£300,000)
Contribution towards Waste & Recycling Reform (£2,700,000)
Contribution toward Joint Venture for Redevelopment of Martlets Centre (£446,000)
Contribution to the Organisation Development and Efficiency (£311,000)
Contribution to Process Efficiency & Project Support (£900,000)
Contribution to Business Rates Retention Equalisation Reserve (£531,000)

**Transfer Out**
The release from the SAMM Fees Reserve to Wealden DC (£402,000)
Draw down of reserves set aside for Waste & Recycling Reform costs (£2,119,000)
Draw down of reserves set aside for Joint Venture for Redevelopment of Martlets costs (£280,000)
Draw from Benefits Equalisation Reserve (£297,000)
Draw from the Organisation Development and Efficiency (£361,000)
Draw from the Process Efficiency & Project Support Reserve (£600,000)
Funding Capital Programme from Capital Reserve including additional Temporary Accommodation (£189,000)

Further explanation of each item included in Specific Reserve is set out in the Outturn Report 2025/26, to Cabinet on 6 July 2026.

**General Fund Balances** – This includes amounts earmarked for the Capital Programme, amounts provided by developers as commuted sums in lieu of future maintenance, and resources available to meet future running costs for services.

## 8. Other Operating Expenditure

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 5,733 | Town and Parish Council precepts | **6,186** |
| 1 | Levies | **1** |
| 0 | Payments to Government Housing Capital Receipts Pool (Note 6) | **0** |
| (46) | Net (gains)/losses on the disposal of non-current assets | **3** |
| 5,688 | Total | **6,190** |

## 9. Financing and Investment Income and Expenditure

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 402 | Net interest on the net defined benefit liability/(asset) (Note 34) | **598** |
| 28 | Interest payable and similar charges (Note 18) | **23** |
| (4,623) | Interest receivable and similar income (Note 18) | **(4,148)** |
| (3,765) | Income and expenditure for Investment Properties (Note 14) | **(3,071)** |
| 410 | Movement in fair value of Investment Properties (Note 14) | **(760)** |
| (103) | Movement in valuation of Financial Instruments (Note 25(d)) | **0** |
| (7,651) | Total | **(7,358)** |

## 10. Taxation and Non-Specific Grant Income and Expenditure

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (217) | Housing Benefits Administration Grant | **(223)** |
| (1,829) | New Homes Bonus | **(1,236)** |
| (15) | Service Grant | **0** |
| (1,050) | Funding Guarantee Grant | **(1,030)** |
| (138) | Revenue Support Grant | **(161)** |
| (70) | Various DWP New Burden Grants | **(99)** |
| (5,886) | Small Business and Empty Property Business Rate Relief | **(4,957)** |
| (1,419) | WSCC Business Rates Pool Grant | **0** |
| (18) | Levy Account Surplus Grant MHCLG | **0** |
| 0 | Employers NI Contribution Scheme Grant | **(158)** |
| (36) | Domestic Abuse Safe Accommodation Funding | **(37)** |
| (276) | DEFRA Food Waste Collection Grant | **(111)** |
| (30) | Other New Burdens Grants | **(79)** |
| 0 | Local Council Tax Support Schemes Grant | **0** |
| (10,984) | Non-ringfenced government grants | **(8,091)** |
| (18,430) | Council Tax Income (Collection Fund) | **(19,368)** |
| (1,787) | Retained Business Rates (Collection Fund) | **(2,815)** |
| (5,104) | Capital Grants and S106 Receipts | **(3,088)** |
| (36,305) | Total credited to Taxation and Non Specific Grant Income | **(33,362)** |

## 11. Grant Income

The Council credited the following grants and contributions within the Net Cost of Service in the Comprehensive Income and Expenditure Statement in 2025/26. The non-ringfenced grants that have been credited to the Taxation and Non-Specific Grant Income and Expenditure line on the CIES are detailed in Note 10.

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (21,507) | DWP Housing Benefit Subsidy | **(17,512)** |
| (1,216) | WSCC Disabled Facilities Grant Contribution | **(1,644)** |
| (215) | WSCC Contribution- Civil Parking Enforcement/Controlled Parking Zone | **(162)** |
| (34) | WSCC Partnerships | **(34)** |
| (496) | WSCC Public Health | **(497)** |
| (456) | Home Office Asylum Dispersal Grant | **(645)** |
| (126) | Rough Sleepers Grant | **(247)** |
| (32) | DLUHC Electoral Integrity Programme | **0** |
| (755) | DLUHC Homelessness Prevention Grant | **(1,044)** |
| (54) | DEFRA Biodiversity Net Gain Grant | **(27)** |
| 0 | Places Leisure The Arc Grant | **(254)** |
| 0 | Extended Producer Responsibility | **(2,250)** |
| (179) | NNDR Cost of Collection contribution | **(182)** |
| (74) | Other | **(255)** |
| (25,144) | Total Credited to Services | **(24,753)** |

The revenue grants that have yet to be recognised as income, as they have conditions attached to them that will require the monies to be returned to the giver, are held as Receipts in Advance within Creditors. The balances at the year-end are as follows: Mid Sussex Partnership £114,000 (£114,000 2024/25).

There are no additional grants for 2025/26 although these are held as Receipts in Advance within Creditors.

**Capital Grants and Contributions - Receipts in Advance**

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

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission (e.g. playgrounds and equipment). The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (23,411) | Balance at 1 April | **(22,073)** |
| (4,395) | Received in year | **(7,335)** |
| 5,733 | Applied to Comprehensive Income and Expenditure Statement | **4,850** |
| (22,073) | Balance at 31 March | **(24,558)** |

The year-end balance comprises £15,924k Time Limited Section 106 receipts and £8,634k Other Capital Contributions.

## 12. Property, Plant and Equipment

Non-current assets are included in the balance sheet at their current value, determined as the amount that would be paid for the asset in its existing use (existing use value-EUV) or the current cost of replacing an asset with its modern

equivalent asset less relevant deductions (direct replacement cost-DRC), except for infrastructure and community assets which are included at historical cost or £1 value. The current value measurement base for surplus assets is fair value, estimated at highest and best use from a market participant's perspective.

### Depreciation

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

- Buildings: straight line allocation over the useful life of the property as estimated by the valuer
- Component Parts of the Leisure Centres, Council Offices, Pavilion over £500k are:
    - Structure-Externals 60 years life,
    - Roof-Electrical 35 years life,
    - Services 20 years life
- Vehicles, Plant and Equipment: straight line
- Computer equipment 5-year life, Playground equipment 5 year life, Wheeled Bins 10 year life, Car Parking Machines 7 year life, Mobile Seating Unit 10 year life
- Infrastructure: straight line over the life of the asset

The main elements of the depreciation charge are for Leisure Centres and Community Halls, £1,334,000 (£1,150,000 in 2024/25), for Other Buildings, £446,000 (£397,000 in 2024/25), and for Digital & Technology and Playground Equipment, £395,000 (£285,000 in 2024/25).

**Capital Commitments**

At 31 March 2026, the Council has authorised expenditure for the construction or enhancement of Property, Plant and Equipment which in 2026/27 - 2029/30 is budgeted to cost £1,224,000. Similar commitments at 31 March 2025 were £5,777,000. The commitments are as follows:

| | 2026/27 | 2027/28 | 2028/29 | 2029/30 | Total |
|---|---|---|---|---|---|
| **Scheme** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Hemsleys Meadow & Finches Field, Pease Pottage Masterplan | 616 | 0 | 0 | 0 | 616 |
| Victoria Park, Haywards Heath Masterplan | 231 | 0 | 0 | 0 | 231 |
| Mount Noddy, East Grinstead Masterplan | 302 | 0 | 0 | 0 | 302 |
| Wyshe Play Area | 75 | 0 | 0 | 0 | 75 |
| **Total** | **1,224** | **0** | **0** | **0** | **1,224** |

At 31 March 2026 the Council's outstanding contractual commitments for the construction or enhancement of Property, Plant and Equipment were £0 (£728,000 at 31 March 2025).

**Assets Under Construction**

The Assets Under Construction are for the Recreation Ground Masterplans which are due to be completed in 2026/27 and 2027/28. Works on the Centre for Outdoor Sports were completed in 2025/26 and this has now been transferred to Land and Buildings.

**Right of Use Assets**

Following the implementation of IFRS 16 Leases, the Council as lessee is required to account for both finance and operating leases as right of use assets. To account for this a new category has been added under Property, Plant and Equipment and our Finance Leased Assets previously held under Vehicles, Plant and Equipment have been transferred to this category.

| 2025/26 | Land and Buildings | Vehicles, Plant and Equipment | Infrastructure Assets | Community Assets | Assets Under Construction | Surplus Assets | Right of Use Assets | **Total** |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or valuation** | | | | | | | | |
| At 1 April 2025 | 123,210 | 5,451 | 9,240 | 20 | 8,414 | 0 | 3,174 | **149,509** |
| Additions | 869 | 1,879 | 38 | 0 | 2,580 | 0 | 233 | **5,599** |
| Donations | | | | | | | | **0** |
| Revaluation increase/(decrease) recognised in the Revaluation Reserve | 3,186 | 0 | 0 | 0 | 0 | 0 | 0 | **3,186** |
| Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services | (4,269) | 0 | 0 | 0 | 0 | 0 | 0 | **(4,269)** |
| Derecognition - disposals | 0 | (130) | 0 | 0 | 0 | 0 | (13) | **(143)** |
| Other movements in cost or valuation | 9,360 | 0 | 0 | 0 | (9,360) | 0 | 0 | **0** |
| **At 31 March 2026** | 132,356 | 7,200 | 9,278 | 20 | 1,634 | 0 | 3,394 | **153,882** |
| **Accumulated Depreciation and Impairment** | | | | | | | | |
| At 1 April 2025 | (2,421) | (4,793) | (2,961) | 0 | 0 | 0 | (2,069) | **(12,244)** |
| Depreciation Charge | (1,821) | (395) | (343) | 0 | 0 | 0 | (373) | **(2,932)** |
| Depreciation written out to the Revaluation Reserve | 2,110 | 0 | 0 | 0 | 0 | 0 | 0 | **2,110** |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 87 | 0 | 0 | 0 | 0 | 0 | 0 | **87** |
| Derecognition - disposals | 0 | 126 | 0 | 0 | 0 | 0 | 13 | **139** |
| **At 31 March 2026** | (2,045) | (5,062) | (3,304) | 0 | 0 | 0 | (2,429) | **(12,840)** |
| **Net Book Value At 31 March 2026** | **130,311** | **2,138** | **5,974** | **20** | **1,634** | **0** | **965** | **141,042** |
| **Net Book Value At 31 March 2025** | **120,789** | **659** | **6,279** | **20** | **8,414** | **0** | **1,105** | **137,266** |

| 2024/25 | Land and Buildings | Vehicles, Plant and Equipment | Infrastructure Assets | Community Assets | Assets Under Construction | Surplus Assets | Right of Use Assets | Total |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or valuation** | | | | | | | | |
| At 1 April 2024 | 114,918 | 5,184 | 9,207 | 20 | 957 | 0 | 3,089 | **133,375** |
| Additions | 4,790 | 267 | 33 | 235 | 7,457 | 0 | 85 | **12,867** |
| Donations | 425 | 0 | 0 | 0 | 0 | 0 | 0 | **425** |
| Revaluation increase/(decrease) recognised in the Revaluation Reserve | 2,981 | 0 | 0 | 415 | 0 | 0 | 0 | **3,396** |
| Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services | 315 | 0 | 0 | 0 | 0 | 0 | 0 | **315** |
| Derecognition - disposals | (4) | 0 | 0 | 0 | 0 | 0 | 0 | **(4)** |
| Other movements in cost or valuation | (215) | 0 | 0 | (650) | 0 | 0 | 0 | **(865)** |
| **At 31 March 2025** | 123,210 | 5,451 | 9,240 | 20 | 8,414 | 0 | 3,174 | **149,509** |
| **Accumulated Depreciation and Impairment** | | | | | | | | |
| At 1 April 2024 | (2,371) | (4,507) | (2,619) | 0 | 0 | 0 | (1,713) | **(11,210)** |
| Depreciation Charge | (1,695) | (285) | (342) | 0 | 0 | 0 | (356) | **(2,678)** |
| Depreciation written out to the Revaluation Reserve | 1,550 | 0 | 0 | 0 | 0 | 0 | 0 | **1,550** |
| Depreciation written out to the Surplus/Deficit on the Provision of Services | 94 | 0 | 0 | 0 | 0 | 0 | 0 | **94** |
| Derecognition - disposals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | **1** |
| **At 31 March 2025** | (2,421) | (4,792) | (2,961) | 0 | 0 | 0 | (2,069) | **(12,243)** |
| **Net Book Value At 31 March 2025** | **120,789** | **659** | **6,279** | **20** | **8,414** | **0** | **1,105** | **137,266** |
| **Net Book Value At 31 March 2024** | **112,547** | **677** | **6,588** | **20** | **957** | **0** | **1,375** | **122,164** |

**Revaluations**
The Council has a rolling programme for revaluation that ensures all Property, Plant and Equipment required to be measured at current value or fair value is re-valued at least every five years with annual indexation in intervening years. The valuations of land and buildings are carried out externally by the Chartered Surveyors at Wilkes Head & Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The sources of information and assumptions made in producing the various valuations for 1 January 2026 are set out in a valuation certificate and report.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Operational assets are defined as being held, occupied and used by the Council in the direct delivery of services for which there is a statutory or discretionary responsibility, and valued as Existing Use Value (EUV). For specialised operational properties, depreciated replacement cost (DRC) is used. Further information is in the Statement of Accounting Policies Note 37(r) Property, Plant and Equipment and Note 37(z) Fair Value Measurement.

An impairment review was conducted for 31 March 2026, by a RICS qualified chartered surveyor at Wilkes Head & Eve LLP, with no further adjustments needed to the asset values.

| | Land and Buildings £000 | Vehicles, Plant, Equipment £000 | Infrastructure £000 | Community Assets £000 | Assets Under Construction £000 | Surplus Assets £000 | Right of Use Assets £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| Valued at historical cost | **0** | **7,199** | **9,278** | **20** | **1,634** | **0** | **3,395** | **21,526** |
| Valued at fair value in: | | | | | | | | |
| **2025/26** | **110,450** | **0** | **0** | **0** | **0** | **0** | **0** | **110,450** |
| 2024/25 | 8,911 | 0 | 0 | 0 | 0 | 0 | 0 | **8,911** |
| 2023/24 | 6,972 | 0 | 0 | 0 | 0 | 0 | 0 | **6,972** |
| 2022/23 | 3,145 | 0 | 0 | 0 | 0 | 0 | 0 | **3,145** |
| 2021/22 | 2,878 | 0 | 0 | 0 | 0 | 0 | 0 | **2,878** |
| Cost or Valuation | 132,356 | 7,199 | 9,278 | 20 | 1,634 | 0 | 3,395 | 153,882 |

These movements are shown in the Unusable Reserves Note 25 (a) Revaluation Reserve. The Land and Buildings valued in 2025/26 are split between assets revalued through full valuation £92,965k and assets adjusted using indexation £17,485k.

In line with CIPFA Code guidance, indexation has been applied this year to update asset values where appropriate, reflecting movements in relevant indices since the last full valuation.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

| **Index** | **Average Change %** | **Valuation Change £000** |
|---|---|---|
| Building Cost Index (Buildings) | 2.24% - 2.93% | 143 |
| Land Value Index | -4.65% | 58 |
| Other Land Indices | -2.40% | -18 |
| Housing Property Index | 1.70% | -8 |
| No Index Applied | 0.00% | 0 |
| **Total Indexation Applied 2025/26** | — | **175** |

## 13. Heritage Assets

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

| | Historic Buildings £000 | Art Collection and furniture £000 | Civic Regalia £000 | **Total Assets £000** |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 April 2025 | 700 | 115 | 10 | **825** |
| In Year Movement | 0 | 0 | 0 | **0** |
| **At 31 March 2026** | 700 | 115 | 10 | **825** |
| **Cost or valuation** | | | | |
| At 1 April 2024 | 700 | 115 | 10 | **825** |
| In Year Movement | 0 | 0 | 0 | **0** |
| **At 31 March 2025** | 700 | 115 | 10 | **825** |

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

**Art Collection and Furniture**
The Council's external valuer for its artwork (Gorringes, Lewes) carried out a full valuation of the collection of 11 paintings as at 23 October 2018. The valuations were based on commercial markets including recent transaction information from auctions where similar types of paintings are regularly being purchased. The paintings have been dated from as early as 1831 and are a mixture of portraits, still life and views of the River Thames. In addition, there is a map of Sussex dated 1795.
The Council's collection of Heritage Assets also includes an Edwardian writing desk, which is housed in the Chairman's office at the Council Offices at Oaklands.

**Civic Regalia**
The Council's external valuer for its artwork (Gorringes, Lewes) carried out a full valuation of the Council's civic regalia as at 23 October 2018. The items are the Chairman's Chain of Office, the Vice-Chairman's silver gilt chain, and a silver gilt and enamel elliptical badge.

**Additions / Disposals of Heritage Assets**
The Council has not purchased any Heritage assets in 2025/26.

## 14. Investment Properties

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

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (3,802) | Rental income from investment property | **(3,943)** |
| (1,280) | (Gain) / loss on disposal of investment property | **0** |
| 1,317 | Direct operating expenses arising from investment property | **872** |
| (3,765) | Net (gain) / loss | **(3,071)** |

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:

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 48,590 | Balance at 1 April | **46,496** |
| | Additions: | |
| 0 | Revaluation Increases/Decreases to Surplus/Deficit | **0** |
| (1,684) | Disposals | **0** |
| (410) | Net gains/(losses) from fair value adjustments | **760** |
| 0 | Transfers to/from Property, Plant and Equipment | **0** |
| 46,496 | Balance at 31 March | **47,256** |

**Purchases and Subsequent Expenditure**
There have been no purchases in the current year or in 2025/26.

**Disposals**
There have been no disposals in 2025/26. In 2024/25 the disposal of site I and J Victoria Road, Burgess Hill was completed for £2,995,000.

**Revaluations**
All the Council's Investment Properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes, (Accounting Policies Note 37(y) contains an explanation of the fair value levels) as detailed in the Narrative Report. The fair value of investment property has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions for these asset types are such that the levels of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The annual valuations are carried out by an external RICS qualified chartered surveyor from Wilkes Head Eve LLP, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The sources of information and assumptions made in producing the valuations for 31 March 2025 are set out in a valuation report. In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

The main downward revaluation change is for Victoria Industrial Estate downwards by £457,000. The main upward revaluation is for Martlets Shopping Centre revalued upwards by £195,000.

An impairment review was conducted for 31 March 2026, by Wilkes Head Eve LLP, with no further adjustments needed to the asset values.

## 15. 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 include both purchased licenses, internally generated software and easements in perpetuity. Easements in perpetuity are indefinite lived intangible assets which are tested for impairments annually. There were no impairments of intangible assets in 2025/26. All software is given a 5-year useful life. The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0 charged to revenue in 2025/26 (£4,000 in 2024/25) was charged to the appropriate Service Area in the Net Cost of Services.

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

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| | Balance at 1 April | |
| 1,044 | Gross carrying amounts | **731** |
| (309) | Accumulated amortisation | |
| 735 | Net carrying amount at 1 April | **731** |
| 0 | Purchases | **0** |
| 0 | Disposals (NBV) | **0** |
| (4) | Amortisation for the year | |
| 731 | Net carrying amount at end of year | **731** |
| | Comprising: | |
| 1,044 | Gross carrying amounts | **1,044** |
| (313) | Accumulated amortisation | **(313)** |
| 731 | Balance at 31 March | **731** |

## 16. 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.

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 5,714 | Opening Capital Financing Requirement | **5,343** |
| | **Capital Investment** | |
| 12,782 | Operational Assets and Assets Under Construction (Note 12) | **5,366** |
| 85 | Right of Use Assets (Note 12) | **234** |
| 2,952 | Revenue expenditure funded from capital under statute (Note 6) | **2,354** |
| | **Source of Finance** | |
| (816) | Capital Receipts (Note 6) | **(1,215)** |
| (2,246) | Government Grant, WSCC Contribution, Sect 106 receipts in advance (Note 6) | **(1,609)** |
| (9,440) | Capital Grants Unapplied Account (Note 6) | **(3,710)** |
| (3,232) | Capital expenditure financed from revenue balances (Note 6) | **(1,186)** |
| (456) | Statutory provision for the payment of debt-MRP from revenue (Note 6) | **(474)** |
| 5,343 | **Closing Capital Financing Requirement** | **5,103** |
| | **Explanation of Movement in Year** | |
| (371) | Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance) | **(240)** |
| (371) | **Increase/ (Decrease) in Capital Financing Requirement** | **(240)** |

### Capitalisation of Borrowing Costs

At 31 March the Council has no capitalised borrowing costs.

## 17. Impairment Losses

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired, no impairments were identified for 2025/26.

## 18. Financial Instruments

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

| | Long Term | | Short Term | |
|---|---|---|---|---|
| | 31 March 2026 £000 | 31 March 2025 £000 | 31 March 2026 £000 | 31 March 2025 £000 |
| Investments at amortised cost | **6,025** | 3,025 | **68,263** | 61,049 |
| Fair value through profit or loss | **5,470** | 5,470 | **0** | 0 |
| **Total Investments** | **11,495** | 8,495 | **68,263** | 61,049 |
| | | | | |
| Fair value through profit or loss | **0** | 0 | **7,860** | 12,345 |
| **Total Cash and Cash Equivalents** | **0** | 0 | **7,860** | 12,345 |
| | | | | |
| **Long Term Debtors at amortised Cost** | **48** | 46 | **0** | 0 |
| **Trade Debtors at amortised Cost** | **0** | 0 | **1,479** | 1,286 |
| | | | | |
| **Total Financial Assets** | **11,543** | 8,541 | **77,602** | 74,680 |
| | | | | |
| Borrowing at amortised cost | **0** | 0 | **0** | 0 |
| Bank Overdraft | **0** | 0 | **(3,772)** | (2,273) |
| **Total Borrowings** | **0** | 0 | **(3,772)** | (2,273) |
| | | | | |
| **Creditors - Lease liabilities at amortised cost** | **(545)** | (762) | **(420)** | (343) |
| **Trade Creditors at amortised cost** | **0** | 0 | **(4,185)** | (3,711) |
| | | | | |
| **Total Financial Liabilities** | **(545)** | **(762)** | **(8,377)** | **(6,327)** |

### Borrowings

The Council had no external borrowing during the year.

### Income, Expense, Gains and Losses

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

| | Financial Liabilities measured at Amortised Cost 2025/26 £000 | Financial Assets: measured at Amortised Cost 2025/26 £000 | Financial Assets: Fair Value through profit or loss 2025/26 £000 | Total 2025/26 £000 |
|---|---|---|---|---|
| Interest expense (Note 9) | **23** | **0** | **0** | **23** |
| **Total expense in Surplus or Deficit on the Provision of Services** | **23** | **0** | **0** | **23** |
| Interest income, dividend income (Note 9) | **0** | **(3,893)** | **(255)** | **(4,148)** |
| (Gain)/Loss on revaluation of financial instrument (Note 25 (d)) | **0** | **0** | **0** | **0** |
| **Total income in Surplus or Deficit on the Provision of Services** | **0** | **(3,893)** | **(255)** | **(4,148)** |
| **Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure** | **0** | **0** | **0** | **0** |
| **Net (gain)/loss for the year** | **23** | **(3,893)** | **(255)** | **(4,125)** |

| | Financial Liabilities measured at Amortised Cost 2024/25 £000 | Financial Assets: measured at Amortised Cost 2024/25 £000 | Financial Assets: Available-for-Sale 2024/25 £000 | Total 2024/25 £000 |
|---|---|---|---|---|
| Interest expense (Note 9) | 28 | 0 | 0 | 28 |
| **Total expense in Surplus or Deficit on the Provision of Services** | 28 | 0 | 0 | 28 |
| Interest income, dividend income (Note 9) | 0 | (4,349) | (274) | (4,623) |
| (Gain)/Loss on revaluation of financial instrument (Note 25 (d)) | 0 | 0 | (103) | (103) |
| **Total income in Surplus or Deficit on the Provision of Services** | 0 | (4,349) | (377) | (4,726) |
| **Net (gain)/loss for the year** | | | | |
| | 0 | 0 | 0 | 0 |
| **Surplus/deficit arisng on revaluation of financial assets in Other Comprehensive Income and Expenditure** | 0 | 0 | 0 | 0 |
| **Net (gain)/loss for the year** | **28** | **(4,349)** | **(377)** | **(4,698)** |

## Financial Instruments – Fair Values

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments, using the following assumptions:

- If there had been any Public Works Loans Board (PWLB) loans, premature repayment rates from the PWLB would have been applied to provide the fair value under PWLB redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade or other receivables is taken to be the invoiced or the billed amount.

The fair values are calculated as follows:

| Amortised Cost 31 March 2025 £000 | Fair Value 31 March 2025 £000 | **Financial Liabilities** | Amortised Cost 31 March 2026 £000 | Fair Value 31 March 2026 £000 |
|---|---|---|---|---|
| 0 | 0 | Borrowing | **0** | **0** |
| (4,817) | (4,817) | Other liabilities | **(5,150)** | **(5,150)** |
| | | **Financial Assets** | | |
| 3,025 | 3,025 | Investments greater than 1 year | **6,025** | **6,025** |
| 5,470 | 5,470 | Fair value through profit & loss ( CCLA Property Fund) | **5,470** | **5,470** |
| 61,049 | 61,049 | Money market investments less than 1 year | **68,263** | **68,263** |
| 10,071 | 10,071 | Cash Equivalents | **4,088** | **4,088** |
| 1,332 | 1,332 | Other assets | **1,526** | **1,526** |

Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The valuation technique to measure the money market investments and the CCLA Property Fund is in the category, Level 1, as explained in the Accounting Policy Note 37 (y). There has been no change in the valuation technique used during the year for the financial instruments.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. Debtor and Creditor amounts relating to such things as council tax, non-domestic rates, general rates etc. are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts.

**Nature and Extent of Risks Arising from Financial Instruments**

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

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

**Overall procedures for managing risk**

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

**Credit Risk**

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

This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.

**Credit Risk Management Practices**

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Standard & Poor's and Moody's Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located within each category. There is particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

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

- Credit ratings of Short Term of F1, Long Term A-, (Fitch or equivalent rating), with the lowest available rating being applied to the criteria. Except for the UK, a minimum sovereign credit rating of AA- will be used
- UK institutions provided with support from the UK Government
- Building Societies with assets in excess of £1 billion

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

- Banks - £5M for a maximum of 5 years for all banks except Lloyds at £7m (5 years), Clydesdale £4m (5 years) and Handelsbanken £5m (1 year);
- Buildings Societies - £4M for the Nationwide, Yorkshire, Coventry, Skipton and Leeds Building Societies and £3m for the others on the approved list, for a maximum of 3 years;
- Money Market Funds (MMF) - £3M (for any one MMF) for short term operational cash flow purposes. Total investments in MMFs shall not exceed £9M or 25% of the total investment portfolio, whichever is the higher, for more than one week at any one time;
- Local Authorities - £5M for a maximum of 1 year

The full investment strategy for 2025/26 was approved by the Council on 11 December 2024 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments of £79,860,000 in banks, building societies and money market funds cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities with which the Council holds investments to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits, there was no evidence at the 31 March 2026 that this was likely to crystallise.

**Amounts Arising from Expected Credit Losses**

An analysis of the Council's Expected Credit Losses (ECL) on its fixed term deposit investments in banks, building societies and money market funds shows that the ECL is not material.

**Credit Risk Exposure**

The Council has the following exposure to credit risk at 31 March 2026:

| Financial Institutions | Credit Risk Rating | Gross Carrying Amount £000 |
|---|---|---|
| Money Market Funds | A+ | 7,610 |
| UK Banks | A+ | 3,250 |
| Building Societies | Unrated | 16,000 |
| Local Authorities | A+ | 5,000 |
| Local Authorities | AA- | 3,000 |
| Local Authorities | Unrated | 40,000 |
| Police | Unrated | 5,000 |
| **Total** | | 79,860 |

During the year 2025/26 the Council wrote off financial assets with a contractual amount outstanding of £123,000 (£103,000 in 2024/25).

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

| | Amount at 31 March 2026 £ 000 | Historical experience of default % | Historical experience adjusted for market conditions at 31 March 2026 % | Estimated maximum exposure to default and uncollectability at 31 March 2026 £000 | Estimated maximum exposure at 31 March 2025 £000 |
|---|---|---|---|---|---|
| Customers * | **787** | **13** | **9** | **82** | **105** |
| **Total** | **787** | **13** | **9** | **82** | **105** |

* excludes statutory debtors for Council Tax and Business Rates

The Council does not generally allow credit for customers, such that £738,000 is past its due date for payment (£1,137,000 at 31 March 2025) and is analysed by age as follows:

| 31 March 2025 £000 | | 31 March 2026 £000 |
|---|---|---|
| 892 | Less than three months | **543** |
| 37 | Three to six months | **4** |
| 23 | Six months to one year | **49** |
| 185 | Greater than one year | **142** |
| 1,137 | **Total** | **738** |

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

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

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

The maturity analysis of financial assets, excluding sums due from customers and the long-term investment in the Local Authorities' Property Fund, is as follows:

| 31 March 2025 £ 000 | | 31 March 2026 £ 000 |
|---|---|---|
| 72,345 | Less than one year | **73,860** |
| 2,000 | Between one and two years | **6,000** |
| 0 | Between two and three years | **0** |
| 74,345 | **Total** | **79,860** |

**Refinancing and Maturity Risk**

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

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

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by the Council in the Treasury Management Strategy, available on the Council's website):

| | Approved minimum limits | Approved maximum limits | Actual at 31 March 2026 | Actual at 31 March 2026 | Actual at 31 March 2025 | Actual at 31 March 2025 |
|---|---|---|---|---|---|---|
| | % | % | % | £ 000 | % | £ 000 |
| Less than 1 year | 0 | 80 | 44 | **420** | 29 | 313 |
| Between 1 and 2 years | 0 | 70 | 43 | **414** | 30 | 319 |
| Between 2 and 5 years | 0 | 80 | 13 | **131** | 41 | 436 |
| Between 5 and 10 years | 0 | 80 | 0 | **0** | 0 | 0 |
| More than 10 years | 0 | 60 | 0 | **0** | 0 | 0 |
| **Total** | | | 100 | **965** | 100 | 1,068 |

**Market risk**

**a) Interest Rate Risk**

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

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

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

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

According to this assessment strategy, at 31 March 2026, if all interest rates had been 1% higher with all other variable held constant, the financial effect would be:

| | £000 |
|---|---|
| Increase in Interest payable on variable borrowings | **n/a** |
| Increase in Interest receivable on variable investments | **114** |
| Impact on Surplus or deficit on the Provision of Services | **114** |
| Decrease in fair value of fixed rate investment assets | **(69)** |
| Impact on Other Comprehensive Income and Expenditure | **(69)** |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | **n/a** |

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

**b) Price Risk**

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds and does not have shareholdings in joint ventures or local industry. The Council holds £6,000,000 in the Local Authorities' Property Fund and the value varies. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

**c) Foreign Exchange risk**

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

## 19. Debtors

| 31 March 2025 £000 | 31 March 2025 £000 | Amounts falling due within one year | 31 March 2026 £000 | 31 March 2026 £000 |
|---|---|---|---|---|
| | 3,451 | Central Government Departments | | **1,735** |
| | 1,461 | Other Local Authorities | | **196** |
| 7,248 | | Other Entities and Individuals | **8,952** | |
| (1,775) | | less Allowance for general Bad Debts | **(1,680)** | |
| (1,951) | | less Allowance for Collection Fund Bad Debts | **(2,340)** | |
| | 3,522 | Net Debtors for Other Entities and Individuals | | **4,932** |
| | 8,434 | **Total** | | **6,863** |

The year-end balance of Central Government Department Debtors is mainly for the year end Department of Works and Pensions Rent Allowance subsidy owed to MSDC. The Other Entities and Individuals balance is mainly due to Housing Benefit Overpayments (£1,378,000) and MSDC's share of Business Rates debtors (£2,091,000).

## 20. Cash and Cash Equivalents

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

| 31 March 2025 £000 | | 31 March 2026 £000 |
|---|---|---|
| (2,273) | Bank current accounts | **(3,772)** |
| 12,345 | Cash Equivalents | **7,860** |
| 10,072 | Cash & Cash Equivalents (Cashflow Statement) | **4,088** |

## 21. Assets Held for Sale

The assets held for sale total £215,000 at 31 March 2026. This balance consists of 1 asset which is being actively marketed. The Assets Held for Sale totalled £865,000 at 31 March 2025.

## 22. Creditors

| 31 March 2025 £000 | | 31 March 2026 £000 |
|---|---|---|
| (3,144) | Government Departments | **(2,290)** |
| (6,418) | Other Local Authorities | **(5,332)** |
| (5,515) | Other entities and individuals | **(5,775)** |
| (15,077) | | **(13,397)** |

The year-end balance for outstanding payments due to Government Departments comprises the year end surplus balance of the Collection Fund accounting for Business Rates of £1,807,000 as detailed in Section 4. The year-end balance of Other Local Authorities Creditors is mainly for the year end surplus balance of the Collection Fund accounting for Council Tax £1,840,000 and Business Rates of £2,860,000 also detailed in Section 4. The year-end balance of Other Entities and Individuals is mainly for the MSDC share of business rates creditors £1,026,000, the Beech Hurst surplus £449,000 and the Creditor Ledger balance of £1,078,000.

## 23. Provisions

The provisions held at 31 March 2026 are as follows:

- £155,000 for Employee Benefits Accrual. Employees build up an entitlement to be paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Council is required to accrue for any annual leave earned but not taken at 31 March each year. This will be taken by the following 31 March.
- £1,314,000 Business Rates Appeals Outstanding Provision, MSDC share, further detail is in the Collection Fund Section 4. The outstanding appeals will be settled via Valuation Office Agency (VOA) in future years.

| | 31 March 2024 £000 | Movement in Year £000 | 31 March 2025 £000 | Movement in Year £000 | 31 March 2026 £000 |
|---|---|---|---|---|---|
| Employee Benefits Provision | (142) | 15 | (127) | (28) | **(155)** |
| MMI Provision | (10) | 10 | 0 | 0 | **0** |
| Termination Benefits Provision | 0 | 0 | 0 | 0 | **0** |
| Business Rates Appeals Provision | (1,904) | 458 | (1,446) | 132 | **(1,314)** |
| | (2,056) | 483 | (1,573) | 104 | **(1,469)** |

## 24. Usable Reserves

All movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 6. Also, full details of the movements in Earmarked Specific Reserve and General Fund Balances are shown in Note 7.

## 25. Unusable Reserves

### (a) Revaluation Reserve

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

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

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

| 2024/25 £000 | 2024/25 £000 | Revaluation Reserve | 2025/26 £000 | 2025/26 £000 |
|---|---|---|---|---|
| | (64,895) | **Balance at 1 April** | | **(68,912)** |
| (5,215) | | Upward revaluation of assets | **(7,610)** | |
| 269 | | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | **2,314** | |
| | (4,946) | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | | **(5,296)** |
| 927 | | Difference between fair value depreciation and historical cost depreciation | **978** | |
| 2 | | Accumulated gains on assets sold or scrapped | **415** | |
| | 929 | Amount written off to the Capital Adjustment Account | | **1,393** |
| | (68,912) | **Balance at 31 March** | | **(72,815)** |

### (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the

Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

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

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

| 2024/25 £000 | 2024/25 £000 | Capital Adjustment Account | 2025/26 £000 | 2025/26 £000 |
|---|---|---|---|---|
| | (101,563) | **Balance at 1 April** | | **(111,786)** |
| | | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | | |
| 2,678 | | Charges for depreciation and impairment of non-current assets | **2,933** | |
| (409) | | Revaluation losses/(gains) on Property, Plant and Equipment | **4,182** | |
| 4 | | Amortisation of intangible assets | | |
| 2,952 | | Revenue expenditure funded from capital under statute | **2,354** | |
| 1,686 | | 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 | **655** | |
| | 6,911 | | | **10,124** |
| | (929) | Adjusting amounts written out of the Revaluation Reserve | | **(1,393)** |
| | 5,982 | Net written out amount of the cost of non-current assets consumed in the year | | **8,731** |
| | | Capital financing applied in the year: | | |
| (816) | | Use of the Capital Receipts Reserve to finance new capital expenditure | **(1,216)** | |
| (3,232) | | Capital expenditure charged against the General Fund balances | **(1,186)** | |
| (2,246) | | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | **(1,609)** | |
| (9,440) | | Application of grants to capital financing from the Capital Grants Unapplied Account | **(3,710)** | |
| (456) | | Statutory provision for the financing of capital investment charged against the General Fund balance | **(474)** | |
| | (16,190) | | | **(8,195)** |
| | 410 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | | **(760)** |
| | (425) | Movements in the donated assets accounts credited to the Comprehensive Income and Expenditure Statement | | |
| | (111,786) | **Balance at 31 March** | | **(112,010)** |

### (c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. They consist of the principal outstanding from mortgage loans on sales of Council houses, advances to Housing Associations, Housing Advances and other miscellaneous loans.

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

### (d) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through profit and loss (Note 9). The balance is reduced when investments with accumulated gains are:

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

| 2024/25 £000 | 2024/25 £000 | | 2025/26 £000 | 2025/26 £000 |
|---|---|---|---|---|
| | 633 | **Balance at 1 April** | | **530** |
| (103) | | Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory over-ride* | **0** | |
| | (103) | | | **0** |
| | 0 | Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income | | **0** |
| | 530 | **Balance at 31 March** | | **530** |

* The Department for Levelling Up, Housing and Communities (DLUHC) introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. For the Council this relates to its investment in the Local Authorities Property Fund (CCLA). The over-ride has been extended to 31 March 2029 and unless further extended, all fair value movements will then impact on the General Fund balance.

### (e) Pensions Reserve

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

| 2024/25 | Pensions Reserve | 2025/26 |
|---|---|---|
| £000 | | £000 |
| 8,801 | **Balance at 1 April** | **11,102** |
| (63,388) | Actuarial gains or losses on pensions assets and liabilities | **(58,397)** |
| 66,362 | Changes in the effect of applying asset ceiling | **49,042** |
| 2,165 | 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 | **2,033** |
| (2,838) | Employer's pensions contributions and direct payments to pensioners payable in the year | **(2,938)** |
| 11,102 | **Balance at 31 March** | **842** |

### (f) Collection Fund Adjustment Account

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

| 2024/25 | Collection Fund Adjustment Account | 2025/26 |
|---|---|---|
| £000 | | £000 |
| 888 | **Balance at 1 April** | **(66)** |
| 103 | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements. | **104** |
| (1,057) | Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements. | **374** |
| (66) | **Balance at 31 March** | **412** |

### (h) Accumulated Absences Account

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

| 2024/25 | 2023/24 | Accumulated Absences Account | 2025/26 | 2025/26 |
|---|---|---|---|---|
| £000 | £000 | | £000 | £000 |
| | 142 | **Balance at 1 April** | | **127** |
| (142) | | Settlement or cancellation of accrual made at the end of the preceding year | | |
| 142 | | Amounts accrued at the end of the current year | | |
| | (15) | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | **28** |
| | 127 | **Balance at 31 March** | | **155** |

## 26. Trust Funds

The Council is the sole trustee of and administers a number of Trust Funds which have been consolidated within Service Net Expenditure as follows. The accounts for these charities are subject to independent examination. The Trust Fund Assets are not consolidated within the Council's Assets.

| Total Assets Less Current Liabilities 31 March 26 £000 | Trust Fund | 2025/26 Gross Expenditure £000 | 2025/26 Gross Income £000 | 2025/26 Net Expenditure £000 | 2024/25 Net Expenditure £000 |
|---|---|---|---|---|---|
| 4,240 | Beech Hurst Gardens | 118 | (132) | **(14)** | (35) |
| 618 | St.Johns Park | 104 | (97) | **7** | 8 |
| 355 | Fairfield Road Recreation Ground | 18 | (16) | **2** | 2 |
| 332 | Richard Worsley Recreation Ground | 42 | (40) | **2** | 3 |
| 0 | Lucastes Avenue Open Space | 0 | 0 | **0** | 0 |
| 0 | West Common Open Space | 0 | 0 | **0** | 0 |
| 278 | Ashurst Wood Recreation Ground | 14 | (13) | **1** | 1 |
| 0 | Brooklands Park | 0 | 0 | **0** | 0 |
| 607 | John Pears Recreation Ground | 13 | (8) | **5** | 21 |
| 6,430 | | 309 | (306) | **3** | (1) |

## 27. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (4,349) | Interest received | **(3,679)** |
| (274) | Dividends received | **(252)** |
| 28 | Interest paid | **23** |

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

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| (2,678) | Depreciation | **(2,933)** |
| 409 | Impairment and downward valuations | **(4,182)** |
| (4) | Amortisation of Intangible Assets | **0** |
| 62 | (Increase) / decrease in impairment for bad debts | **(294)** |
| 103 | Adjustment for movements in fair value of investments classified as Fair Value through Profit and Loss Account | **0** |
| 0 | (Increase) / decrease in interest creditors | **0** |
| (294) | (Increase) / decrease in creditors | **(883)** |
| (343) | Increase / (decrease) in interest and dividend debtors | **217** |
| 4,330 | Increase / (decrease) in debtors | **(1,277)** |
| 0 | Adjustments for effective interest rates | **0** |
| 673 | Movement in pension liability | **905** |
| 484 | Contributions (to)/from Provisions | **104** |
| (1,686) | Carrying amount of non-current assets sold or de-recognised | **(655)** |
| (410) | Movement in Investment Property values | **760** |
| 646 | | **(8,238)** |

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

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 6,897 | Capital grants credited to the surplus or deficit on the provision of services | **4,697** |
| 3,013 | Proceeds from the sale of non-current assets | **652** |
| 9,910 | | **5,349** |

## 28. Agency Services

The Council provides a Civil Parking Enforcement Service (CPE) and Controlled Parking Zone Service (CPZ) on behalf of West Sussex County Council (WSCC). West Sussex County Council fund any deficit incurred in the operation by the Council of these services. Commencing from 2016/17, MSDC is required to retain 30% any Surplus/Deficit. The cost includes non-cash accounting entries in respect of IAS19 Retirement Benefits.

The Council, as the billing council, also acts as agent for the Government in collecting Business Rates. The Government paid an allowance for the cost of this collection of £182,000 in 2025/26 (£179,000 in 2024/25).

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 566 | Expenditure incurred in providing a CPE/CPZ service to WSCC | **606** |
| (351) | Fees and charges | **(355)** |
| (215) | Management fee payable by WSCC | **(162)** |
| 0 | **Net (Surplus) / Deficit arising on the agency arrangement** | **89** |
| (179) | Government contribution for cost of collection of NNDR | **(182)** |
| (179) | **Net (Surplus) / Deficit arising on the agency arrangement** | **(182)** |

## 29. External Audit Costs

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

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 161 | Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year (Note 1) | **166** |
| 56 | Fees payable to Ernst & Young LLP for the certification of grant claims and returns for the year | **100** |
| 217 | | **266** |

Note 1: 2024/25 Audit fee is based on the PSAA published scale fee for the year. Currently this does not disclose additional fees yet to be determined by the PSAA in respect of prior years.

## 30. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

| 2024/25 £000 | | 2025/26 £000 |
|---|---|---|
| 391 | Allowances | **395** |
| 5 | Expenses | **4** |
| 396 | Total | **399** |

## 31. Officers' Remuneration

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

| | | Salary (including fees & Allowances) £ | Expenses Allowances £ | Compensation for Loss of Office £ | Pension contributions £ | Total £ |
|---|---|---|---|---|---|---|
| Chief Executive (Note 1a) | 2025/26 | 160,483 | 7,592 | 0 | 28,085 | 196,160 |
| *Chief Executive (Note 1a)* | 2024/25 | *155,507* | *4,532* | *0* | *27,214* | *187,253* |
| Deputy Chief Executive | 2025/26 | 115,779 | 1,868 | 0 | 20,261 | 137,908 |
| *Deputy Chief Executive* | 2024/25 | *112,251* | *1,868* | *0* | *19,644* | *133,763* |
| Director People & Commercial Services | 2025/26 | 113,833 | 0 | 0 | 19,911 | 133,744 |
| *Director People & Commercial Services* | 2024/25 | *110,251* | *0* | *0* | *19,294* | *129,545* |
| Director Resources & Organisational Development (Note 2) | 2025/26 | 36,406 | 0 | 0 | 0 | 36,406 |
| *Director Resources & Organisational Development* | 2024/25 | *110,251* | *0* | *0* | *0* | *110,251* |
| Assistant Director Corporate Resources (s151 officer) | 2025/26 | 98,686 | 0 | 0 | 17,259 | 115,945 |
| *Assistant Director Corporate Resources (s151 officer)* | 2024/25 | *95,836* | *0* | *0* | *16,764* | *112,600* |
| Assistant Director Legal & Democratic Services (and Monitoring Officer) | 2025/26 | 96,121 | 0 | 0 | 16,821 | 112,942 |
| *Assistant Director Legal & Democratic Services (and Monitoring Officer) (Note 3)* | 2024/25 | *8,608* | *0* | *0* | *1,506* | *10,114* |

(Expenses allowances include BUPA Medical Insurance payments.

**Note 1:** In accordance with legislation, senior officers are only identified by name where they have an annual salary of £150,000 or greater. The relevant senior officers during 2025/26 were as follows:

a) Kathryn Hall

**Note 2:** Postholder left 6 July 2025.

**Note 3:** Postholder joined 26 February 2025.

**Banding Note**

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and employer's pension stain costs) were paid the following amounts (this includes posts disclosed in the senior employees table unless specifically excluded within the notes):

| Remuneration Band | Number of Employees 2025/26 | 2024/25 |
|---|---|---|
| 65,000 - £169,999 | **1** | 0 |
| 60,000 - £164,999 | **0** | 1 |
| 55,000 - £159,999 | **0** | 0 |
| 50,000 - £154,999 | **0** | 0 |
| 45,000 - £149,999 | **0** | 0 |
| 40,000 - £144,999 | **0** | 0 |
| 35,000 - £139,999 | **0** | 0 |
| 30,000 - £134,999 | **0** | 0 |
| 25,000 - £129,999 | **0** | 0 |
| 20,000 - £124,999 | **0** | 0 |
| 15,000 - £119,999 | **1** | 0 |
| 10,000 - £114,999 | **1** | 3 |
| 05,000 - £109,999 | **0** | 0 |
| 00,000 - £104,999 | **0** | 0 |
| £95,000 - £99,999 | **2** | 1 |
| £90,000 - £94,999 | **4** | 0 |
| £85,000 - £89,999 | **1** | 3 |
| £80,000 - £84,999 | **0** | 1 |
| £75,000 - £79,999 | **1** | 2 |
| £70,000 - £74,999 | **4** | 1 |
| £65,000 - £69,999 | **6** | 4 |
| £60,000 - £64,999 | **7** | 7 |
| £55,000 - £59,999 | **8** | 10 |
| £50,000 - £54,999 | **11** | 9 |

**Termination benefits (including 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 Bands (including special payments) | Number of compulsory redundancies (a) 2025/26 | Number of compulsory redundancies (a) 2024/25 | Number of other departures agreed (b) 2025/26 | Number of other departures agreed (b) 2024/25 | Total number of exit packages by cost band (a + b) 2025/26 | Total number of exit packages by cost band (a + b) 2024/25 | Total cost of exit packages in each band * 2025/26 £000 | Total cost of exit packages in each band * 2024/25 £000 |
|---|---|---|---|---|---|---|---|---|
| £200,001 - £250,000 | - | - | - | - | - | - | - | - |
| £150,001 - £200,000 | - | - | - | - | - | - | - | - |
| £100,001 - £150,000 | - | - | - | - | - | - | - | - |
| £80,001 - £100,000 | - | - | - | - | - | - | - | - |
| £60,001 - £80,000 | - | - | - | - | - | - | - | - |
| £40,001 - £60,000 | - | - | - | - | - | - | - | - |
| £20,001 - £40,000 | - | - | - | 3 | - | 3 | - | 112 |
| £0,000 - £20,000 | - | - | - | - | - | - | - | - |
| | - | - | - | 3 | - | 3 | - | 112 |

* These figures include £0 (£16,000 in 2024/25) paid to the pension fund.

The £0 in 2025/26 (compared to £112,000 in 2024/25) represents the gross liabilities of terminated contracts.

## 32. Related Parties

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

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

Related Parties for the Council include the following:

**Central Government**

Central government has significant influence over the general operations of the Council.  It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).  Grant receipts outstanding at 31 March 2026 are shown in Note 11.

**Members**

Members of the Council have direct control over the Council’s financial and operating policies. The total of members’ allowances paid in 2025/26 is shown in Note 30. A list of organisations that have received grant funding has also been reviewed. Discounting town and parish councils, only minor (£500 or less) sums have been advanced to any that have a Councillor interest. No disclosures have been received for the larger grants and there is no reason to suspect that any individual has failed to declare the appropriate interest. A review of the Register of Members’ Interests has been undertaken to ascertain if any related party interests exist.  No material disclosures have been identified. The Register of Members’ Interest is open to public inspection at the council office during office hours, on application, and is also available on the Council’s website.

**Officers**

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

## 33. Leases

In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future payments as a liability), a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024.

### Council as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease for the waste vehicles which form part of the contract with SERCO for the provision of waste collection. The new fleet of vehicles used to provide the service are shown as Right of Use Assets in the Balance Sheet, with a vehicle life of 10 years 4 months which ends 30 July 2028.

### Right of Use Assets

The table below shows the change in the value of right of use assets held under leases by the Council.

| | Land and Buildings | Vehicles, Plant and Equipment | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| Balance at 1 April 2024 | 4 | 1,101 | **1,105** |
| Additions | 183 | 50 | **233** |
| Revaluations | (25) | (348) | **(373)** |
| Depreciation and Amortisation | 0 | 0 | **0** |
| Disposals | 0 | 0 | **0** |
| Balance at 31 March 2026 | 162 | 803 | **965** |

### Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases.

| 31 March 2025 | | 31 March 2026 |
|---|---|---|
| £000 | **Comprehensive income and expenditure statement** | £000 |
| 28 | Interest expense on lease liabilities | **23** |
| 0 | Expense relating to short-term leases | **0** |
| 0 | Expense relating to exempt leases of low value items | **0** |
| (9) | Income from subletting right of use assets | **0** |

### Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

| 2024/25 | | 2025/26 |
|---|---|---|
| £000 | | £000 |
| 343 | Less than one year | **420** |
| 762 | One to five years | **545** |
| 0 | More than five years | **0** |
| 1,105 | Total unadjusted liabilities | **965** |

### Council as Lessor

The Council leases out a range of properties under operating leases for the following purposes:

- for the provision of community services
- for investment purposes: rental income or capital appreciation.

The Council does not lease out any assets under a finance lease.

#### Transactions under leases

The Council made the following gains and losses as a lessor during the year:

| 2024/25 | Operating Leases | 2025/26 |
|---|---|---|
| £000 | | £000 |
| 2,846 | Total lease income | **3,836** |
| 188 | Share of lease income relating to variable lease payments that do not depend on an index or a rate | **189** |

#### Maturity analysis of lease receivables

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

| 2024/25 | Operating Leases | 2025/26 |
|---|---|---|
| £000 | | £000 |
| 3,715 | Less than one year | **4,108** |
| 7,887 | One to five years | **7,326** |
| 65,189 | More than five years | **64,020** |
| 76,791 | | **75,454** |

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Council received contingent rent of £189,000 in 2025/26 (£188,000 in 2024/25).

## 34. Defined Benefit Pension Schemes

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

#### Freedom Leisure/Places for People

In July 2009 Leisure Services Staff were transferred to Freedom Leisure under TUPE Regulations. Freedom Leisure were admitted to the LGPS under a ‘pass through’ arrangement whereby there was a sharing of Pension risks with the Council (as scheme Employer) as detailed below. This arrangement ceased on 30 June 2014, following a retender of Leisure Services.

New contractors, Places for People, were appointed following a retender of the Leisure Services Contract on 1 July 2014. Places for People have been admitted to the LGPS under a ‘cap and collar’ arrangement whereby there is a sharing of Pension risks with the Council (as scheme Employer) as detailed below. Places for People are responsible for paying the employers contribution rate in line with the triennial valuation. The increase is capped at 1% every three years. Places for people are also responsible for paying any strain on the pension fund caused by granting early retirements and exercising discretions such as giving members added years, which are not covered by the contribution rate agreed. These contributions of £261,000 are included within the total Employers’ contribution estimated by the actuary for 2022/23.

The Council is responsible for paying the differential between the capped contribution rate and the revised employer's contribution rate following the valuation of the fund as a whole. The Council is also liable for any surplus / deficits on exit that are not met by increased employer contribution payments. As such, the Council retains the net liability for the transferred staff as reflected in the statements.

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

**Comprehensive Income and Expenditure Statement Costs for the year to 31 March 2026**

| | 2025/26 £000 | 2024/25 £000 |
|---|---|---|
| **Cost of Services:** | | |
| Current Service Cost | **1,435** | 1,732 |
| Past Service Cost/Gain | **0** | 31 |
| Losses/(Gains) on Curtailment and Settlements | **0** | 0 |
| Effect of Business Combinations and Disposals | **0** | 0 |
| **Financing and Investment Income and Expenditure:** | | |
| Net Interest Expense (Note 9) | **598** | 402 |
| **Total Post Employment Benefit Charges to the Surplus or Deficit on the Provision of Services** | **2,033** | 2,165 |
| **Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:** | | |
| **Remeasurements** | | |
| Return on plan assets (excluding the amount included in the net interest expense) | **3,704** | 4,294 |
| Actuarial (Gains)/Losses arising on changes in demographic assumptions | **1,926** | (198) |
| Actuarial (Gains)/Losses arising on changes in financial assumptions | **(2,235)** | (16,547) |
| Other experience (Gains)/Losses | **8,416** | (1,184) |
| Changes in the effect of applying asset ceiling | **(21,166)** | 16,609 |
| **Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement** | **(9,355)** | 2,974 |
| **Movement in Reserves Statement** | | |
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | **2,033** | 2,165 |

| | 2025/26 £000 | 2024/25 £000 |
|---|---|---|
| **Actual amount charged to the General Fund Balance for pensions in the year:** | | |
| Employers' contributions payable to the scheme | **2,938** | 2,838 |

The total contributions expected to be paid to the Local Government Pension Scheme by the Council in the year to 31 March 2027 is £2,529,000.

**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 plan is as follows:

| | 31 March 2026 £ 000 | 31 March 2025 £ 000 |
|---|---|---|
| Present value of defined benefit obligation | **(108,887)** | (98,930) |
| Fair value of plan assets | **157,087** | 154,190 |
| Effect of asset ceiling | **(49,042)** | (66,362) |
| **Net Liability arising from defined benefit obligation** | **(842)** | (11,102) |

## Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net liability for the year ended 31 March 2026

| **Year ended 31st March 2026** | **Assets (£000)** | **Liabilities (£000)** | **Impact of asset ceiling (£000)** | **Net asset/ (liability) (£000)** |
|---|---|---|---|---|
| Fair value of plan assets | 154,190 | | | 154,190 |
| Present value of funded obligations | | 98,050 | | (98,050) |
| Present value of unfunded obligations | | 880 | | (880) |
| Effect of asset ceiling | | | (66,362) | (66,362) |
| **Opening Defined Benefit Obligation** | 154,190 | 98,930 | (66,362) | (11,102) |
| **Service cost:** | | | | |
| Current service Cost* | | 1,435 | | |
| Interest Cost | | | | |
| Total Service costs | 0 | 1,435 | 0 | 0 |
| **Net Interest:** | | | | |
| Interest income on plan assets | 8,913 | | | 8,913 |
| Interest cost on defined benefit obligation | | (5,665) | | 5,665 |
| Interest on the effect of the asset ceiling | | | (3,846) | (3,846) |
| **Total net interest** | 8,913 | (5,665) | (3,846) | 10,732 |
| **Total defined benefit cost recognised** | 8,913 | (4,230) | (3,846) | 10,732 |
| **Cashflows:** | | | | |
| Participants' contributions | 779 | 779 | | 0 |
| Employer contributions | 2,840 | | | 2,840 |
| Benefits paid | (4,668) | (4,668) | | 0 |
| Unfunded benefits paid | (98) | (98) | | 0 |
| Contributions in respect of unfunded benefits paid | 98 | | | 98 |
| Effect of business combinations and disposals | | | | 0 |
| **Expected closing position** | 162,054 | 90,713 | (70,208) | 2,568 |
| **Remeasurement** | | | | 0 |
| Changes in financial assumptions | | (2,235) | | 2,235 |
| Changes in demographic assumptions | | 1,926 | | (1,926) |
| Other experience | (1,263) | 7,153 | | (8,416) |
| Return of assets excluding amounts included in net interest | (3,704) | | | (3,704) |
| Changes in the effect of the asset ceiling | | | 21,166 | 21,166 |
| **Total remeasurements recognised in other Comprehensive Income** | (4,967) | 6,844 | 21,166 | 9,355 |
| Fair value of plan assets | 157,087 | | | 157,087 |
| Present value of funded obligations | | 108,045 | | (108,045) |
| Present value of unfunded obligations | | 842 | | (842) |
| Effect of asset ceiling | | | (49,042) | (49,042) |
| **Closing Positions as at 31 March 2026** | 157,087 | 108,887 | (49,042) | (842) |

*The service cost figures include an allowance for administration expenses of 0.5% of payroll. This is recognised within Cost of services along with other Current Service costs.

**McCloud Judgement:**

IAS19 values were updated in the Accounts to 31 March 2019 to reflect the actuarial assumptions following the Judgement on McCloud. The ruling, made on 20 December 2018, found that when public service pension schemes changed in 2014 and 2015, they had discriminated on the grounds of age, by only providing protection for older members. In the LGPS, these protections were applied in 2014 when the scheme changed from a Final Salary scheme to a Career Average Revalued Earnings (CARE) scheme. All members were automatically moved across to the new scheme, but older members, closer to retirement, were given additional protections, called the Underpin. These protections were set up to ensure members do not receive less pension in the new scheme, than they would have in the old scheme. As the protections were only applied to members of a certain age, the court decided that it was 'unlawful on the grounds of age discrimination'.

The effect of the McCloud judgement is included in the calculation by the fund actuary of the latest funding valuation results. The funding valuation results are used as the starting point for the accounting roll forward calculations and therefore allowed for within the accounting period to 31 March 2026.

**Guaranteed minimum pension (GMP)**:

IAS19 values were updated in the Accounts to 31st March 2019 to reflect actuarial assumptions in respect of Guaranteed minimum pension (GMP). GMP was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number or reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility led to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results. The 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 within the accounting period to 31 March 2026.

**Virgin Media Case:**

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal. The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Mid Sussex District Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

**Local Government Devolution:**

In December 2024, the UK Government published the English Devolution White Paper, outlining significant proposals aimed at expanding the powers of regional mayors, reorganising local government structures, and providing financial incentives to support local economies. No allowance has been made for the potential impact to the Employer of these proposals within this Results Schedule. Any implications will be assessed and incorporated in future valuations and financial statements as more details become available.

**IAS19 remeasurements of plan amendments, curtailments and settlements**:

As set out in IAS19 and CIPFA guidance, where an event is considered ‘significant’, the profit and loss account should be remeasured at the date of the event.

The fund’s actuary has measured significance based on 5% of the active membership being affected (for curtailments) or more than 2% of the liability (for settlements and plan amendments). On this basis there were no deemed significant events over this accounting period to 31 March 2026.

**Effect of asset ceiling on Net Asset / Liability:**

IAS19 imposes a limit on the maximum amount of surplus which can be recognised on the Employer’s balance sheet. An additional asset ceiling calculation was commissioned by the fund’s actuary to identify the limit of surplus to be recognised based on the decision that past service contributions may give rise to an additional liability. The calculation provided by the funds Actuary is as follows:

| | 2025/26<br>£ 000 | 2024/25<br>£ 000 |
|---|---|---|
| Net Asset | **49,042** | **56,140** |
| Present value of agreed past service contributions | **0** | **10,222** |
| Expected net asset once agreed past service contributions are paid | **49,042** | **66,362** |
| | | |
| Economic Benefit available as a reduction in future contributions | | |
| **Additional Liability** | **(49,042)** | **(66,362)** |

As the economic benefit available as a reduction in future contributions is lower, there is an additional liability to recognise and an adjustment of £66,362,000 is required to the Net Asset / Liability for the effect of the asset ceiling.

**Local Government Pension Scheme Assets comprised:**

| Year ended: | Fair value of scheme assets 31 March 2026 £ 000 | Percentage of Total Assets 31 March 2026 % | Fair value of scheme assets 31 March 2025 £ 000 | Percentage of Total Assets 31 March 2025 % |
|---|---|---|---|---|
| Cash and cash equivalents | **1,057** | **1%** | 1,094 | 1% |
| **Equity Instruments:** | | | | |
| *By industry type:* | | | | |
| Consumer | **0** | **0%** | 0 | 0% |
| Manufacturing | **0** | **0%** | 0 | 0% |
| Energy and Utilities | **0** | **0%** | 0 | 0% |
| Financial Institutions | **0** | **0%** | 0 | 0% |
| Health and Care | **0** | **0%** | 0 | 0% |
| Information Technology | **0** | **0%** | 0 | 0% |
| Other | **0** | **0%** | 0 | 0% |
| **Sub-total equity** | **0** | | 0 | |
| **Bonds:** | | | | |
| Government | **0** | **0%** | 0 | 0% |
| **Sub-total Bonds** | **0** | | 0 | |
| **Private Equity:** | | | | |
| All* | **5,944** | **4%** | 5,164 | 3% |
| **Sub-total private Equity** | **5,944** | | 5,164 | |
| **Property:** | | | | |
| Uk Property | **13,976** | **9%** | 13,050 | 8% |
| Overseas property | **0** | **0%** | 0 | 0% |
| **Sub-total Property** | **13,976** | | 13,050 | |
| **Investment funds and Unit Trusts:** | | | | |
| Equities | **75,004** | **48%** | 75,500 | 49% |
| Bonds | **47,658** | **30%** | 45,975 | 30% |
| Infrastructure | **7,673** | **5%** | 7,310 | 5% |
| Other | **5,775** | **3%** | 6,097 | 4% |
| **Sub-total Investment Funds** | **136,110** | | 134,882 | |
| **Totals** | **157,087** | **100%** | 154,190 | 100% |

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

**Basis for Estimating Assets and Liabilities**

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

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

| **Year ended:** | MSDC 31 March 2026 | MSDC 31 March 2025 |
|---|---|---|
| Pension Increase Rate | **3.00%** | 2.75% |
| Salary Increase Rate | **4.50%** | 4.25% |
| Discount rate | **6.20%** | 5.80% |

The average future life expectancies at age 65 are summarised below:

| | Males | Females |
|---|---|---|
| Current Pensioners | 22.6 years | 25.1 years |
| Future Pensioners | 22.8 years | 26.3 years |

Further information can be found in the West Sussex County Council Pension Fund's Annual Report, which is available on request from County Hall, Chichester, West Sussex.

## 35. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. There are no contingent liabilities as at 31 March 2026.

## 36. Contingent Assets

There are no contingent assets as at 31 March 2026.

## 37. Accounting Policies

### (a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

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.

**Going Concern**

**Underlying principle**

These accounts have been prepared on a going concern basis that the Council 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 a Council 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 council financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local council's services will continue to operate for the foreseeable future.

**Current & historical financial position**

The Council recognises that the financial position over the medium term continues to be difficult. Although services have reported an underspend for 2025/26, as a result of savings on vacant posts and forecast pressures not materialising, which has been used to top-up reserves.

**Funding Reform**

The outcome of Local Government Funding Reform which includes Business Rate Retention changes, the detail of which was provided at the Final Settlement are reflected in the Medium Term Financial Plan. There remains a potential significant cliff edge for the Council's finances in 2029/30 with the end of the current financial settlement. Following the current timetable for Local Government Reorganisation, the next financial settlement would fall into the new unitary authority operations. However, the Council remains solvent and capable of being described as a going concern, with prudent planning and regular reports on finance matters to Cabinet.

**Local Government Reorganisation (LGR)**

As part of LGR it's proposed that the Council will move into a unitary authority. This creates significant uncertainty for Councillors and Officers and will require additional work and resources, the financial impact of this will require continuous review. The uncertainty will be carefully managed, and the Council will continue to operate as business as usual in the interim period.

**Cash position**

The Council had a cash balance of £4.088m at the end of March 2026 (£10.072m at 31 March 2025). The Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for cash management purposes if ever needed. The going concern assessment has been performed for the period up to 30 June 2027.

**Conclusion**

These accounts have been confidently prepared on a going concern basis.

### (b) Accruals of Income and Expenditure

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

- Revenue from 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.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments 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.

Exceptions to this principle relate to:

- Quarterly and monthly payments for utilities are charged at the date of billing each year rather than being apportioned between financial years, with allowances made to ensure a full year's expenditure in any given year;
- Council Taxpayers, where no account is taken for possible changes arising from new entries, late notification from Council Taxpayers and amendments to the valuation list until the transaction is actioned. This means late changes in the year may not be accounted for until the following year.
- Housing Benefit payments, where payments are made in conformity with the legislative requirements.
- Members Allowances, where payments are made in the year claims from councillors are processed.
- Employee overtime and car mileage claims, where payments are made in the year claims are processed following overtime worked or mileage incurred.
- Garden Waste, where annual fee income is accounted for in the year received, although renewal dates vary throughout the year and service is provided for a year from renewal.
- Car Park Penalty Notice income is recorded as income on the date the cash is received.
- Mobile phone payments are charged monthly allowing for 12 payments each year. This covers the period March 2025 to February 2026 rather than April 2025 to March 2026.
- Refunds relating to Sports pitch bookings fee income for the year are accounted for in May of the following year, being the end of the season.
- Council tax and Non-Domestic Rate billing and the associated housing benefit and CTRS notifications where although the printing and despatch of bills is carried out within the accounting year, the cost clearly relates to the billing year and is matched thereto.

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

### (c) Cash and Cash Equivalents

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

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

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

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

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

### (e) Charges to Revenue for Non-Current Assets

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

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

The 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 amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### (f) 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 (for NDR) share proportionately 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 (CIES) 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 CIES 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 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 a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### (g) Employee Benefits

**Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the 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 or Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

**Termination Benefits**
Termination benefits are amounts payable as a result of a decision by the 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, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of 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 West Sussex County Council.

**The West Sussex Local Government Pension Scheme**

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

The liabilities of the West Sussex County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a nominal discount rate of 6.2% (based on the indicative rate of return on a high-quality corporate bond).

The assets of the West Sussex County Council pension scheme attributable to the Council are included in the Balance Sheets at their fair value:

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

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

- Service cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - Past service costs – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
    - Net interest on the net defined benefit (asset), i.e. net interest expense for the 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 in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in

the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the West Sussex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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 (MIRS) this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

**Discretionary Benefits**

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

## (h) Events After the Reporting Period

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

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

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

## (i) 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 carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable on borrowing are at a fixed rate over the life of a 15-year loan from Public Works Loan Board (PWLB). Annual charges are also payable for borrowing on The Orchards Shopping Centre. The amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

**Financial Assets**

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

- Amortised cost

- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

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

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

**Expected Credit Loss Model**
Expected credit losses for all of financial assets held at amortised cost are recognised either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables, and contract assets and trade receivables.

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 of assessing losses. Where risk has increased significantly since an instrument was 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 Measured at Fair Value through Profit or Loss**
Fair values are shown in Note 18 Financial Instruments. The measurement techniques are detailed in Note 37 (z).

**Fair Value Through Other Comprehensive Income**
The Council has no Financial Assets classed as Fair Value Through Other Comprehensive Income.

## (j) 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 acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

## (k) Heritage Assets

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

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

- **Art Collection and Civic Regalia**
  The works of art includes oil paintings, and these are reported in the Balance Sheet on the basis of an insurance valuation undertaken 23 October 2018. An external valuer values the items. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

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

**Heritage Assets – General**
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets. E.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note 37(r)) in this summary of significant accounting policies. The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes 37(r) and 37(u)).

## (l) 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, for example software and software licences, are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the 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. This has been set as 5 years. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

### (m) Inventories and Long-Term Contract

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

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

### (n) Investment Property

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

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

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

### (o) Jointly Controlled Operations and Jointly Controlled Assets

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

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

### (p) Leases

#### The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

**Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate (PWLB Annuity Rate) wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

**Subsequent measurement**
The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right of use asset, with any further adjustment required from remeasurement being recorded in the income statement.

**Low value and short lease exemption**
As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and

- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

**Lease expenditure**
Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

## The Council as Lessor
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.

**Finance Leases**
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

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

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

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

### (q) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principle of the CIPFA Service Reporting Code of Practice 2025/26 (SeRCOP). The total absorption costing principle is used - the budgeted cost of over heads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation. These costs are reported within the Strategic Core Service Area totals within Net Cost of Services
- Non-Distributed Cost – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale. These costs are reported within the Finance Corporate Service Area within Net Cost of Services.

### (r) Property, Plant and Equipment

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

**Recognition:** expenditure costs of £10,000 or more, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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.

**Measurement:** assets are initially measured at cost, comprising

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

Donated assets are measured initially at fair value unless the donation has been made conditionally. 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. 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 MIRS.

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

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

Assets included in the Balance Sheet at fair value are revalued on a five-year rolling programme, to ensure that their carrying amount is not materially different from their fair value at the year-end. The asset valuations, as at 1 January 2025, were carried out by an external RICS qualified chartered surveyor employed by Wilkes Head Eve LLP.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three. The authority has used the same indices in 2025/26 as in previous 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 in the Comprehensive Income and Expenditure Statement.

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

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

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

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

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

**Depreciation:** Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite life (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 bases:

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

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

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

- All assets with values of over £500,000 before depreciation have been deemed to be material and considered for componentisation. i.e. It has been considered whether any part of these assets should have a different useful life or method of depreciation.

- Each asset has been reviewed individually. The assets that are required to be componentised in line with our policy are the Leisure Centres, Clair Hall, 'Oaklands' Council Offices, and Pavilions over £500,000. These assets have been split into the following relevant components:
  - Land,
  - Structure/externals with 60-year life,
  - Roof/electrical with 35-year life, and
  - Services (including boilers, heating systems, lifts) with 20-year life
  - All weather pitch and Padel Tennis court with 26-year life.

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

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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 £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### (s) 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 in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the 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 measure reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**Contingent Assets:** A contingent asset arises where an event has taken place that gives the 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.

### (t) Reserves and Balances

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

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

### (u) 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.

### (v) VAT

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

### (w) Officer Personal Loan Scheme

Balances held are shown as long-term debtors in the Balance Sheet. Loans in their last year are still shown as long-term debtors with the exception of season ticket loans which are included as sundry debtors in the Balance Sheet as the maximum period allowed is twelve months.

### (x) Borrowing Costs

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

### (y) Redemption of Debt

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

### (z) Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the 31 March 2026. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

- Level 1 – quoted prices(unadjusted) in active markets for identical assets or liabilities that the 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.

## 38. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) requires a Council to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified in the code.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024

- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024

- **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024

- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024.

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

## 39. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 37, 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:

**Funding**

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

**Leases**
In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future payments as a liability), a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024. These have been calculated based on the current schedule of rental payments and discounted using the Public Works Loans Board (PWLB) certainty rate. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements and have been excluded.

**Joint arrangements**
IFRS 12 requires that the accounts disclose the judgements made to assess the type of Joint Arrangement to determine the Council's correct accounting treatment. The Council is not part of a Joint Venture or a Joint Operation.

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

**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.

**Asset Ceiling**
The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling". Assumptions have been made that there is no unconditional right to a refund of a surplus from the pension authority and the requirement to make contributions towards a funding deficit is considered an additional minimum liability. As such an asset ceiling has been calculated and applied by the actuary in-line with IAS19 & IFRIC14 accounting standards.

## 40. 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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Property, Plant and Equipment:** Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relations to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £51,000 if the life of the assets was reduced by one year.
Asset valuations are determined using the Existing Use Values (EUV) or the Depreciated Replacement Cost (DRC) method. Land and Buildings are revalued on a rolling basis every five years, while Investment Properties and high-value Land and Building assets are revalued annually. This approach ensures the Council does not materially misstate its non-current assets. A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances. An increase in estimated valuations would result in increases to the Revaluation Reserve, and / or reversals of previous negative revaluations to the

Comprehensive Income and Expenditure Statement, and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Any such gains to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

**Investment Property:** The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. An increase or decrease in estimated valuations would result in gains or losses being recorded in the Comprehensive Income and Expenditure Statement. Any such gains or losses would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances. If the value of the Council's Investment Property were to reduce by 5%, this would result in a loss of approximately £2 million.

**Business Rates:** Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in earlier financial years in their proportionate share. Therefore, a provision for the Council's share of £1,446,000 (2023/24 £1,904,000) has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2025. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2025.

**Pension Liability:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the 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 discount rate assumption would result in an increase in the pension liability of £1,630,000. In addition, a 0.1% increase in the Pension Increase Rate would increase liabilities by £1,566,000. However, the assumptions interact in complex ways. During 2025/26, the Council's actuaries advised that the net pension liability had decreased by £2,799,000, as a result of estimates being corrected as a result of experience and increased by £13,059,000 attributable to updating of the assumptions.

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

**Arrears:** The Council has provided within its financial statements an impairment of doubtful debts of £3,927,000 (2024/25 £3,726,000) as set out in Note 19. This allowance is considered adequate to cover future bad debts but is by its nature an estimate. If collection rates were to deteriorate an increase in the amount of the impairment of doubtful debts would be required.

MID SUSSEX DISTRICT COUNCIL

# Collection Fund Statement

# Collection Fund Statement

## Income and Expenditure Account

| 2024/25 £000 Council Tax | 2024/25 £000 Business Rates | 2024/25 £000 Total | | Note | 2025/26 £000 Council Tax | 2025/26 £000 Business Rates | 2025/26 £000 Total |
|---|---|---|---|---|---|---|---|
| | | | **Income** | | | | |
| | | | **Council Tax** | | | | |
| (149,596) | | 0 | Council Tax Receivable | 2 | **(158,751)** | **0** | **(158,751)** |
| (1) | | 0 | Council Tax Hardship Grant | | **(2)** | **0** | **(2)** |
| | | | **Business Rates** | | | | |
| 0 | (55,227) | (55,227) | Business Rates Receivable | 3 | **0** | **(60,320)** | **(60,320)** |
| (149,597) | (55,227) | (55,227) | Total Income | | **(158,753)** | **(60,320)** | **(219,073)** |
| | | | **Expenditure** | | | | |
| | | | **Apportionment of Previous Year Estimated Surplus / (Deficit)** | | | | |
| 1,618 | (302) | (302) | West Sussex County Council | | **1,019** | **13** | **1,032** |
| 237 | 0 | 0 | Sussex Police & Crime Commissioner | | **150** | **0** | **150** |
| 263 | (1,210) | (1,210) | Mid Sussex District Council | | **165** | **53** | **218** |
| 0 | (1,513) | (1,513) | Central Government | | | **66** | **66** |
| 2,118 | (3,025) | (3,025) | | | **1,334** | **132** | **1,466** |
| | | | **Precepts, Demands and Shares** | | | | |
| 112,680 | 5,516 | 118,196 | West Sussex County Council | | **120,271** | **5,848** | **126,119** |
| 16,617 | 0 | 16,617 | Sussex Police & Crime Commissioner | | **17,829** | **0** | **17,829** |
| 18,270 | 22,063 | 40,333 | Mid Sussex District Council | | **19,307** | **23,391** | **42,698** |
| | 27,580 | 27,580 | Central Government | | | **29,239** | **29,239** |
| 147,567 | 55,159 | 202,726 | | | **157,407** | **58,478** | **215,885** |
| | | | **Charges to Collection Fund** | | | | |
| 262 | 338 | 600 | Write Offs of uncollectable amounts | 4 | **356** | **513** | **869** |
| 475 | 101 | 576 | Increase/(decrease)in bad debt allowance | 4 | **488** | **818** | **1,306** |
| 0 | (1,146) | (1,146) | Increase/(decrease) provision for appeals | 4 | **0** | **(330)** | **(330)** |
| 0 | 1,236 | 1,236 | Renewable Energy Scheme | 3 | **0** | **1,263** | **1,263** |
| 0 | 179 | 179 | Cost of Collection Allowance | | **0** | **182** | **182** |
| 737 | 708 | 1,445 | | | **844** | **2,446** | **3,290** |
| 150,422 | 52,842 | 203,264 | Total Expenditure | | **159,585** | **61,056** | **220,641** |
| 825 | (2,385) | (1,560) | **(Surplus)/Deficit arising in the year** | | **832** | **736** | **1,568** |
| | | | **Collection Fund Balance** | | | | |
| (2,219) | 2,852 | 633 | (Surplus)/Deficit at 1 April 2025 | | **(1,394)** | **467** | **(927)** |
| 825 | (2,385) | (1,560) | In Year Movement on Fund Balance | | **832** | **736** | **1,568** |
| **(1,394)** | **467** | **(927)** | **(Surplus) / Deficit at 31 March 2026** | | **(562)** | **1,203** | **641** |
| | | | **Shares of (Surplus)/Deficit at 31 March 2026** | | | | |
| (1,065) | 47 | (1,018) | West Sussex County Council | | **(429)** | **120** | **(309)** |
| (157) | | (157) | Sussex Police & Crime Commissioner | | **(64)** | | **(64)** |
| (172) | 187 | 15 | Mid Sussex District Council | | **(69)** | **481** | **412** |
| | 233 | 233 | Central Government | | | **602** | **602** |
| **(1,394)** | **467** | **(927)** | | | **(562)** | **1,203** | **641** |

# Notes to the Collection Fund Account

## 1. General

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (NNDR). The administrative costs associated with the collection process are charged to the General Fund.

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

The Business Rates Retention Scheme was introduced from 1 April 2013. The main aim of the scheme is to give councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR base. For 2025/26 and 2024/25 the scheme shares are 40% retained by the Council, 50% share paid to Central Government and 10% share paid to West Sussex County Council.

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

## 2. Council Tax

The Council is required to calculate a tax base each year and this is divided into the total precept requirement to produce the band D council tax figure. The tax base is calculated by estimating the number of dwellings in the district in each tax band, taking into account an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions and discounts where applicable. Each band total is then adjusted to give band D equivalents. Finally, an adjustment is made to cover non-collection of arrears.

A summary of the calculation, as agreed by the Council on 26 February 2025, is shown below.

| *Band* | Property Value | Number of Net Dwellings | Ratio to Band D | No of Band D Equivalents | less (0.6%) adjustment for non-collection | **Council Tax Base** |
|---|---|---|---|---|---|---|
| ***A*** | up to £40,000 | 1,576.55 | 6/9 | 1,051.03 | | |
| ***B*** | between £40,001 & £52,000 | 5,174.73 | 7/9 | 4,024.79 | | |
| ***C*** | between £52,001 & £68,000 | 12,464.58 | 8/9 | 11,079.63 | | |
| ***D*** | between £68,001 & £88,000 | 15,804.14 | 9/9 | 15,804.14 | | |
| ***E*** | between £88,001 & £120,000 | 11,362.80 | 11/9 | 13,887.87 | | |
| ***F*** | between £120,001 & £160,000 | 8,677.86 | 13/9 | 12,534.69 | | |
| ***G*** | between £161,001 & £320,000 | 4,801.17 | 15/9 | 8,001.95 | | |
| ***H*** | over £320,000 | 408.16 | 18/9 | 816.32 | | |
| | | | | 67,200.4 | (403.2) | **66,797.2** |

The average band D Council Tax can be calculated by estimating the amount of income required to be taken from the Collection Fund by West Sussex County Council, Sussex Police & Crime Commissioner and the Council (including parish and town council requirements) for the forthcoming year and dividing this by the council tax Base. To calculate the council tax for each band, the band D council tax is then multiplied by the ratio specified above for the particular band, as shown in the table below. There were 24 actual council taxes levied for band D properties for each parish area in the district and these ranged from £2,270.58 to £2,431.46.

| Authority | Demand or Precept £000 | | Council Tax Base | | Band D Council Tax £ | |
|---|---|---|---|---|---|---|
| West Sussex County Council | **120,271** | ¸ | 66,797.2 | = | **1,800.54** | |
| Sussex Police & Crime Commissioner | **17,829** | ¸ | 66,797.2 | = | **266.91** | |
| Mid Sussex District Council | **19,307** | ¸ | 66,797.2 | = | **289.04** | (average) |
| **Average Band D Council Tax Charge For 2025/26** | | | | | **2,356.49** | |

## 3. Business Rates Income

The Council collects Non-Domestic Rates (Business Rates) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Rateable Value of Non-Domestic Properties as at 31 March 2026 was £148,316,000 (£144,022,000 at 31 March 2025). The standard multiplier for 2025/26 was 55.5p (54.6p in 2024/25) and the Small Business Rate Relief Multiplier for the year was 49.9p (49.9p in 2024/25).

The business rates share payable for 2025/26 were estimated before the start of the year as £29,239,000 (50%) (£27,580,000 in 2024/25) to Central Government, £23,391,000 (40%) (£22,064,000 in 2024/25) for the Council and £5,848,000 (10%) (£5,516,000 in 2024/25) for WSCC. These amounts have been charged to the Collection Fund in year.

As part of the Business Rates scheme, Central Government set a baseline level for each Council identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs payable to Central Government are used to pay the top ups of those authorities who do not received their baseline funding amount, i.e. County Councils.

In addition, a ‘safety net’ figure is calculated at 92.5% of baseline funding amount to ensure authorities are protected to this level of business rates income. If the income share exceeds the baseline, then a tariff payment is due. A tariff payment of £19,098,000 was made in 2025/26 (£18,889,000 in 2024/25) from the Council’s General Fund to Central Government.

The total income from business ratepayers collected in 2025/26 was £60,320,000 (£55,227,000 in 2024/25), net of the cost of transitional arrangements for ratepayers of £130,000 (£1,030,000 in 2024/25). The Renewable Energy Scheme allows the Council to solely retain the income for a site that it has granted planning permission for, and in 2025/26 the income received totalled £1,264,000 (£1,236,000 in 2024/25) payable to the Council. The additional Renewable Energy Scheme income greater or lesser than retained from NNDR1 for 2025/26 will be transferred to or from the Business Rates Equalisation Reserve in 2026/27.

Successful appeals against the Non-Domestic Property rateable values are refunded to the ratepayers according to the proportional shares.

## 4. Allowance for Bad Debts and Provision for Business Rates Valuation Appeals

**Council Tax** - An allowance has been made for Council Taxpayers’ Bad Debts using an analysis of the recovery position of the debts outstanding as at 31 March 2026. A total of £6,449,000 (£5,911,000 in 2024/25) has been allowed against debts of £9,757,000 (£8,259,000 in 2024/25) outstanding as at 31 March 2026. The Council’s share of the allowance is £787,000 (£725,000 in 2024/25).

In year, £357,000 of uncollectable amounts has been written off (£262,000 in 2024/25).

**Business Rates** - An allowance of £3,883,000 (£3,065,000 in 2024/25) has been made for Business Ratepayers’ Bad Debts using an analysis of the recovery position of the debts outstanding as at 31 March 2026 against debts outstanding of £5,228,000 (£4,128,000 in 2024/25). The Council’s share of the allowance is £1,553,000 (£1,226,000 in 2024/25).

In year, £513,000 of uncollectable amounts has been written off (£338,000 in 2024/25).

A provision for appeals made against the rateable value not settled as at 31 March 2026 has been made of £3,285,000 (£3,615,000 in 2024/25). The Council’s share is £1,314,000 (£1,446,000 in 2024/25).

MID SUSSEX DISTRICT COUNCIL

# Annual Governance Statement

# ANNUAL GOVERNANCE STATEMENT 2025/26

## 1. Scope of responsibility

Mid Sussex District Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, Members and Senior Officers are responsible for putting in place proper arrangements for the governance of the council's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal.

Producing the AGS helps the Council meet the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015.

## 2. The purpose of the governance framework

Good governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner. The governance framework comprises the systems, processes, culture, and values by which the council is directed and controlled. Through effective governance the council is accountable to, engages with and, where appropriate, leads the community.

The code of corporate governance can provide only reasonable and not absolute assurance that the Council achieves its aim of good governance. Equally, the Council's system of internal control is designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively, and economically. It cannot eliminate all risks of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims, and objectives are achieved.

The governance framework has been in place at the council for the year ending 31 March 2026 and will be up to the date of approval of the statement of accounts.

## 3. The Council's governance framework

The Council's Constitution sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision.

The constitution is reviewed annually to ensure that it is up to date with relevant laws and regulations, and any amendments required are effective.

Decision-making powers not reserved for councillors are delegated to the Chief Executive and appropriate senior officers. The Monitoring Officer ensures that all decisions made are legal and supports the Standards Committee in promoting high standards of conduct amongst Members and the wider Town and Parish Council community in Mid Sussex. In January 2022 the Council adopted the revised Local Government Association Model Code of Conduct for Members, with that decision taking effect on 1 March 2022.

The Scrutiny Committees offer advice to Cabinet and Council both collectively, and to Cabinet members individually. They scrutinise decisions made (or which are due to be made) by the Cabinet and individual Cabinet members, executive key decisions taken by Officers and those published on the Members' Information Service. The committees also have a role in the formulation of new policies. The Scrutiny Committees can also call in decisions for their consideration.

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

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

From the Corporate Plan, service plans and business plans are developed, with performance targets agreed and monitored regularly. More detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money. Financial performance is monitored and managed regularly.

The Council also monitors its performance through feedback from its residents and service users. These are monitored and considered regularly via the Assistant Directors of the Council. A summary of complaints from the Local Government and Social Care Ombudsman is presented to Scrutiny on an annual basis.

The Council has a Whistleblowing Policy, which encourages staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment. Relevant members of staff also undertake ethics training regularly covering the five fundamental principles of ethics: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The Council's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA) and have regard to the 'Statement on the Role of the Chief Financial Officer in Local Government'. The Assistant Director of Corporate Resources has statutory responsibility for the proper management of the Council's finances. The Assistant Director of Corporate Resources will also provide detailed finance protocols, procedures, guidance and training for managers, staff, and Members.

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

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

In the constitutional changes brought forward and adopted in September 2025, the role of the Audit Committee has been aligned with the CIPFA Code of Practice for Internal Audit. In particular, the Audit Committee's role in monitoring strategic risk management has been clarified.

## 4. Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- Internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework and professional conversations; monitoring of policies, and the corporate budget challenge process.
- The Council has drafted a new Procurement Code that meets the requirements of the Procurement Act 2023 and training for staff has taken place to ensure all staff are up to date with the new rules.
- Internal audit coverage (purchased from Forvis Mazars LLP via a Croydon LBC framework), which is planned using a risk-based approach. The outcome from the internal audit coverage helps form the

Chief Internal Auditor’s opinion on the overall adequacy of the Council’s internal control framework, this is reported annually.

- The work internal audit carries out on anti-fraud and corruption activities, including the use of the National Fraud Initiative data matching exercise;
- The External Auditor’s work and reports;
- The work of the Audit Committee, which reviews the outcomes from the annual internal audit plan and the annual report of the internal audit function;
- The work of the Scrutiny Committees;
- Work of the Standards Committee to deal with Code of Conduct complaints.
- Regular monitoring of the Corporate risk register, recording and identifying risks and opportunities that could impact the Council’s governance systems and the Corporate plan.

## 5. Assurance and Significant governance issues

No assurance can ever be absolute; however, this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Council’s governance arrangements. On the basis of the review of the sources of assurance set out in this statement, it is considered that the Council has in place satisfactory governance arrangements, including a satisfactory system of internal control, both of which are operating effectively.

The Internal Audit Annual Report and Opinion provides an opinion on the adequacy of the Council’s control governance, risk and control environment. The Council must have in place an effective internal audit function to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance. Annually, the Chief Internal Auditor is required to provide an overall opinion on the council’s internal control environment, risk management arrangements and governance framework, this supports the Annual Governance Statement, and this is provided in the Annual Internal Audit Annual Report and Opinion annually.

It continues to be important to be alert to the growing threat of cybercrime given our increasing reliance on Cloud-based line of business systems. These specific issues identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers. There is an ongoing Member training programme which keeps members up to date with relevant laws relating to the Council’s governance, alongside training on other significant topics such as cyber security.

The Council will continue to regularly monitor issues that may seriously prejudice or prevent the achievement of its key objectives. Committees are held face-to-face which enable scrutiny and decision making to continue to a high standard. Where possible meetings are now live streamed, improving public access to meetings.

Cllr Robert Eggleston
Leader of Council
March 2026

Kathryn Hall
Chief Executive
March 2026

MID SUSSEX
DISTRICT COUNCIL

# Glossary of Terms

# Glossary of Terms

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

**Accounting Standards -** These are set by CIPFA /LASAAC and comprise International Financial Reporting Standards (IFRSs) developed by the Financial Reporting Advisory Board ((FRAB). The Code of Practice on Local Council Accounting is based on approved Accounting Standards issued by the International Accounting Standards Board (IASB) as well as approved Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board. Therefore, the IFRS-based Code of Practice on Local Council Accounting is based on the accounting standards issued by various standard setting bodies, Auditors could expect the guidance to be complied with, and any departure must be disclosed in the published accounts.

**Accruals** - The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Actuarial Gains and Losses (Pensions IAS 19)-** Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Actuarial gains and losses are the changes in actuarial deficits or surpluses that arise because:

Events have not coincided with actuarial assumptions made for the last revaluation (experience gains or losses) or the actuarial assumptions have changed.

These are recognised by appropriation from the pensions reserve and have no impact on the Comprehensive Income and Expenditure Account.

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

**Allowance for Bad and Doubtful Debts -** The amount set aside in the Council's accounts to cover debts which may be un-collectable and written off.

**Balances -** In general, this is the accumulated surplus of income over expenditure, on any account, at the end of the financial year. Balances form part of the Council's reserves, and the Council may use its revenue balances to reduce the requirement from the council tax.

**Band D Equivalent -** The weighted number of properties subject to council tax in a local council's area, calculated on the basis of prescribed proportions in relation to band D.

**Billing Council –** This is the local council responsible for the billing and collection of the council tax from all properties in their areas. In shire areas the District Councils are the billing authorities.

**Capital Accounting -** The recording in local council balance sheets of the value of all capital assets and the use of these values to charge services with capital charges.

**Capital Adjustment Account** – this represents timing differences between the amount of the historical cost of non-current assets consumed and the amount that has been financed.

**Capital Expenditure** – On the acquisition or construction of assets which have a long-term value to the Council in the provision of its services (e.g. land; purchasing existing buildings or erecting new ones; purchasing furniture or equipment etc.).

**Capital Programme** - a council's plan for capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings, design fees and the acquisition of vehicles and major items of equipment.

**Capital Receipts -** Income received from the sale of land or other assets, which is available to finance other items of capital (but not revenue) spending, subject to the provisions contained within the Local Government Act 2003, or to repay outstanding debt on assets originally financed from loan.

**Chargeable Dwelling** – A dwelling that is subject to council tax.

**CIPFA (The Chartered Institute of Public Finance and Accountancy) -** This is the professional body for accountants working in local government and public bodies and is a Member of the Consultative Committee of Accountancy Bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to use the letters CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

**Collection Fund -** A fund administered by each billing council (the District Council in shire areas), recording receipts from Council Tax, and payments to the General Fund and other public authorities. It also records receipts of non-domestic rates collected on behalf of Central Government, County Council and MSDC, and payments made to these organisations for their share of the total Business Rates collected.

**Community Assets** - Assets that the local council intends to hold in perpetuity, which have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

**Contingent Liability and Asset** - A contingent liability or asset is a possible loss or gain which is not recognised in the accounts because it cannot be accurately estimated or because the event giving rise to the possible loss or gain is not considered sufficiently certain. This item is disclosed by way of a note to the accounts.

**Costs Payable to the Pension Fund and any Payments to Pensioners (Pensions IAS 19) -** These are appropriated to the Comprehensive Income and Expenditure Account from the Pensions Reserve, to replace all IAS 19 debits and credits, so that they remain, as previously, the actual amount to be met from government grants and local taxation.

**Council Tax -** The local tax payable on most residential properties in a local council's area, in the year. Properties are valued within eight valuation bands (A-H), which determines the amount of council tax payable. See band D equivalents.

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

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

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

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

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

**Department for Levelling Up, Housing and Communities** – DLUHC.

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

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

**DWP –** Department for Work and Pensions.

**Exceptional Items** – These are material items in terms of the Council's overall net expenditure which derive from events or transactions which are not expected to recur frequently or regularly that fall within the ordinary activities of the Council. They are disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Extraordinary Items** - Material items which derive from events or transactions that fall outside the ordinary activities of the Council. It would be rare for an item to be classified as extraordinary and would only be likely where ultra vires transactions occur.

**External Audit -** The independent examination of the accounts of local authorities. The Mid Sussex audit is carried out by the Ernst &Young LLP.

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

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

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

**Gains and Losses on Settlements (Pensions IAS 19) -** An irrecoverable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. This also is charged to Non-Distributed Costs.

**General Fund Balance -** The main revenue fund of a billing council. Day-to-day spending on services is met from the fund.

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

**Impairment** – Impairment occurs when an asset has been re-valued, and the valuation is downward. It is caused by a consumption of economic benefits (e.g. physical damage, or deterioration in the quality of service provided by the asset) or a general fall in prices.

**Infrastructure Assets** – Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways, footpaths and culverts.

**Intangible Assets** – Intangible assets are defined as “non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events

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

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

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

**National Non-Domestic Rates (NNDR) -** Nationally set tax charged on the rateable value of non-domestic properties (also known as business rates). The rate is set by the DLUHC.

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

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

**Non-current Assets** – Tangible assets that yield benefits to the local council and the services it provides for more than one accounting year, e.g. land buildings, vehicles, vehicles plant and equipment, infrastructure assets and community assets. Collectively these are referred to as Property Plant and Equipment.

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

**Past Service Costs (Pensions IAS 19)** - The increase or decrease in the present value of the scheme liabilities related to employee service in prior periods, as a result of the introduction of or improvement to retirement benefits or changes in indexation. This is charged or credited within the net cost of services under Non-Distributed costs in the Comprehensive Income and Expenditure Account. Discretionary Pension benefits awarded on early retirement are treated as past service costs.

**Pension Fund** - An employees' pension fund maintained by a council, or group of authorities, to make pension payments on retirement of participants; it is financed from contributions from the employing council, the employee and investment income. This Council contributes to the West Sussex Pension Fund.

**Precept** - The levy made by West Sussex County Council (WSCC) and Sussex Police & Crime Commissioner (SPPC) on the Collection Fund, and Parish and Town Councils on the General Fund, for their net expenditure requirements.

**Provisions and Reserves** - Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every council must maintain as a matter of prudence. This Council has established the General Reserve, and the Specific Reserve. These are further described in the Statement of Accounts.

**Rateable Value (RV) -** A value of all non-domestic properties subject to rating, to which rate pound ages are applied to arrive at a rate payable. The value is based on a notional rent that the property could be expected to yield after deducting the cost of repairs.

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

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

**Reserves -** See Provisions and Reserves.

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

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

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

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

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

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

**Surplus** – is where income exceeds expenditure.

**Transitional Relief –** Scheme whereby the Council Tax is reduced for properties which would otherwise have seen a large increase in the Council Tax bill in comparisons with the actual 1992/93 community charge bill for the particular property.