



WORTHING BOROUGH  
COUNCIL

**Draft**  
**Statement of Accounts**  
**2023/2024**

# WORTHING BOROUGH COUNCIL

## STATEMENT OF ACCOUNTS

for the year ended 31st March, 2024

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## NARRATIVE REPORT

### ***INTRODUCTION***

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

- Understand the financial position of the Council in 2023/24;
- Have confidence that the public money with which the Council has been entrusted has been used well and accounted for in an appropriate manner;
- Be assured that the overall position of the Council is sound and secure.

This is the narrative report to the Statement of Accounts for the year ended 31st March 2024. It provides a summary of the financial position as at 31st March 2024 and is structured as below:

- Introduction To Worthing as a place
- Key information about the Council
- The Council plan and non-financial achievements of the Council in 2023/24
- The 2023/24 revenue budget process and medium term financial plan
- Financial Overview of the Council 2023/24
  - \* Revenue spend in 2023/24
  - \* Capital strategy and Capital Programme 2023/24 to 2024/25
- Top strategic risks
- Summary position

This is followed by an explanation of the Financial Statements

### ***1. AN INTRODUCTION TO WORTHING AS A PLACE***

Worthing Borough Council is one of seven Local Authorities in West Sussex. It lies on the South Coast and covers an area of approximately 32.37km<sup>2</sup>. The Council shares its boundaries with Adur District Council to the east, and Arun District Council to the west. It is located at the foot of the South Downs at the southern edge of the beautiful South Downs National Park.



**Population:**

Worthing has a population of approximately 111,338 according to the Office of National Statistics with an age profile of:

Age range	Worthing Borough Council	Nationally
0 - 15	17.1%	18.9%
16 - 64	60.5%	62.2%
65+	22.4%	18.9%

There are approximately 4,000 businesses within the area. Business Rate income was £26.6m in 2023/24. The Council kept £3.1m of income related to Business Rates (including associated grants), 10% of the income was paid to the County Council with the remainder paid to the Government.

**2. KEY INFORMATION ABOUT WORTHING BOROUGH COUNCIL**

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

**Political Structure in the 2023/24 Municipal Year**

Worthing has 37 Councillors representing 13 wards. In the 2023/24 municipal year the political make-up of the Council:

<b>Labour Party</b>	24 Councillors
<b>Conservative Party</b>	11 Councillors
<b>Liberal Democrat Party</b>	1 Councillor
<b>Green Party</b>	1 Councillor

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

The leader of the Council at the beginning of 2023/24 was Councillor Beccy Cooper.

## Management Structure

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



## Worthing Borough Council:

- ✓ Holds £314m of assets to support services and provide income to fund service delivery
- ✓ Generates £28m of income from fees, charges and rents (excluding Housing Subsidy) to help deliver services and keep council tax down
- ✓ Has set a balanced budget each year despite allocated funding from revenue support grants and retained business rates falling each year. In 2023/24 government funding (New Homes Bonus, Services Grant and Lower Tier Services Grant) made up 1% of total generated income (excluding Housing Benefit Subsidy) .

## Working in partnership

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

The shared single officer structure, which was introduced in April 2008, includes all of the services that were intended to operate as shared Adur & Worthing services with a net budget of £26.3m for 2023/24. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget.
- As each service moved across from Adur and Worthing to the Joint Strategic Committee their respective budgets and spend were pooled.

- The net expenditure within the Joint Strategic Committee is recharged back to Adur and Worthing Councils.

### 3. **COUNCIL PLANS AND PERFORMANCE**

#### **OUR PLAN - 2023-2026**

The Council's priorities are laid out in 'Our Plan' which was agreed in the autumn of 2022. The plan is the framework for everything we do at Adur and Worthing Councils and sets out:

- Our Purpose - what the councils are fundamentally here to do;
- How we work - how we will treat each other as colleagues, customers and partners;
- Our Principles - which allow us to work effectively and to evolve as an organisation;
- Our Foundations - the universal services citizens see and use plus the core services; and
- Our Missions - Ambitions and focused areas of work.

#### **Our Missions**

These are the big ambitions and complex issues that need to be addressed for Adur and Worthing to thrive long term. By nature they are bigger than the individual services that we provide, requiring creative solutions that cut across council teams and other organisations.

<b>Mission</b>	<b>Aim to achieve</b>
<b>Thriving People</b>	<ul style="list-style-type: none"> <li>● People are healthy, resilient and resourceful; they can access the right help when they need it</li> <li>● Everyone has a safe, secure and sustainable home;</li> <li>● Everyone is able to enjoy a wide range of cultural, leisure and sporting opportunities</li> </ul>
<b>Thriving Places</b>	<ul style="list-style-type: none"> <li>● Places are designed for people and nature; they are clean, safe and feel looked after</li> <li>● People feel a sense of belonging to places and communities. They can influence how places change;</li> <li>● Active travel is easy, with opportunities for walking, cycling and public transport</li> </ul>
<b>Thriving Environment</b>	<ul style="list-style-type: none"> <li>● Action now achieves a fair transition to Net Zero Carbon by 2045;</li> <li>● Resilience to climate change and increased biodiversity by restoring natural habitats;</li> <li>● A circular economy is created, one that minimises waste and keeps materials in use</li> </ul>
<b>Thriving Economy</b>	<ul style="list-style-type: none"> <li>● An inclusive economy which provides people with skills and opportunities to secure good quality jobs;</li> <li>● Ambitious, high-growth companies locate in Adur and Worthing and smaller independent businesses thrive;</li> <li>● Economic growth regenerates places and high streets, helping communities to prosper</li> </ul>

The "Our Plan" programme can be found at: [Our Plan](#)

#### **Key Achievements in 2023/24**

Although financial times are challenging for the Council and the sector as a whole, progress has been made; a selection of updates on the Council's priorities is as follows:

## Thriving People

- **Cost of Living**

In July 2022 Worthing Borough Council endorsed a motion declaring a cost of living emergency following evidence of the impact that rising costs and inflationary pressures are having on local residents, including new households that have not previously had to access financial support.

The Worthing Cost of Living Roadmap details the high level actions that the Council and its partners in the not for profit, government and private sectors will take to address the impacts of the rising cost of living. Further details about the initiatives, including who will lead on their delivery, timeframes, and measures of success, are set out in an accompanying Cost of Living Action Plan. A 'partnership working group' has been convened to provide more immediate guidance on implementation of the Roadmap and Action Plan, and a number of time limited working groups set up to drive delivery of specific initiatives, including housing and homelessness, ethical debt and data sharing. Worthing Council provides and funds the administrative support and project management for implementation of the Roadmap

Worthing Council's role is one of stewardship - coordinating and supporting implementation of the Roadmap's programme of work. Whilst Council is the lead agency for some actions in the Roadmap, its role is to facilitate delivery by partners of the full suite of initiatives in relation to four major areas of focus:

1. Coordinating an urgent response to the cost of living emergency through helping to meet short term need
2. Developing a sustained and co-ordinated community response to ensure that residents who are vulnerable and most at risk of experiencing financial exclusion are able to achieve better financial wellbeing and resilience
3. Considering Council's own organisational culture, policy and practice to ensure it addresses the cost of living crisis
4. Ensuring partners in Worthing work collaboratively to better utilise resources to meet community needs and promote financial wellbeing and resilience

Urgent action is being taken by the Council and its partners to provide a safety net for those households facing the most severe impacts including maximising benefit and income support entitlements, and the provision of food. It will also consider place-based initiatives in response to the cumulative needs of neighbourhoods within Worthing.

As part of the governments levelling up agenda the council has been allocated funding through the UK Shared Prosperity Fund (UKSPF). Within the agreed Investment Plan there is commitment to support projects related to the Cost of Living over 3 years. In 2023/24 the funding has been utilised to enable critical developments in the Cost of Living 'umbrella' and extensions to the cycle provision in key areas of Adur and Worthing. To continue to help the community in the face of a cost of living crisis, the implementation of TellJo and LIFT has benefitted both Adur and Worthing Councils through a system that seeks to understand the community and act as a preventative tool to combat hardship, cost of living challenges and help those most vulnerable.

- **Proactive**

Our multidisciplinary Proactive Project is progressing well. The team uses the LIFT platform to identify households with low financial resilience and telephones them to explore ways to increase household income, reduce household debt and also to address the depression, anxiety and loneliness that often accompany financial exclusion. For some residents, support is offered at the first point of contact (our customer services team) but for others, they are "introduced" (referred) to other Council teams for further assistance.

The team has now been able to identify financial and wellbeing impacts as a result of this work. LIFT assigns each resident with a financial risk score and we can track these over time. As part of the overall 'safety net' offered we will continue to signpost and develop and invest in the redesign of our services to ensure the most vulnerable are supported, early.

Introduction of the TellJo pilot, using an online screening tool that residents can access by completing a simple online questionnaire showing them how to request a fair repayment plan with the Councils, get discounts on their utility bills and receive debt advice. The tool also provides signposting to third sector organisations offering support for those dealing with issues including mental health conditions, drug or alcohol problems, or domestic abuse.

The UKSPF Investment Plan sets out that funding is to be used to embed the proactive programme and to embed this in Resident Services to help support and prevent homelessness.

- **Homelessness:**

Demand on the service continues to increase, with the cost of living crisis pushing more people into financial difficulties. The Housing Needs Team are working closely with partner organisations to ensure as many households and individuals as possible are helped to avoid homelessness, or be rehoused once homeless.

Planning consent was approved for an 11-unit scheme for EA/TA in central Worthing which is being designed to meet passivhaus standards of energy efficiency. Another 33 units are in the pipeline to be delivered directly by the Council's development team. These are predominantly refurbishments of existing accommodation which can traditionally be delivered quicker than new development sites. We are also exploring temporary EA/TA on strategic sites in the town.

A variety of schemes are being developed with community, registered and private housing providers:

- A Community Housing move on scheme with support for single people
- Temporary accommodation with support
- Increasing the Council's private rental offer, "Opening Doors" portfolio for all household sizes
- Rough Sleeper Accommodation Programme flats with Southdown Housing
- A grant funded Housing First is being piloted by Turning Tides and Worthing Homes, expanding this is planned as part of the launching of our Homelessness Prevention Partnership

A West Sussex County wide post funded by all Districts and Boroughs has been appointed to support the unpicking and implementation of best practices across the county. This includes working through private sector offers to ensure consistency of offer and understanding Registered Providers allocations processes which are preventing a number of vulnerable households with a housing need from being accepted into permanent affordable housing.

We have created a new housing board with key stakeholders within health, County Council, and Registered Providers which is identifying collective challenges affecting some of our most vulnerable residents. As a board we are seeking to test new ways to provide solutions using our collective resources.

## Thriving Places

- **Community Engagement:**

One of our organisation's three principles is 'we are participative.' This means involving citizens in relevant and meaningful ways; working well with all our partners locally and regionally to address challenges together.

Through 2023 our engagement activities helped the organisation understand what we need to change inside our organisation so we can fully embody this principle.



Two major programmes underpinning this have been the Big Listen and Community Infrastructure Levy Neighbourhood Fund.

The CIL Neighbourhood Fund, gives communities freedom and power to spend the money on a wide range of things that will benefit the neighbourhood, in consultation with local residents. This fund comes from a national ‘tax’ on developers such as housebuilders. The money is paid to councils as a way of paying for improvements to local neighbourhoods.

More than £577,000 from the CIL Neighbourhood Fund was awarded to 45 applicants from the community and voluntary sectors in 2023. A range of different types of voluntary sector organisations secured funding.

In 2023, funds were used to support the delivery of projects focused on improving the lives of residents in the town including revamping green spaces, providing resources for young people, helping with the cost of living and launching new cultural activities.

The other main programme, the Big Listen included listening events in locations across the town, an in-person and online survey, and the pilot of a digital mapping tool and engagement platform. The campaign was focused on creating safe and inclusive spaces where the council could listen to residents’ views, their ideas for the future of the town, and how local people and the council could work together to move things forward.

The main outcomes from Big Listen have been new insights from local residents, a new model for participation and engagement, strengthened relationships and trust

- **Development of Place:**

**Worthing Integrated Care Centre** - Work is close to completion on a new Integrated Care Centre and multi-storey car park with the new medical facility to be open to the public by Autumn 2024.



**New homes** - Schemes are underway to convert the upper floors at the former Debenhams and build additional floors above the Montague Centre bringing residents into the heart of the town. The Planning Committee has also granted permission for 19 additional flats on the former Gas Works site in Lyndhurst Road and Berkeley Homes are due to start work in the summer building 228 new apartments.

The Council is directly developing a small number of sites it owns into Temporary Accommodation to reduce financial pressures on housing homeless families and improve living conditions.

**Union Gardens** - The Council are continuing to pursue a Joint Venture partnership with Roffey Homes to regenerate the vacant site at Union Place into a sustainable, new development at this critical, central site. The Planning Committee has resolved to grant planning permission for 216 homes including 20% affordable apartments and commercial floorspace, as well as replacement of the NCP car park.



**Teville Gate** - The Council decided to sell the land to Homes England to develop Teville Gate, receiving a capital receipt in-year (2023/24). The land was sold to the UK Government's housing and regeneration agency, passing development responsibility to them, and to bring much needed homes and regeneration to this historically complex site.

#### ● **Safer Communities**

We are continuing to deliver the priorities as set out in our 2021-2024 strategy. We are currently in the process of collating data to refresh the strategy for 2024-2027 and it is anticipated that we will continue to focus on the board priorities set out below:

- Reduce the harm caused by serious, organised and acquisitive crime;
- Increase safety for vulnerable adults and children;
- Improve pathways out of offending and reoffending;
- Increase community cohesion and reduce ASB & hate crime;
- Reduce public place violent crime with a particular focus on youth safety;
- Tackle social inequality and the drivers of crime;
- Embed trauma informed practice across partners;
- Better understand the experiences of minoritised communities;
- Tackle violence against women and girls at every opportunity

### **Thriving Environment**

#### ● **Waste and recycling**

The national Resources and Waste Strategy set out ambitions to introduce consistent recycling collections across England with a focus on separate food waste collection, the introduction of a Deposit Return Scheme (DRS) for plastic drinks bottles and cans, and

changes to the Extended Producer Responsibility (EPR) legislation which aims to move the full cost of dealing with packaging waste away from households, local taxpayers and councils and on to its producer. However all three elements (food waste/ consistency of collections, DRS and EPR) will significantly affect how we provide our services. It also places additional burdens on businesses to recycle the same materials that households do.

Food waste collections are the most significant change affecting our service delivery. By March 2026 the council will be required to collect food waste weekly from all households which will have significant capital and revenue implications. Throughout the consultation process the government has committed to providing reasonable funding to cover the new service burdens.

In March 2024 government announced capital funding for the scheme, which totals £994,265 for Worthing Borough Council. The original allocation was £875,810, which was increased by £118,445 on appeal that the original sum was insufficient. Transitional (implementation costs) are due to be announced before the 2024 summer recess and revenue funding to cover day to day operating costs will not be announced until closer to the March 2026 implementation date. The lack of certainty regarding funding is making implementation planning very challenging for many councils given the financial pressures on local authorities. It is expected that there will be a shortfall in capital and revenue funding to cover the full cost of the new service. Detailed costed design of the new service is being finalised to inform decisions on implementation, particularly in light of the uncertainty in funding.

We have continued our communication around waste and recycling, including information on social media to incorporate national and local recycling campaigns and numerous blogs covering seasonal items including food waste minimisation and christmas recycling. We have increased the reach of our wasteApp, to over 6,100 households across Adur and Worthing enabling us to communicate with residents directly about service related issues.

Using grant funding we increased our 'Recycling on the Go' scheme with more public recycling bins on the seafront and in Brooklands Park.

- **Nature Restoration and Protection**

The Councils are members of the Sussex Kelp Restoration Project, a collaboration of national and local organisations taking an evidence-based approach to tackle the challenges to the restoration of Sussex kelp. We have also initiated a West Sussex Coastal Local Authority Forum to help coordinate action along the coast as the kelp forest returns, working collaboratively on beach management issues.

Linked to this, excellent progress is being made with Sussex Bay, the ambitious initiative to drive integrated "blue habitat" restoration along the coast through kelp forest and river estuary restoration. The project is working with DEFRA (Department for Environment, Food and Rural Affairs) and many local partners, including the Worthing small boat fishing community in developing plans for the future of sustainable fishing locally. Work is also progressing with the Arun to Adur Farmers Group regarding use of seaweed as fertiliser for soil improvement to tackle the wash up of kelp from winter storms.

The Council's land acquisitions for nature restoration are among the most innovative interventions made in the UK by any local authority. Partnership and community working locally is very strong, and restoration plans are progressing well.

Cissbury Fields Site Management Plan was developed by the Council, South Downs National Park and the community, including Findon Valley Residents Association. The approach has been very positively received by local residents and by South Downs National Park Authority and National Trust.

- **Sustainable Energy**

In 2023/24 work continued on the development of the Worthing Heat Network, a UK leading district heat network scheme to initially connect 23 buildings in Worthing Town centre using a

low carbon heat solution. The concession agreement was signed in April 2024. The Council has been awarded in excess of £10m Public Sector Decarbonisation Scheme (PSDS) grant from central government for the delivery of the WHN, which will be used to improve the energy efficiency of five of our buildings (the Town Hall, Portland House, the Assembly Hall, the Connaught theatre, the Pavilion Theatre, Splashpoint and Worthing Museum) and connect them to the WHN.

The initial network will focus on the public sector and new developments within the town centre (including Union Gardens) and will deliver carbon savings in excess of 3,000 tonnes a year.

EV charge points have continued to be installed under the WSCC EV network. The Worthing Civic Quarter newbuild Multi Storey Car Park (MSCP) includes extensive EV charging infrastructure.

In 2023 the council commissioned an options appraisal to decommission the council fleet, with a particular focus on the HGV vehicles used to collect refuse and recycling. The options appraisal is informing the development of the councils fleet strategy which will be finalised in 2024/25.

The Solar Together Sussex (STS) scheme, supported by Councils across Sussex, including Adur and Worthing Councils, continues to progress well and is in its second phase. STS is a group buying scheme that enables residents to install high-quality, roof-mounted solar panels and battery systems at competitive prices. Over 200 households have installed either solar PV and/or battery storage through the scheme to the end of 2023/24.

We continue to support the Local Authority Delivery (LAD) Green Homes Grant Programme in consortia with other South East local authorities. LAD aims to decarbonise homes through installing measures such as insulation, new heating technologies and solar PV to homes EPC rated D,E,F & G.

## Thriving Economy

- **Supporting Local Business and Innovation:**

- We have continued to focus on supporting our town centres and providing a safe and welcoming environment for residents and visitors.
- We continue to activate our spaces through a comprehensive events programme, a series of 'pop up' businesses and securing new attractions (e.g. The Carousel) to support the economic vitality of our town centres.
- The Council, in partnership with West Sussex County Council, continues to invest in public realm improvements. This year saw the start of improvements to Railway Approach scheme and the final design agreed for Montague Place head of construction work in 24/25.
- Investment in full fibre network to attract advanced industries to the area. The gigabit fibre programme continues to make good progress, now reaching in excess of 32,000 homes. In addition, the Council is working with Dense Air and West Sussex County Council to trial new technology to improve 4G and 5G connectivity in the town centre.
- The Council has designed, with stakeholders, the Business Support Programme. Funded by UK Shared Prosperity Fund (UKSPF) the programme will launch in May '24 and will provide focused support on sustainability, innovation and leadership and management skills for small and medium sized enterprises. A dedicated grants programme has also been developed.
- Using new powers the council continues to procure locally to support the local economy.

- Work continues to develop and support our visitor economy, which has included the continuation of the self-serve Visitor Information Point on Worthing Promenade. The bike hire scheme has also expanded its locations, whilst the inaugural Worthing Festival was successfully delivered with over 100 events available to local residents and visitors to enjoy.
- The Council is working with a development partner to provide new homes, parking spaces and employment spaces at the Union Place site.

## Core Services

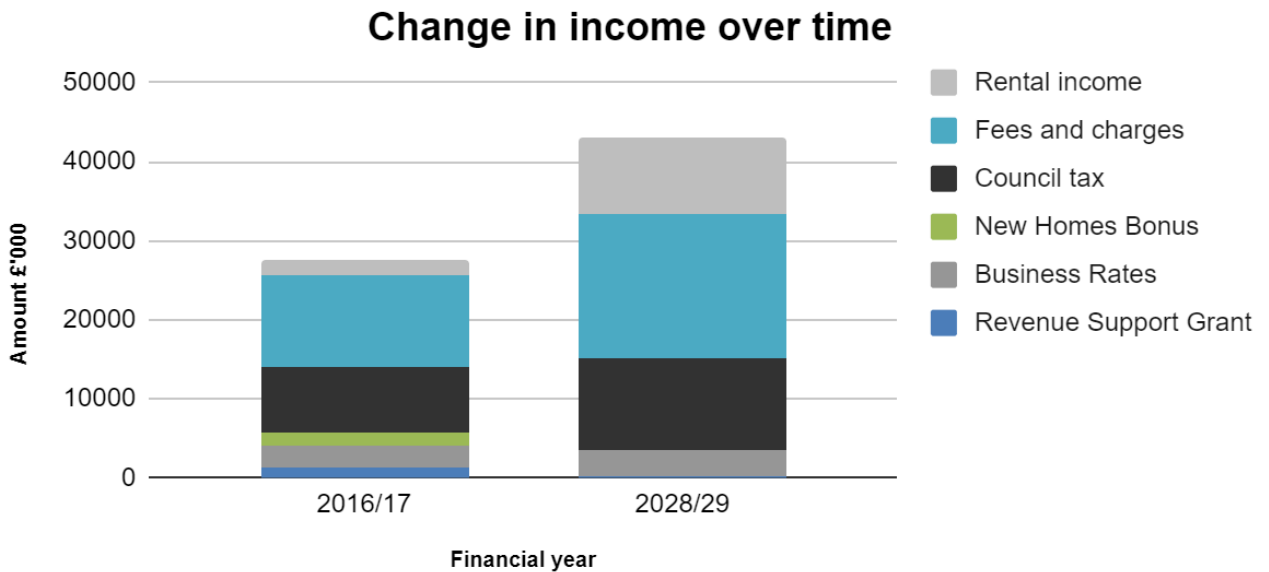
- WorkspacesAW has seen the Councils respond quickly to learning gained through the pandemic. By leasing a part of Portland House, revenue has been generated to support the Councils' budget while providing the financial capacity for significant modernisation of office spaces. WorkspacesAW has delivered different kinds of office space (meeting rooms, quiet spaces, collaboration spaces) while supporting home working and making a blended model of working the norm.
- Our customer service team has continued to deliver excellent levels of service, embracing the opportunity to proactively support the most vulnerable, making calls out to help customers facing financial or housing difficulties, and referring them on to further support from housing, well-being or third party support services. This proactive work, described in more detail in Thriving People, is data led, person centred, and focuses on improving household income and/or reducing household debt. Customer service has established and led a cross service team that can take a more holistic view of residents to support those already in crisis, and can also take an early intervention approach to minimise the numbers of residents tipping into crisis. A simple pathway has been followed for over 160 residents, with tangible financial and wellbeing outcomes identifiable for many of those. Of those who have engaged with the proactive team, more are now "coping" financially than previously and fewer are "struggling" or "at risk".
- Citizen Hub has been designed to enable joint working across teams and track outcomes for those receiving support, it will be expanded over time to enable tracking of customer experience end to end, across multiple services.
- Our digital infrastructure continues to be migrated with our Network Refresh continuing scoping, design and build in 2023/2024 with its final implementation and go live being Q4 2024.
- During Q1 2023 we implemented a new phone system using the same platform as our CRM, this gave them the benefit of being able to take card payments securely over the phone and ensuring GDPR compliance.
- February 2023 the Digital team introduced a new application built internally called Abacus, this replaced a legacy and old work order system used by Technical Services. This gave a much needed redevelopment of the user processes and gave much improved security of data.
- Q4 2023 was the launch of a "no code" form builder, which is an easy to use E form builder for our services, this was a finalist in the Netcall "app of the year" 2023
- Critical relationships - The Councils continue to maintain and develop a diverse and ever increasing set of partnerships including housing partners, the community and voluntary sector, the NHS, and Police and Community Safety organisations. Our relationships with other Districts and Boroughs continue to be positive and we are keen to further cultivate these, for example through strategic work such as Sussex Bay. Our work with West Sussex County Council in many areas is also progressing well and this will need to develop further if we are to successfully implement policy changes such as the Environment Act and the Health and Social Care reform agenda plus other areas of shared priority. At a regional level the Local Resilience Forum has continued to be invaluable, bringing together a variety of local players to deal with the pandemic response at a Sussex wide level. Our work with the

Local Economic Partnership and the Greater Brighton Economic Board continues, supporting our ambitions around place, prosperity and sustainability.

#### 4. **THE REVENUE BUDGET 2023/24 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)**

##### **Revenue Budget 2023/24**

The budget for 2023/24 was compiled within the context of the Government’s Comprehensive Spending Review, the Chancellor’s Budget and the local government settlement. The Council has seen a significant decline in recent years in overall government income with increasing amounts of income being generated locally through Council Tax, Business Rates, fees and charges, and income from commercial property. This trend is expected to continue for at least the next 5 years in line with the Council 5-year forecast.



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

- inflation, the largest source of cost pressure;
- income generated by the Council which may be affected by lack of demand;
- impact of increasing demand for such services as homelessness;
- withdrawal of funding by partners, potentially losing funding for key priorities;

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

The Council agreed a budget strategy to meet this challenge in 2023/24 through 4 major work streams: developing commercial income: investing in property to support service objectives: reviewing and rationalising our property holdings; and the delivery of a new customer and digital strategy. In addition the Council continues to pursue savings through organisational redesign, good procurement and base budget reviews.

These initiatives have resulted in significant savings of £3.203m as part of the 2023/24 budget round and ensured that service delivery was protected from any significant cuts. The Council set a balanced budget in February 2023.

##### **Council Tax**

The Council chose to increase Council Tax for 2023/24 by 2.99%.

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

<b>Band D Council Tax</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>
	<b>£</b>	<b>£</b>	<b>%</b>
Worthing Borough Council	252.36	259.92	2.99
West Sussex County Council	1,555.74	1,633.41	4.99
Sussex Police & Crime Commissioner	224.91	239.91	6.67
	2,033.01	2,133.24	4.93

### **Council Tax base**

The Council Tax base for 2023/24 was 39,364.6 which was a decrease of 245.9 on the previous year's number of Band D equivalents.

<b>Band D Council Tax</b>	<b>2022/23</b>	<b>2023/24</b>
Number of Band D equivalent dwellings	39,610.5	39,364.6

### **Budget Strategy for 2024/25 to 2027/28**

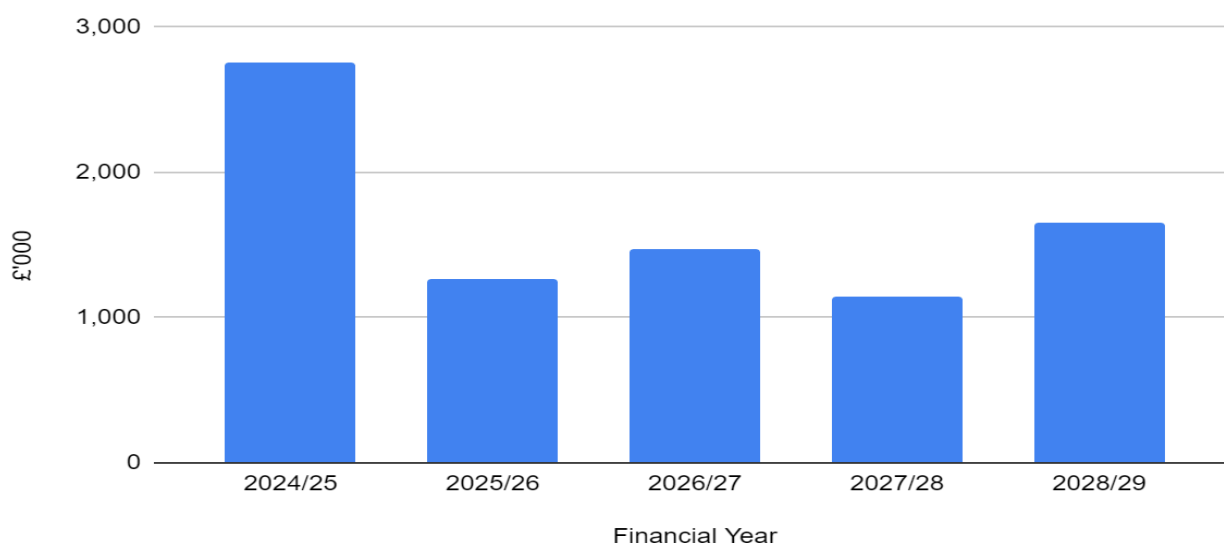
In preparing the budget strategy for 2024/25 to 2028/29, the aim is to deliver the Council's priorities outlined in the corporate strategy; 'Our Plan'. The forecasts are updated throughout the year to give the Council a clear view of the forthcoming financial challenges. The budget strategy for the development of the 2024/25 budget was approved by Council on 11th July 2023 and it set the strategic direction to address the significant challenges not only for 2024/25 but onwards.

The fall in government funding combined with the impact of the cost of living crisis on the Council's budgets included in the forecasts highlighted that the Council needed :

1. To transform services through the use of digital technology and by putting the customer at the heart of our business;
2. To invest in new property to generate income for the Council in the future;
3. To expand commercial activity;
4. To tackle the cost of homelessness through prevention work and commissioning better, more affordable accommodation

The Council has to identify significant budget reductions of £8.3m over the five years with a £2.7m challenge at that point expected for 24/25 as follows:

## Savings needed per year



In February 2024, the Council set a balanced budget having successfully identified further savings of £2.3m.

Further details around the most recent forecasts for both Councils are contained in the financial strategy report which will be considered on 9th July 2024 at the Joint Strategic Committee. The strategy has been updated to reflect the impact that the current high inflation rates are having on the Council's budgets. This can be found on the joint Adur District Council and Worthing Borough Council website [www.adur-worthing.gov.uk](http://www.adur-worthing.gov.uk).

### Budget monitoring

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

## 5. **FINANCIAL OVERVIEW**

A comprehensive summary of the financial performance of the partnership authorities (Adur District Council, Worthing Borough Council and the Joint Strategic Committee) is contained in the reports on financial performance for 2023/24 considered by the Joint Strategic Committee (JSC). There are two separate reports titled:

- Financial Performance 2023/24 - Revenue Outturn (JSC July 2024); and
- Financial Performance 2023/24 - Capital and Projects Outturn (JSC July 2024).

These are available on the joint Adur District Council and Worthing Borough Council website [www.adur-worthing.gov.uk](http://www.adur-worthing.gov.uk).

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

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



## Revenue Spend in 2023/24

A more detailed summary of the Council's financial results for 2023/24 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council has an net overspend against the original budget, in part this reflects the council facing a range of additional costs that were not part of the original budget but also a shortfall in performance against budget for some income streams. In 2023/24 Worthing Borough Council reported an overspend of £1.63m against a budget of £14.189m.

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

<b>2023/24 Outturn</b>	<b>£000</b>
Overspend in operational services – including share from Joint	1,518
Reduced borrowing requirement: A reduction in net borrowing costs in 2023/24, due to reprofiling of the capital programme and continued low interest rates.	-337
Homelessness cost pressures	835
Bereavement service	1226
Strategic property portfolio	-886
Non ring fenced Government grants:	-160
Impact of Taxation:	
Section 31 - additional NNDR grant for extra reliefs granted in 2023/24	-448
Changes to business rate income	2,585
Transfer from reserves	
Net transfer from business rate smoothing reserve	-2,028
Transfer from reserves to fund projects	-669
<b>Net overspend</b>	<b>1,637</b>

Where such items were identified when the 2023/24 budget was being prepared, an allowance for any impact on the future years was built into the budget.

In spite of an extremely difficult year from a financial perspective, the Council has supported the local community throughout the cost of living crisis whilst maintaining services and delivered on major capital investments and has managed to contain spending within the original budget.

## How the money was spent and how services were funded

EXECUTIVE MEMBER PORTFOLIOS	CURRENT BUDGET 2023/24	OUTTURN 2023/24	(UNDER)/OVERSPEND
	£	£	
Leader	843,050	1,027,553	184,503
CM for Environment	3,982,990	5,071,187	1,088,197
CM for Community Wellbeing	818,870	947,840	128,970
CM for Citizen Services	4,304,920	6,071,925	1,767,005
CM for Regeneration	2,605,100	2,977,953	372,853
CM for Resources	(192,750)	(1,464,256)	(1,271,506)
CM for Culture & Leisure	3,672,120	3,842,550	170,430
CM for Climate & Emergency	119,700	87,078	(32,622)
Holding Accounts	335,090	-	(335,090)
<b>TOTAL CABINET MEMBER</b>	<b>16,489,090</b>	<b>18,561,830</b>	<b>2,072,740</b>
<i>Credit Back Depreciation</i>	(4,804,180)	(3,912,153)	892,027
<i>Minimum Revenue Provision</i>	2,417,780	1,859,293	(558,487)
<b>Total Budget requirement before funding from taxation</b>	<b>14,102,690</b>	<b>16,508,970</b>	<b>2,406,280</b>
<b>Funded by:</b>			
Net Council Tax income	(10,231,650)	(10,231,650)	-
Net income associated with Business Rates	(3,368,880)	(3,259,465)	109,415
Local Tax Guarantee Scheme	(37,000)	-	37,000
Services Grant	(104,580)	(108,898)	(4,318)
Revenue Support Grant	(109,100)	(109,100)	-
Funding Guarantee Grant	(256,100)	(251,790)	4,310
New homes bonus	(125,110)	(125,112)	(2)
Other Grants	-	(160,265)	(160,265)
Contribution to/ (from) Collection Fund	43,480	43,164	(316)
<b>Net budget before transfers to or from reserves</b>	<b>(86,250)</b>	<b>2,305,854</b>	<b>2,392,104</b>
<b>Transfer to/from reserves:</b>			
Net Transfer to / from (-) reserves to fund specific expenditure	86,250	(669,352)	(755,602)
Net Underspend funded from working balance		(1,636,502)	(1,636,502)
	-	-	-

The Council's net budget is funded by income from:

### 1. Funding from Central Government

The Council received £755k in central grant funding which included Services Grant of £109k, Funding Guarantee grant of £252k and £125k of New Homes Bonus.

### 2. Funding from Local Taxpayers

The Council collected £81.4m of Council Tax due in 2023/24 on behalf of the Council, West Sussex County Council, Sussex Police and Crime Commissioner and the Parish Councils. This represented 96.5% of the total £84.4m Council Tax due to be collected. In addition, Council Tax Support totalling £7.7m was awarded during the year together with other discounts such as Single Person Discount of £9.3m.

Council Tax is collected by Worthing Borough Council on behalf of the following preceptors in the proportions detailed: West Sussex County Council 76.71%, Sussex Police & Crime Commissioner 11.31% and Worthing Borough Council 11.97%.

The Council benefitted from £10m of Council Tax income in 2023/24.

### 3. Funding from Local Businesses

The Council also collects Business Rates from local businesses. Of the £26.6m collected, after allowing for exemptions, reliefs and provisions, the Council kept 40%, 10% is paid to the County Council and the remaining 50% is paid over to the government's national pool.

However, of the amount kept by the Council, a further £10.2m was due to be paid over to the Government as part of the business rate retention system.

The Council retained £3.1m of Business Rate and associated grant income in 2023/24 within the statutory accounts.

Total Funding from Taxation:

	Budget £	Actual £
Council Tax *	10,188,170	10,188,486
Net Business Rates after use of smoothing reserve	1,014,500	456,764
Section 31 grants - compensation for loss of business rate income	2,354,380	2,802,701
Tax Income Guarantee - withdrawal from reserve	37,000	0
Funding Guarantee Grant	256,100	251,790
Services Grant	104,580	108,898
New Homes Bonus	125,110	125,112
Revenue Support Grant	109,100	109,100
Other Grants	0	160,265
	14,188,940	14,203,116

\* Net of budgeted Collection Fund surplus/deficit.

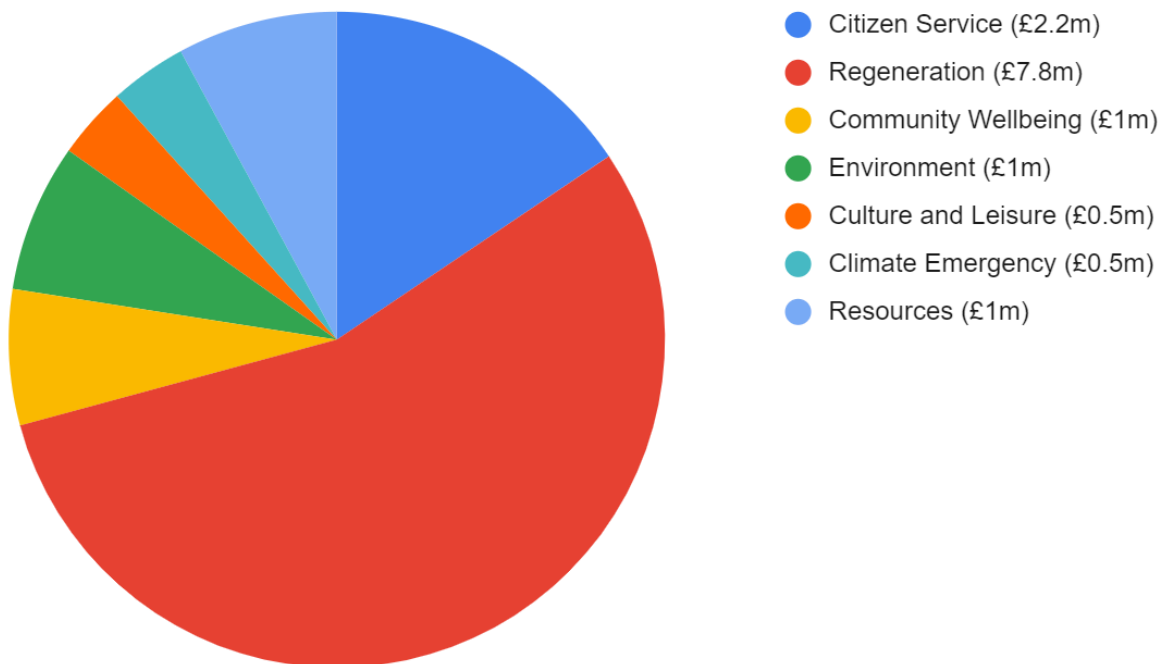
It should be noted that most of the difference in the Business Rates income budgeted and the deficit position is due to the introduction by the Government (after the 2023/24 budget had been set) of additional business rate reliefs awarded to support businesses and the impact of appeals. The Council received compensating section 31 Grant from the Government for any additional reliefs awarded.

In addition capital grants and contributions were received totalling £2.3m.

## CAPITAL INVESTMENT PLANS

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

### Capital outturn 2023/24



The capital investment programme for all Worthing Portfolios was originally estimated at £30,832,570. Subsequent approvals and re-profiling of budgets produced a total revised budget of £27,360,090. Actual expenditure in the year totalled £14,106,055, a decrease of £13,254,035 on the revised estimate, comprising a net budget carried forward to future years of £13,190,195 and a net underspend of £63,840. The major factors contributing to the re-profiling of the budgets were:

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

5. Identification of suitable opportunities to develop new commercial property.
6. The impact of supply chain issues following the pandemic and Brexit on the delivery of some materials.

The re-profiling of schemes was on-going throughout the year and in total 32 schemes did not complete as planned in 2023/24

Expenditure in 2023/24 was financed as follows:

	£
Government grants and other contributions	3,364,683
Capital receipts	222,198
Borrowing	10,489,275
Revenue Reserves	0
Revenue contribution	29,899
	14,106,055

Significant investments in 2023/24 included:

- Redevelopment and of Brooklands Park;
- Construction of a new integrated care centre;
- Disabled adaptations to residents homes;
- Planned Development of the Worthing Heat Network
- Transfer of Union Place to begin development
- Redevelopment of the High Street Public Conveniences
- Continued repairs and improvements to the multi storey car parks.

In addition to the capital programme, the Council uses capital receipts to fund initiatives which will generate on-going savings for the Council in accordance with the regulations regarding the use of capital receipts. In 2023/24 £164,490 was used to support initiatives which would support the delivery of estimated savings of £328,585 per year for the Council from 2024/2025 onwards.

Each Council's capital programme outturn and financing is explained in more detail in the Joint Strategic Committee report "Financial Performance 2023/24 - Capital and Projects Outturn" to be considered on the 9th July 2024. Reports are available on the joint Adur District Council and Worthing Borough Council website [www.adur-worthing.gov.uk](http://www.adur-worthing.gov.uk).

## **Borrowing**

A summary of the Council's borrowings, categories of financial liabilities, debt maturity structure, interest payable and the different types of risks is contained in Note 17 to these accounts. Sources and funds used to meet capital expenditure are summarised in the capital spend section of this Narrative Report and more detail is contained in the 9th July 2024 Joint Strategic Committee report "Financial Performance 2023/24 - Capital and Projects Outturn".

## Capital Investment Plans 2024/25 – 2026/27

The Council plans to invest £47.5m in its capital assets over the next 3 years.

The ambitious programme is designed to deliver a range of benefits including:

- Development of new temporary and emergency accommodation for residents who become homeless;
- A new heat network for the centre of Worthing with connections for council buildings;
- A new refuse and recycling fleet
- Public realm improvements to the town centre and parades
- Fire safety works at the pier;
- Continued repairs and improvements to the multi storey car parks;

	3-year plan			Total
	2024/25	2025/26	2026/27	
Expenditure by Portfolio	£'000	£'000	£'000	£'000
Citizen Service	5,345	1,481	2,847	9,673
Climate Emergency	9,862	400	0	10,262
Community Wellbeing	87	144	144	375
Culture and Leisure	1,378	125	125	1,628
Environment	526	855	5,307	6,688
Regeneration	4,010	4,593	586	9,189
Resources	8,437	484	484	9,405
<b>Total Expenditure</b>	<b>29,645</b>	<b>8,082</b>	<b>9,493</b>	<b>47,220</b>
<b>Funded by:</b>				
Capital grants and contributions	8,246	1,056	1,056	10,358
Revenue contributions and reserves	171	175	140	486
Borrowing	21,161	6,730	8,265	36,156
Capital receipts	67	121	32	220
<b>Total Funding</b>	<b>29,645</b>	<b>8,082</b>	<b>9,493</b>	<b>47,220</b>

### **TOP STRATEGIC RISKS**

Detailed below are the most significant risks that the Council is currently managing.

<b>Risk Overview</b>	<b>Cost of Living (Coastal Inequalities) Crisis</b>
<b>Commentary / Mitigation measures</b>	<p>We have yet to fully recover from the pandemic, recovery has undoubtedly been hampered by the Cost of Living crisis. Whilst overall levels of vulnerability in Adur and Worthing are generally lower-overall than the national average, there are significant inequalities between wards.</p> <p>With regard to Universal Credit, the Department for Work and Pensions has confirmed that for Adur and Worthing, the length of time on Universal Credit has a significant impact on the cost of living, over 900 have been on UC for over 3 years (this could correlate with those claiming Personal Independence Payments). We know that long-term unemployment is hugely problematic in terms of tackling inequalities.</p> <p>Our most recent report from Citizens Advice for the 4th quarter of 2022-2023 presents a worrying picture when compared to the same period in the previous year:</p> <p>In Worthing there has been a 45% increase in the number of issues and clients presenting with benefit issues, 25% increase in the number of Universal Credit issues, 80% increase in the number of utilities and communications issues</p> <p>In Adur, the number of benefit and Tax Credit issues has more than doubled, there has been a 162% increase in the number of debt issues, 17% more men are coming to us for financial services help. We have remained committed to being data informed using LIFT to identify residents facing financial hardship and debt, we continue to use the Proactive approach to target these residents, to offer help and assistance. We have commissioned additional resources through an interactive early help platform, TellJo, We have secured significant resources through the UKSPF to fund a no Interest Loans Scheme, tackle fuel poverty and build upon both the OneStop and Proactive approach to ameliorate the risks of the CoL crisis. In relation to the round 4 HSF we have successfully lobbied the County Council level to directly allocate £221,850 to A&amp;W councils so that we offer a one off payment to 1,748 households who will miss out on the £900 Government cost of living support in 2023. In addition we have invested in a 1 year post to further embed our CoL approaches.</p>
<b>Risk Rating</b>	<b>Impact = Major Likelihood = Very Likely Risk Rating = High</b>

<b>Risk Overview</b>	<b>Economic uncertainty</b> - in relation to inflation, interest rates and workforce shortages which are impacting on local businesses, including energy costs, upward pressure on wages, inability to fill vacancies, skills shortages
<b>Commentary / Mitigation measures</b>	<p>The Councils have agreed to utilise a proportion of the UKSPF funds to a Business Support Programme (BSP). The BSP will be delivered in 2024 by a series of business experts that will support organisations to help navigate the current challenges whilst also exploring new opportunities around innovation, leadership and management and sustainability. Pressures on the local economy are significant and diverse, with the need to also address major local term transitional challenges associated with climate change and the rapid development of artificial intelligence. The Worthing Heat Network is a key strategic initiative which will provide long term price certainty to the Councils in terms of building heating whilst providing the opportunity for other businesses and residential customers to achieve the same, whilst also decarbonising their heat.</p>
<b>Risk Rating</b>	<b>Impact = Major Likelihood = Likely Risk Rating = High</b>

<b>Risk Overview</b>	<b>Council Finances</b> - Risk that Council's finances will continue to be under pressure
<b>Commentary / Mitigation measures</b>	Council finances continue to be under severe pressure, an issue widely experienced across local government. In order to address in-year budget pressures, the Councils have implemented a range of spend controls, including vacancy control, triaging purchase requests to bring the forecast overspend, particularly in Worthing, down to addressable levels within reserves. A range of initiatives have been identified in the process of forming the budget for 2024/25, with significant organisational design work remaining to set a balanced budget. Worthing Councils reserves position is expected to reach a critical state as a result of pressures in 23/24, with the 24/25 budget designed to gradually replenish reserves over the next 5 to 10 years. Local government settlement was announced in December 2023 with very little additional funding than previously assumed in the MTFs. The latest budget position for 2024/25 is that both Adur and Worthing are balanced with an assumed 2.99% increase in council tax proposed.
<b>Risk Rating</b>	Impact = Major Likelihood = Very Likely <b>Risk Rating = High</b>

<b>Risk Overview</b>	<b>Housing supply</b> - Limited housing supply in all areas and all tenures is a key risk for the Councils in terms of both discharging its statutory duty to prevent homelessness and support those at risk, as well as placing critical budgetary pressures on the Councils. Managing this demand is challenging and places additional capacity pressures on the operational teams.
<b>Commentary / Mitigation measures</b>	<p>Work is underway in respect of the development of the new Housing Strategy. This will look at the priorities for the local authorities around homelessness, housing allocations, housing delivery and keeping people safe and secure in their homes. It is anticipated that a new Housing Strategy will be adopted following local elections in 2024 with an extension to the current strategy approved by councillors in the interim period.</p> <p>Given the overspend in TA work has been done to clarify and bring to Members attention the risks and opportunities of the work underway to alleviate these pressures and ensure that our governance for the pipeline of affordable and in-area TA is able to continue</p> <p>Strategic work continues, the Mental Health Housing Strategy resulting in Mental Health Housing Advisors funded by Sussex Partnership Trust co-locating with the Housing Needs Team, the workers are now embedded, with outcomes currently reported for West Sussex with local District and Borough sets being planned. The work is not only preventing homelessness via case work, but by improving relationships and pathways between services, increasing knowledge of housing and homelessness triggers enabling mental health workers to manage low level issues and refer cases appropriately to the Housing Needs Team.</p> <p>As previously reported, demand for homeless services continues to increase as a result of 'no fault' section 21 notices and family evictions as lack of alternative affordable options leaves households unable to secure their own housing in the private sector.</p> <p>Affordable Housing Delivery Group and subgroup continue to meet to identify opportunities to develop our owned and contracted temporary accommodation</p>



	<p>portfolios to meet current and predicted future demand. As well as building our strategic relationship with Homes England, we are also working closely with the Department for Levelling Up and Communities and Homes England to secure revenue and capital for housing programmes for single homelessness. Increasing our portfolio of owned temporary accommodation is a priority as the most cost effective way to deliver good standard local accommodation.</p> <p>Following the chancellor's Autumn statement work is underway to assess how the proposed changes to Local Housing Allowance rates impact the Councils Opening Doors private lettings work.</p>
<b>Risk Rating</b>	<b>Impact = Major Likelihood = Very Likely Risk Rating = High</b>

<b>Risk Overview</b>	<b>IT Disaster recovery</b> - Risk that hosting applications locally carries increasing risks given the pace of technological change. As for most councils, we have limited resilience in the team, and too much dependence on key personnel. Our data centre cannot be sufficiently protected from physical threats. Delays to network refresh project implementation
<b>Commentary / Mitigation measures</b>	<p>January 2024 - ICT and Emergency Response Teams have undertaken a review of procedures and have launched a new IT Disaster Recovery Plan.</p> <p>All systems have been reviewed and all critical and medium priority systems have specific recovery plans documented. The Disaster Recovery Plan was presented to the Joint Audit and Governance Committee in January 2024.</p> <p>An audit from Mazars was undertaken in January 2023 on our policies and Mazars have now completed auditing the Disaster Recovery Plan with the final audit results due by the end of January 2024.</p> <p>A major network refresh project will be delivered in 2024, which will deliver major improvements and increased resilience to the data centre and network security</p>
<b>Risk Rating</b>	<b>Impact = Extreme Major Likelihood = Moderate Risk Rating = High</b>

<b>Risk Overview</b>	<b>Major Project Delivery - Unlocking major development can be complex and take some time to deliver. The successful delivery of a major scheme will often depend on economic conditions over an extended period.</b>
<b>Commentary / Mitigation measures</b>	<p>Inflationary pressures in the construction sector and wider economic uncertainty have had a significant impact on the development sector and have made the viability of some projects more challenging. Up until recently, Interest rates have also been increasing which has undermined the viability of the invest to save proposals.</p> <p>A number of construction companies, notably Buckingham Group (A27 roundabout contractors) have failed during this period; and supply of certain materials such as steel, labour and timber has been difficult with a resultant increase in prices.</p> <p>Whilst the risk of major projects not being delivered remains, the changing economic context means that it is vital that the councils choose the right path toward delivery and the most suitable partners.</p> <p>This risk is closely linked to the Council's wider financial position and remediating</p>

	<p>this risk will involve making sound decisions around the investment in major projects and the sale of land and buildings to facilitate development.</p> <p><u>Opportunity -</u> The opportunity presented here is to explore new options to ensure that major projects are still able to come forward in a manner which delivers the best outcomes for our communities.</p> <p>A review of our approach is focussed on a number of major, complex projects at various stages of delivery:</p> <ul style="list-style-type: none"> <li>• testing our original assumptions and success measures are still valid; and</li> <li>• reviewing each project through the lens of a successful exit strategy.</li> </ul> <p>This approach will help to enable the councils to take a proportional, and risk appropriate approach to each project and to best manage and realise our assets.</p> <p>For Worthing, as we go forward, this will mean more often seeking a development partner (Union Place) or pursuing a responsible approach to disposing of our land interests (Teville Gate) whilst ensuring that we maintain a clear focus on ensuring that our strategic objectives will still be delivered.</p> <p>For Adur, the focus will be very much about working with development partners and the statutory agencies to capture the development premium and ensure that this is invested responsibly in the infrastructure needed to support development. This is exemplified by the complex challenges presented by the development of the Western Harbour Arm at Shoreham Harbour.manner which delivers the best outcomes for our communities.</p>
<b>Risk Rating</b>	Impact = Major Likelihood = Likely <b>Risk Rating = High</b>

<b>Risk Overview</b>	<b>Climate emergency risk</b> - Councils need to mitigate climate change, adapt to climate change and prepare for more frequent extreme climate events and impacts.
<b>Commentary / Mitigation measures</b>	Progress against the 2030 carbon neutral target is good. The Worthing Heat Network project has progressed well and contract award is expected in December 2023/ January 2024 and will decarbonise heat to the Worthing civic centre site. It will form the foundation to decarbonise heat for the NHS, new builds, and ultimately all households in Worthing. A green fleet strategy was completed in August 2023 and recommendations for implementation will be presented to committee early in 2024. A £1m project to test the use of hydrogen at the crematorium will be the first of its kind in the UK. The testing is expected to take place in spring 2024. The Trees for Streets programme launched in June 2023 and work is progressing on Nature Plans to help drive the delivery of nature based solutions in development, public realm and open spaces. The Sussex Bay marine project has recently secured external grant funding and with a further application to Rewilding Britain having been shortlisted. A revised engagement and participation strategy with businesses and communities is being devised to build a strong approach to the delivery of wider area missions for carbon, nature and circular economy.
<b>Risk Rating</b>	Impact = Major Likelihood = Likely <b>Risk Rating = High</b>

<b>Risk Overview</b>	<b>Risks to service delivery</b> due pace of change, staff vacancies and recruitment difficulties.
<b>Commentary / Mitigation measures</b>	As part of the organisational design a People & Change team was established under the Chief Executive and Assistant Director, People & Change. This team will lead the development of a workforce strategy that will seek to address key strategic issues around recruitment and retention, particularly in key areas of skill shortage and which are undergoing significant change (such as service redesigns), addressing succession planning, remuneration and talent retention. Local government in general is suffering recruitment issues in a number of key areas, and work to develop solutions in partnership with neighbouring authorities will be explored.
<b>Risk Rating</b>	<b>Impact = Major Likelihood = Likely Risk Rating = High</b>

<b>Risk Overview</b>	<b>Adoption of the Environment Act</b> - Significant implications for how the Councils collect waste and recycling from households and businesses. Not being in a position to roll out food waste collections due to insufficient resources and not achieving Environment Act targets for 65% recycling by 2035. Potential reputational damage. Legal sanctions. Broader environmental impacts associated with the aim of reducing waste.
<b>Commentary / Mitigation measures</b>	<p>In October 2023 the government announced its plans for Simpler Recycling as part of the Environment Act. It requires, amongst other things, local authorities to collect food waste from households by 1 April 2026. It also announced that residual waste would have to be collected at least fortnightly if not weekly, ruling out the option of the 1,2,3 collection model.</p> <p>The Government has said that funding will be available for these new services but the extent and nature of funding remains unclear at this point. Introducing food waste collections will be a significant cost burden (early modelling suggested £1.6 million across Adur and Worthing per year, with the passage of time these costs will be significantly higher). In the current climate the councils are not in a position to fund even part of these new revenue and capital costs which is why this is a high corporate risk. Procurement time-scales compound the risk - if funding is made available many local authorities will be looking to source food waste collection vehicles, at a time when lead times for some vehicles are already 9-12 months., Implementation of food waste collection will potentially also have implications for Commerce Way depot, in terms of works required to accommodate the new vehicles, which need to be EVs if we are to meet our 2030 Net Zero Target.</p> <p>The Environment Act also requires businesses to recycle the same materials as domestic properties. We offer recycling and food waste collections to our commercial customers, but many have not taken these services up yet. We need to be able to offer these services to all commercial customers by March 2025 to enable them to be compliant and to avoid customers moving to other providers, which would have an adverse impact on our income generation.</p>
<b>Risk Rating</b>	<b>Impact = Major Likelihood = Likely Risk Rating = High</b>

The most recent details about the Council's risks can be found in the report to the Audit and Governance Committee "Risk and Opportunity Management updates" which was considered on the 18th January 2024. This report is available on the joint Adur District Council and Worthing Borough Council website [www.adur-worthing.gov.uk](http://www.adur-worthing.gov.uk).

## **SUMMARY**

This is an extremely difficult time for the whole of Local Government. The current economic climate and international events have impacted on the council significantly with rapidly increasing costs due to inflation, rising interest rates and difficult energy markets. These pressures not only impacted the council directly but affected residents' lives resulting in the need to support the community in a range of different ways: from supporting those who become homeless to administering financial support.

The overall overspend for 2023/24 needs to be viewed in the context of a difficult year which included increased cost pressures driven by high inflation, increased interest rates and increase in demand on council services..

The Council continues to balance the need to invest in future service developments with new emerging financial challenges from inflation and the continued changes to government funding.

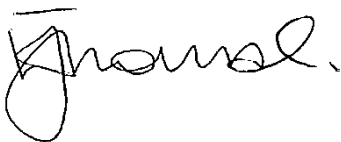
Looking ahead, 2024/25 will be another difficult year with continued pressure from inflation, together with new emerging cost pressures. The outturn position will inform the development of the 2025/26 budget. Any cost issues have been taken into account where possible as part of the development of the 2024/25 budget.

## **FURTHER INFORMATION**

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

## **ACKNOWLEDGEMENTS**

The production of the Statement of Accounts is not possible without the dedication and hard work of staff across the Council, particularly within the Finance Department. I would like to thank all colleagues for their endeavours during the financial year and particularly at this time when all staff are working under difficult conditions due to the impact of the national emergency.



Emma Thomas FCCA ,  
Assistant Director for Finance (Section 151 Officer)

## **EXPLANATION OF ACCOUNTING STATEMENTS**

The statement of accounts sets out the Council's income and expenditure for the year and its overall financial position as at 31st March 2024. It comprises cost and supplementary statements together with disclosure notes.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by the International Financial Reporting Standards (IFRS).

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

The Statements are listed and explained in the next section.

The Statement of Accounts consists of:

Page:

### **Statement of Responsibilities**

31

### **Movement in Reserves Statement**

32

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

### **Comprehensive Income and Expenditure Statement**

33

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

### **Balance Sheet**

34

This statement summarises the Council's assets and liabilities as at 31st March 2024 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' Reserves.

### **Cash Flow Statement**

35

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

### **Note to the Accounts**

36-104

### **Collection Fund**

105-104

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

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

## **MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2023/24:**

### **Post-employment benefits**

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

To comply with these relevant accounting standards, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year. Therefore the cost of post-employment (retirement) benefits shown in Note 38 are notional and are reversed out of the General Fund via the Movement in Reserves Statement.

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the balance sheet have increased by £40m during the year, mainly as a result of the changes to the financial assumptions by the pension fund actuary (Hymans-Robertson). These assumptions are determined by the actuary and are the assessment of the impact of market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the actuary and the assumptions used to calculate the actuarial valuation. Further details can be found in Note 38.

### **Provisions, contingencies and material events**

This Council has provided for contingencies and these are laid out in Note 39.

There are no material income or expenditure items to disclose in 2023/24 that are not disclosed on the face of the accounts. The provisions made in 2023/24 are laid out in Note 21.

### **CHANGES TO ACCOUNTING POLICIES**

The accounting policies are laid out within Note 1 of the Accounts. These policies have been reviewed to ensure compliance with the 2023/24 Code of Practice Guidance Notes. There were no changes to policies in 2023/24.

**STATEMENT OF RESPONSIBILITIES FOR THE  
STATEMENT OF ACCOUNTS**

**STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2024**

***The Council's Responsibilities:***

- (a) To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2023/24 that officer was the Chief Financial Officer.
- (b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- (c) To approve the Statement of Accounts.

***The Chief Financial Officer and Section 151 Officer's Responsibilities:***


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

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

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

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

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31<sup>st</sup> March, 2024 and its income and expenditure for the year ended on that date.



**Emma Thomas**  
**Assistant Director for Finance (Section 151 Officer)**

**Dated: 31/05/2024**

***Certificate of Approval by Joint Audit and Governance Committee***

I confirm that these Accounts were approved by the Joint Audit and Governance Committee of Adur District Council and Worthing Borough Council on xxxx.

**Dan Hermitage**  
**Chairman, Audit and Governance Committee**

**Dated: xx/xx/xxxx**

## MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserves	Capital Grants Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31.03.22 c/fwd	(1,347)	(7,147)	(1,915)	(11,642)	(22,051)	(117,476)	(139,527)
<b>Movement in Reserves during 2022/23</b>							
Total Comprehensive Expenditure and Income	4,523	-	-	-	4,523	(53,390)	(48,867)
Adjustments between accounting and funding basis under regulation (Note 7)	(2,878)	-	(112)	(999)	(3,989)	3,989	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	1,645	-	(112)	(999)	534	(49,401)	(48,867)
Transfers to/from Earmarked Reserves (Note 8)	(1,645)	1,645	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>	-	1,645	(112)	(999)	534	(49,401)	(48,867)
<b>Balance at 31.03.23 c/fwd</b>	<b>(1,347)</b>	<b>(5,502)</b>	<b>(2,027)</b>	<b>(12,641)</b>	<b>(21,517)</b>	<b>(166,877)</b>	<b>(188,394)</b>
<b>Movement in Reserves during 2023/24</b>							
Total Comprehensive Expenditure and Income	5,288	-	-	-	5,288	(8,782)	(3,494)
Adjustments between accounting basis and funding basis under regulation (Note 7)	(1,392)	-	(26)	(246)	(1,664)	1,664	-
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	3,896	-	(26)	(246)	3,624	(7,118)	(3,494)
Transfers to/from Earmarked Reserves (Note 8)	(3,310)	3,310	-	-	-	-	-
<b>(Increase)/Decrease in Year</b>	586	3,310	(26)	(246)	3,624	(7,118)	(3,494)
<b>Balance at 31.03.24 c/ fwd</b>	<b>(761)</b>	<b>(2,192)</b>	<b>(2,053)</b>	<b>(12,887)</b>	<b>(17,893)</b>	<b>(173,995)</b>	<b>(191,888)</b>



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000	£'000	£'000	£'000	Not e
<b>NET EXPENDITURE ON SERVICES</b>							
The Leader	978	(30)	948	1,090	(47)	1,043	
Environment	10,971	(6,213)	4,758	9,574	(5,159)	4,415	
Community Wellbeing	3,402	(887)	2,515	4,077	(1,977)	2,100	
Citizen Services	41,054	(35,180)	5,874	38,697	(34,385)	4,312	
Regeneration	8,626	(5,593)	3,033	10,175	(5,460)	4,715	
Resources	6,413	(3,139)	3,274	10,461	(6,312)	4,149	
Climate Emergency	88	-	88	151	-	151	
Culture & Leisure	4,238	(321)	3,917	4,044	163	4,207	
<b>Net Cost of Services</b>	<b>75,770</b>	<b>(51,363)</b>	<b>24,407</b>	<b>78,269</b>	<b>(53,177)</b>	<b>25,092</b>	
Other operating expenditure			2,689			658	9
Financing and Investment Income and Expenditure			(5,519)			(5,763)	10
Taxation and non-specific grant income			(16,289)			(15,464)	11
<b>(Surplus) or Deficit on Provision of Services</b>			<b>5,288</b>			<b>4,523</b>	
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			58			(9,112)	21
(Surplus)/Deficit from investments in equity instruments designated at fair value			-			-	15
Remeasurements of the net defined pension benefit liability			(8,840)			(44,278)	21
<b>Other Comprehensive Income and Expenditure</b>			<b>(8,782)</b>			<b>(53,390)</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>(3,494)</b>			<b>(48,867)</b>	

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Worthing Borough Council. The net assets of Worthing Borough Council (assets less liabilities) are matched by the reserves held by the Council.

	Note	As at 31 March 2024	As at 31 March 2023
		£'000	£'000
<b>Long Term Assets:</b>			
Property, Plant & Equipment	12	206,529	209,798
Heritage Assets	13	13,269	14,034
Investment Properties	14	99,072	99,774
Intangible Assets	15	1,103	1,250
Long Term Investments	17	1,327	1,379
Long Term Debtors	18	14,211	14,474
Other Long Term Assets	38	47,079	35,262
<b>Total Long Term Assets</b>		<b>382,590</b>	<b>375,971</b>
<b>Current Assets:</b>			
Short Term Investments	17	6,777	14,146
Assets Held For Sale	16	2,195	2,105
Inventories		66	60
Short Term Debtors	18	19,122	19,244
Cash & Cash Equivalents	19	1,372	4,712
<b>Total Current Assets</b>		<b>29,532</b>	<b>40,267</b>
<b>Current Liabilities:</b>			
Short Term Borrowing	17	(63,197)	(42,017)
Short Term Creditors	20	(18,574)	(21,456)
Provisions	21	(229)	(184)
Grants Receipts In Advance - Revenue	33	(512)	(851)
Grants Receipts In Advance - Capital		-	-
<b>Total Current Liabilities</b>		<b>(82,512)</b>	<b>(64,508)</b>
<b>Long Term Liabilities:</b>			
Long Term Borrowing	17	(137,565)	(163,179)
Other Long Term Liabilities	37	(157)	(157)
<b>Total Long Term Liabilities</b>		<b>(137,722)</b>	<b>(163,336)</b>
<b>Net Assets</b>		<b>191,888</b>	<b>188,394</b>
<b>Financed By Reserves:</b>			
Usable Reserves		(17,893)	(21,517)
Unusable Reserves	23	(173,995)	(166,877)
<b>Total Reserves</b>		<b>(191,888)</b>	<b>(188,394)</b>

## CASH FLOW STATEMENT

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

	Note	2023/24	2022/23
		£'000	£'000
Net (surplus) or deficit on provision of services	22	(5,288)	(4,523)
Adjustments to net surplus or deficit on the provision of services for non cash movements	22	10,612	(8,800)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(11,174)	(4,822)
Net cash flows from Operating Activities	22	(5,850)	(18,145)
Investing Activities	23	7,396	(38,749)
Financing Activities	24	(4,887)	52,200
Net increase or decrease in cash and cash equivalents		(3,341)	(4,694)
Cash and cash equivalents at the beginning of the reporting period		4,713	9,407
<b>Cash and cash equivalents at the end of the reporting period</b>	17	1,372	4,713

## NOTES TO THE ACCOUNTS

### **NOTE 1: ACCOUNTING POLICIES**

#### **GENERAL PRINCIPLES**

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

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understand ability
- Materiality
- Accruals
- Going concern

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.

#### **ACCRUALS**

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code. Sums due to or payable by the Council at the end of each financial year are brought into account (irrespective of whether cash has been received or payment has been made). Where actual costs are not available, accruals for debtors and creditors are made on a best-estimate basis.

At the end of each financial year an estimate is made of doubtful debts – amounts due to the Council, but unlikely to be received. The total value of these amounts is provided as a provision for bad debt and deducted from the debtors balance in the Balance Sheet. The current de minimis is £1,000.

#### **COUNCIL TAX AND BUSINESS RATES (ENGLAND)**

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 (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards, that the amount of council tax, and NDR collection could be less or more than predicted.

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

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund.

Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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 allowance for doubtful debts, overpayments and repayments and provision for appeals.

## **REVENUE RECOGNITION**

Revenue recognition has been accounted for in accordance with IFRS 15. Revenue is measured at fair value of the consideration received or receivable. Fair value is generally regarded as the amount for which an asset could be acquired, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The majority of the Council's transactions are 'non exchange' and the impact of IFRS 15 is not material to the accounts.

## **SUPPORT SERVICES**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## **JOINT OPERATIONS**

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the joint ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet only its share of the jointly controlled assets and related liabilities; whilst on its Comprehensive Income and Expenditure Statement it recognises those expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint arrangement and income that it earns from the activity of the operation.

## **VALUE ADDED TAX**

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

## **GRANTS AND CONTRIBUTIONS**

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

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

Grants and contributions for capital purposes are recognised as income on receipt as long as there is no condition for their use that has not been satisfied. Where there is a condition the amount will be held as a receipt in advance until the condition is satisfied at which point the amount is recognised as income.

Where capital grants are recognised as income they are reversed out of the General Fund in the Movement in Reserves Statement and held as unapplied reserves until used to finance capital expenditure.

## **LEASES**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

A de minimis value of £10,000 per leased asset within a lease contract has been applied to all items obtained by lease. Leased assets valued below these limits are treated as revenue expenditure. Software rentals are not treated as leases.

#### **The Council as Lessee - Finance Leases:**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

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

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

#### **The Council as Lessee - Operating Leases:**

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

#### **The Council as Lessor - 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.

#### **The Council as Lessor - Finance Leases:**

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, which is 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 as a Lessor - 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.

### **NON-CURRENT ASSETS**

#### **Expenditure and Valuation principles**

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

#### **Expenditure and Valuation principles**

Non-current assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the International Financial Reporting Standards (IFRS) code.

The surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve. The exception to this is where previous revaluation losses have been debited to the Comprehensive Income and Expenditure Account. Where this has occurred the surplus on revaluation is credited to the Comprehensive Income and Expenditure Account up to the value of the

previous revaluation loss, less the value of depreciation, that would have been charged had there been no revaluation loss.

Surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Revaluation Reserve only includes gains since its inception from 1<sup>st</sup> April, 2007; prior gains were incorporated into the Capital Adjustment Account. The Council applies a five-year rolling programme of revaluations and at the end of each financial year the market value of each category of assets is reviewed. If there has been an increase or decrease of 5% or more during the year, the relevant asset category is revalued in line with the valuation change. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and included in the balance sheet at current value. Where there is no open market value, assets are included in the balance sheet at depreciated replacement cost. Community assets and infrastructure assets are stated at depreciated historical cost, assets under construction are stated at cost. Donated assets are revalued at current value.
- Investment properties are included in the balance sheet at fair value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
- Assets held for sale are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.
- Assets are reclassified as Held for Sale when the following criteria are met:
  - i) The asset is available for sale in its present condition subject only to terms that are customary for sales of such assets (or disposal groups).
  - ii) The sale must be highly probable.
  - iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
  - iv) An active programme to locate a buyer and complete the sale must have been initiated.
  - v) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the current value.
  - vi) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale, or that significant changes to the plan will be made or that the plan will be withdrawn.

For 2023/24 the Council's values of land and buildings have been included in the accounts based on valuations either by external valuers or by the Authority's Estates office. A de minimis value of £10,000 per capital contract or rolling programme has been applied to new vehicles, plant and equipment, and for new land and buildings. Assets valued below these limits are not included, unless they are included in the rolling revaluation programme.

### **Fair Value Measurement**

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

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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



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

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

Disposals

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

**Charges to Revenue for Non-current Assets**

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

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

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

Buildings	15-60 years (except when impairment has occurred)
Vehicles	7-10 years
Equipment	>1 to <25 years
Intangible Assets, Software	>1 to <7 years
Infrastructure assets	5 - 50 years
Community assets	Held in perpetuity
Assets (Finance Leases)	Up to 10 years

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

**Disposals**

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

## **Impairment**

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

## **Depreciation**

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

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

## **Componentisation of Assets**

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

In accordance with the Code, significant components are recognised as assets as acquired, enhanced or revalued from 1st April 2010 onwards, and not retrospectively of this date.

When a component is replaced or restored, the carrying amount of the old component is de-recognised by indexing the cost of the replacement back to the estimated inception date and adjusting for subsequent depreciation and impairment. When replaced components are written out, this does not result in a loss on either asset values or asset sales.

For Property, Plant and Equipment the accounting policy is to componentise all land and property assets valued at £50,000 or more in total where there has been a revaluation or enhancement since 1<sup>st</sup> April 2010.

The following component categories and useful lives are used:

- Land - indefinite
- Main building structures - 60 years
- Replaceable building structures - 25 years
- Services - 20 years
- External works - 35 years

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

## **INTANGIBLE ASSETS**

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

- The asset must be identifiable
- The asset must lack physical substance.
- The asset is controlled by the Authority which will realise future economic benefits.
- Intangible assets are measured at cost.
- Intangible assets are amortised over their useful lives.

Intangible assets are either internally generated or purchased. Software licences are capitalised as intangible assets and amortised on a straight line basis over the expected life of the asset.

## **HERITAGE ASSETS**

### **Definition**

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

### **Recognition**

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

### **Valuation**

The Council's heritage assets are normally measured at valuation except where it is not possible to establish a valuation; for example if there is no market for a particular heritage asset or where it is not possible to provide a reliable estimate of the replacement cost of the asset due to the lack of comparative information.

The unique nature of many heritage assets makes a reliable valuation complex. Therefore where it is not practicable to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the financial statements) and cost information is available, the asset is carried at historical cost (less any accumulated depreciation, amortisation and impairment losses). Valuations may be made by any method that is appropriate and relevant and are reviewed with sufficient regularity to ensure they remain current

### **Depreciation, amortisation and impairment**

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

## **Accounting**

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

### **INVESTMENT PROPERTIES**

Investment Properties are those held 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, is held for sale or for the purposes of regeneration, employment or support of the local economy.

### **CAPITALISATION OF BORROWING COSTS**

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

### **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

### **INVENTORIES**

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

### **WORK IN PROGRESS**

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

### **RESERVES**

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

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

### **PROVISIONS**

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

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

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

## **CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets are possible assets arising from past events whose existence will only be confirmed by future events not wholly within the control of the Council. Contingent assets are not accrued in the accounting statements, in conformity with the concept of prudence. Material contingent assets are disclosed within the notes to the accounts if the inflow of a receipt or economic benefit is probable.

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

## **FINANCIAL INSTRUMENTS**

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

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

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

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow 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 payments 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 (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

### **Expected Credit Loss Model**

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

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

### **Financial Assets Measured at Fair Value through Other Comprehensive Income**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council has two small shareholdings acquired for policy purposes, which are designated as FVOCI:

- shares in the UK Municipal Bonds Agency, which was set up to help local councils finance their investment in projects - no value is currently assigned to these shares
- deferred shares in Boom! Credit Union, which supports people who live or work in Surrey, West Sussex or Kingston

The Council will recognise losses on these shareholdings to the extent that the underlying assets of the organisation are no longer sufficient to promote its purpose.

## **Financial Assets Measured at Fair Value through Profit or Loss**

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

### **Fair value measurement of financial assets**

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

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

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

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

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

### **Soft Loans**

The Code has specific accounting requirements in respect of "soft loans", being loans made to or from third parties at preferential rates of interest below market rates. The Code requires that when soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

## **DEBT REDEMPTION**

Statutory Guidance issued under s21(1A) of the Local Government Act 2003 places a duty on local authorities to make a prudent provision for debt redemption.

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

In accordance with statutory guidance and the Council's statement for Minimum Revenue Provision (MRP), an amount is charged annually to revenue and set aside for the repayment of debt. The provision is made over the estimated life of the asset for which the borrowing is undertaken. Where appropriate, the Council may also make overpayments of MRP, which can be offset in future years.

## **INTERNAL INTEREST**

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

## **CASH AND CASH EQUIVALENTS**

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

For the purpose of classifying cash equivalents within Financial Instruments, the Council's accounting policy is to categorise all fixed term deposits as investments, not cash equivalents (irrespective of the duration of the investments). This is because in practice, such deposits would not satisfy the requirement to be readily convertible to cash and would incur a penalty (loss in value) for early redemption. Therefore, in practice the Council's policy restricts the composition of cash and cash equivalents to notes and coins, current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions, that would be returnable without penalty within 24 hours' notice.

## **EXCEPTIONAL ITEMS**

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

## **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.

## **EMPLOYEE BENEFITS**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg. 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 where the adjustment will have a material effect on the accounts for the cost of holiday entitlements (or any form of leave, eg.time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. Any accrual is made at the wage and salary rates applicable in the following accounting year, being the period in



which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The Council's annual cost of accumulated absences as defined by the IFRS code of practice is not considered material and therefore has chosen not to accrue these costs.

### **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 a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

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 (unless they choose to opt out). This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

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

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

- The liabilities of the West Sussex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of returns on bonds.
- The assets of the West Sussex Pension Fund attributable to the Council are included in the Balance Sheet at their fair value which is the bid value as required by IAS19.

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

- Service Cost comprising:
  - The current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - The past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
- Re-measurements comprising:
- 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;
  - 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.
  - Contributions paid to the West Sussex County Council Pension Fund – cash paid as contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary Benefits**

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

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

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

## CAPITAL RECEIPTS

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

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

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

At the balance sheet date the following new standards and amendments to existing standards have been adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2424 for application from 1 April 2023:

- a) IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Whilst it is likely that the first two items will lead to improved reporting, they will not have a significant impact on the amounts anticipated to be reported in the financial statements. The final two items are not expected to be applicable to the Council.

### **NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

#### **Critical Judgements**

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services.
- The Council holds a significant portfolio of investment property and although in general terms economic activity is fragile, the Council judges that its portfolio is robust and that the assets will not be impaired as a result of a decrease in economic activity.
- Retirement Benefit Obligations - The Council recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 "Employee Benefits". The estimation of the net pension liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. West Sussex County Council, as the Pension Administering Authority, engages a firm of actuaries to provide expert advice about the assumptions to be applied. Changes in these assumptions made are set out in Note 1 and transactions disclosed in Note 36.
- As the accounting treatment and disclosures for operating and finance leases are significantly different, the Council has made judgements on whether its lease arrangements for land and buildings are operating leases or finance leases under the criteria of IAS17. These judgements are made in accordance with the Council's accounting policy on leases.
- The Council has made judgements about the likelihood of potential liabilities and whether provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact. Provisions resulting from these judgements are disclosed in note 19 and contingent liabilities in note 37.
- The Council does not expect the tax gathering mechanisms for Council Tax and Business Rates to fundamentally alter the Council's financial stability. The risk within the rates retention scheme is assumed to be the safety net which has been set by the government at 5% of the Council business rates baseline which equates to £140k.

#### **Critical Judgements**

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

The provisions in the CIPFA/LASAAC Code of Practice of Local Authority Accounting 2023/24 and the Financial Reporting Council's Practice Note 10 in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

During 2023/24 the delivery of the Council's services to our residents has been impacted by a number of factors, including: high inflation levels and the ongoing 'cost of living' crisis; labour

shortages in key occupations; increasing statutory service demand and complexity of need of those requiring our support; and uncertainty around future years' funding. As a result of the challenges, the council reported a £1.637m overspend (11% against budget) for the financial period ending 31st March 2024.

An assessment has been made of the likely impact of economic factors on its financial position and performance during 2023/24, 2024/25 and beyond. This has included modelling scenarios that consider the impact on the following:

- Reductions in income
- Increased expenditure
- Cash Flow and liquidity
- General fund balances and reserves

In February 2023 the Council approved a balanced budget for 2023/24. Known pressures were built into the 2023/24 budget.

The Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and general fund balances and reserves to continue to deliver services.

As at 31 March 2024 the Council has the following reserves to call on in delivering its services.

➤ General Fund Working Balance	£0.761m
➤ General Fund Earmarked Reserves	£2.192m
➤ Capital Grants	£12.887m
➤ Capital Receipts	£2.053m

In the event of a serious financial situation it will be prepared to 'un-earmark' certain reserves to meet its commitments.

The Authority has been closely monitoring its cash flow and investments to ensure it has sufficient liquidity to meet its commitments. The Council had investments of £6.73m and cash and cash equivalents of £2.372m at the end of March 2024 and has prepared a cash flow forecast to the end of July 2025 which is 12 months from the date the accounts are approved. The Council remains confident in its ability to maintain sufficient cash for its services throughout this period and is furthermore able to borrow short term for cash management if ever needed.

Furthermore, the Council has agreed to a modest capital programme and could postpone non-essential capital projects that would further protect the levels of cash and usable reserves if the position further deteriorated. The programme focuses on projects that produce a positive financial revenue return as well as those where there are health and safety requirements or were already in progress and could not be postponed without incurring significant costs.

As a result, the Council is satisfied that it can prepare its accounts on a going concern basis.

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

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

The items in the Council's Balance Sheet at 31st March 2024 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Property, Plant and Equipment</b>	Building Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual building 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 building assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S. For example the additional cost for Land and Buildings would be £209k.</p> <p>There would also be a corresponding decrease in the carrying amount of the assets.</p> <p>Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.</p>
Item	Uncertainties	Effect if actual results differ from assumptions
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.</p> <p>During 2023/24, the Council's actuaries advised that the net pension liability has decreased by a net £11.8m. There was a £2.98m increase as a result of estimates being corrected as a result of experience, and an increase of £8.8m attributable to updating of the assumptions.</p> <p>Refer to note 38 for more information.</p>
<b>Impairment Loss Allowance</b>	At 31st March 2024 the Council had a net balance of debtors due (excluding government departments) of £16.5m. A review of significant balances suggested that an impairment for doubtful debt of £1.9m was appropriate.	<p>Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment.</p> <p>An increase in the net balance of debtors (excluding government departments) by 10% would increase the impairment for bad debts by £110k</p>

<p><b>Business Rate Appeals Provision</b></p>	<p>At March 2024 the total provision for the impact of appeals on business rate income was £0.572m, the Council share of this is £0.229m. The provision is based on the appeals lodged with the Valuation Office which is then reviewed to establish the likely impact of the appeals on the business rate income.</p>	<p>The appeals provision is reviewed each year and adjusted for the likely impact of any increase or decrease in the level of appeals and the estimated success rate.</p> <p>If the success rate was to increase by 1% the impact on the provision would be an increase of £35k .The Council share of this would be £14k.</p>
<p><b>Item</b></p>	<p><b>Uncertainties</b></p>	<p><b>Effect if actual results differ from assumptions</b></p>
<p><b>Fair Value Investments</b></p>	<p>When the fair values of nonfinancial assets and financial assets/liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. discounted cash flow (DCF) model). Where possible these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values.</p> <p>These judgements typically include considerations such as uncertainty and risk for financial assets and rent growth for non-financial assets.</p> <p>Where Level 1 inputs are not available the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for Investment Property, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Notes 1 and 14.</p>	<p>Significant changes in any of the relevant factors or assumptions would result in a significantly lower or higher fair value measurement for the asset.</p>

**NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2024 and the date when the Statement of Accounts are authorised for issue.

**NOTE 6: EXPENDITURE AND FUNDING ANALYSIS**

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

\* For an analysis of the balance on reserves, please see the Movement in Reserves Statement.

	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23
	Net Expenditure Chargeable to the General Fund Balance	Adjust - ments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehen- sive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjust - ments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehen- sive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
The Leader	1,020	(72)	948	980	63	1,043
Environment	3,392	1,366	4,758	3,565	850	4,415
Health & Wellbeing	1,998	517	2,515	1,960	140	2,100
Customer Services	3,753	2,121	5,874	3,007	1,305	4,312
Regeneration	2,029	1,004	3,033	1,863	2,852	4,715
Resources	2,169	1,105	3,274	(679)	4,828	4,149
Climate and Emergency	86	2	88	128	23	151
Culture and Leisure	2,541	1,376	3,917	3,099	1,108	4,207
<b>Net Cost of Services</b>	<b>16,988</b>	<b>7,419</b>	<b>24,407</b>	<b>13,923</b>	<b>11,169</b>	<b>25,092</b>
Other income and expenditure	(13,092)	(6,027)	(19,119)	(12,278)	(8,291)	(20,569)
<b>Surplus or deficit</b>	<b>3,896</b>	<b>1,392</b>	<b>5,288</b>	<b>1,645</b>	<b>2,878</b>	<b>4,523</b>
Opening balance on General Fund reserves as at 1 April	(6,849)			(8,494)		
Deficit/surplus on General Fund in Year	3,896			1,645		
<b>Closing balance on reserves as at 31 March *</b>	<b>(2,953)</b>			<b>(6,849)</b>		



## Adjustments between Funding and Accounting Basis

2023/24				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	8	(80)		(72)
Environment	1,952	(586)		1,366
Health & Wellbeing	506	11		517
Customer Services	2,383	(262)		2,121
Regeneration	1,033	(29)		1,004
Resources	1,210	(105)		1,105
Climate and Emergency	-	2		2
Culture and Leisure	1,599	(223)		1,376
<b>Net Cost of Services</b>	<b>8,691</b>	<b>(1,272)</b>	-	<b>7,419</b>
Other income and expenditure from the Funding Analysis	(2,495)	(1,705)	(1,827)	(6,027)
<b>Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>6,196</b>	<b>(2,977)</b>	<b>(1,827)</b>	<b>1,392</b>

2022/23				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	5	58		63
Environment	328	522		850
Health & Wellbeing	35	105		140
Customer Services	996	309		1,305
Regeneration	2,185	667		2,852
Resources	2,353	2,475		4,828
Climate and Emergency	-	23		23
Culture and Leisure	1,142	(34)		1,108
<b>Net Cost of Services</b>	<b>7,044</b>	<b>4,125</b>	-	<b>11,169</b>
Other income and expenditure from the Funding Analysis	(8,196)	214	(309)	(8,291)
<b>Difference between General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>(1,152)</b>	<b>4,339</b>	<b>(309)</b>	<b>2,878</b>

## Expenditure and income analysed by nature

	2023/24	2022/23
	£'000	£'000
Employee Expenses *	(264)	7,623
Depreciation, amortisation, impairment	5,702	4,889
(Gain)/loss on disposal of non current assets	2,689	658
Other service expenditure	74,193	70,773
<b>Total Expenditure</b>	<b>82,320</b>	<b>83,943</b>
Grants and contributions	(10,883)	(11,406)
Fees, charges and other service income	(48,266)	(50,000)
Changes in Fair Value to Investments and Investment Properties	753	(2,345)
Income from council tax and business rates	(10,553)	(9,515)
Interest and Investment Income	(8,083)	(6,154)
<b>Total Income</b>	<b>(77,032)</b>	<b>(79,420)</b>
<b>Deficit or surplus on Provision of Services</b>	<b>5,288</b>	<b>4,523</b>

\*The other service expenditure figure includes the Council's share of the Joint Service costs including the employee expenses.

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

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

	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grant Unapplied</b>
<b>2023/24 USABLE RESERVES</b>			
	£'000	£'000	£'000
<b><u>Adjustment to the Revenue Resources</u></b>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension Cost (transferred to or from) the Pension Reserve)	2,977		
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(52)		
Council tax and NDR (transfers to or from) Collection fund Adjustments Account	1,827		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):			
Charges for Depreciation and impairment of non current assets	(3,683)		
Revaluation losses on Property, Plant and Equipment	(1,790)		
Movement in fair value of investment assets	(705)		
Amortisation of intangible assets	(229)		
Capital grants and contributions applied	754		
Revenue expenditure funded from capital under statute	(2,771)		
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(9,664)		
Appropriation of S106/CIL contributions to Fund revenue expenditure	(287)		287
Capital grants and contributions unapplied credited to the CIES	3,144		(3,144)
<b>Total Adjustments to Revenue Resources</b>	<b>(10,479)</b>	<b>0</b>	<b>(2,857)</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>			
Transfer of non-current asset disposal proceeds from revenue to the Capital Receipts reserve	7,201	(7,201)	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,859		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	27		
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>9,087</b>	<b>(7,201)</b>	<b>0</b>
<b><u>Adjustments to Capital Resources</u></b>			
Use of the Capital Receipts reserve to finance capital expenditure		7,438	
Application of capital grants to finance capital expenditure			2,611
Principal Repayment of loan		(263)	
Cash Payments in relation to deferred capital receipts			
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>7175</b>	<b>2611</b>
<b>Total Adjustments</b>	<b>(1,392)</b>	<b>(26)</b>	<b>(246)</b>

	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grant Unapplied</b>
<b>2022/23 USABLE RESERVES</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to the Revenue Resources</b>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pension Cost (transferred to or from) the Pension Reserve)	(4,339)		
Financial instruments (transferred to the Financial Instruments Adjustment Account)	(262)		
Council tax and NDR (transfers to or from) Collection fund Adjustments Account	309		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):			
Charges for Depreciation and impairment of non current assets	(4,001)		
Revaluation losses on Property, Plant and Equipment	(687)		
Movement in fair value of investment assets	2,607		
Amortisation of intangible assets	(201)		
Capital grants and contributions applied	2,406		
Revenue expenditure funded from capital under statute	(2,236)		
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(947)		
Appropriation of S106/CIL contributions to Fund revenue expenditure	(1)		1
Capital grants and contributions unapplied credited to the CIES	2,036		(2,036)
<b>Total Adjustments to Revenue Resources</b>	<b>(5,316)</b>	<b>-</b>	<b>(2,035)</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	644	(644)	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (	1,693		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	101		
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,438</b>	<b>(644)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of the Capital Receipts reserve to finance capital expenditure		532	
Use of Major Repairs Reserve to finance capital expenditure			
Application of capital grants to finance capital expenditure			1,036
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>532</b>	<b>1036</b>
<b>Total Adjustments</b>	<b>(2,878)</b>	<b>(112)</b>	<b>(999)</b>

## **NOTE 8: TRANSFERS TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

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

<b>Movement in Earmarked Reserves</b>	<b>Balance at 31/03/22</b>	<b>Transfers Out 2022/23</b>	<b>Transfers In 2022/23</b>	<b>Balance at 31/03/23</b>	<b>Transfers Out 2023/24</b>	<b>Transfers In 2023/24</b>	<b>Balance at 31/03/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Earmarked Revenue Reserves</b>							
Capacity Issues Fund	1,308	(806)	380	882	(870)	-	12
Insurance	253	(53)	30	230	-	-	230
Leisure Lottery & Other Partnerships	28			28	(28)	-	-
Grants & Contributions	1,067	(643)	330	754	(408)	273	619
Museum Reserve	106	(31)		75	-		75
Property Investment Risk Reserve	450			450	-		450
Building Maintenance Reserve	326	(67)		259	(243)		16
Wellbeing - Employee Exit Cost Reserve	-		68	68	(14)	7	61
<b>Sub Total</b>	<b>3,538</b>	<b>(1,600)</b>	<b>808</b>	<b>2,746</b>	<b>(1,563)</b>	<b>280</b>	<b>1,463</b>
Reserves to manage Collection Fund timing difference:							
Business Rates Smoothing Reserve	3,307	(1,216)	400	2,491	(3,922)	1,895	464
Local Tax Income Guarantee	302	(37)	-	265	-	-	265
<b>Sub Total</b>	<b>7,147</b>	<b>(2,853)</b>	<b>1,208</b>	<b>5,502</b>	<b>(5,485)</b>	<b>2,175</b>	<b>2,192</b>
<b>Total Earmarked Reserves</b>	<b>7,147</b>	<b>(2,853)</b>	<b>1,208</b>	<b>5,502</b>	<b>(5,485)</b>	<b>2,175</b>	<b>2,192</b>

### **Reserves and their purpose**

**Capacity Issues Fund** - To cushion the impact of economic changes and fund one-off initiatives for the community.

**Insurance Fund** - To fund uninsured losses

### **Leisure Lottery & Other Partnerships**

This reserve will assist in financing capital schemes attracting substantial support from the National Lottery distributor bodies and other funding agencies and organisations.

### **Grants & Contributions**

The reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date.

### **Museum Reserve**

This fund will support the overall service aims of the Museum and Art Gallery on occasions when annual budgets do not allow work to progress in a manner that will contribute to achieving the aims.

### Property Investment Risk Reserve

To enable the Council to manage the income stream from the strategic properties, for example through restructuring of leases or during void periods and to facilitate the future maintenance of the properties.

### Building Maintenance Reserve

This will fund re-profiled expenditure on building maintenance.

### Wellbeing - Employee Exit Cost Reserve

Reserve will fund the exit costs for grant funded posts where entitlement exists.

### Business Rates Smoothing Reserve

This reserve is intended to smooth the impact of changes to reliefs in year. The Council received additional section 31 grants to compensate for losses in business rates income due to the extended reliefs given to retail, hospitality and leisure businesses to support them through the pandemic. The legislation that governs Collection Fund accounting means the related deficit incurred as a result of the in year loss in business rate income will not be charged to the General Fund until 2023/24. The Business Rates Smoothing Reserve will fund the losses when they are incurred and are not available for other purposes.

### Local Tax Income Guarantee

The Council received grant funding towards the impact of council tax and business rates losses from the pandemic. However, due to the regulations governing the Collection Fund, the losses are due to be funded by the General Fund over three years (2023/24- 2023/2424). This reserve will be used to offset losses over that period.

## **NOTE 9: OTHER OPERATING EXPENDITURE**

Other Operating Expenditure	31-Mar-24	31-Mar-23
	£'000	£'000
Gains/losses on the de-recognition and disposal of non-current assets	2,689	658
<b>TOTAL</b>	<b>2,689</b>	<b>658</b>

## **NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

Financing and Investment Income and Expenditure	2023/24	2022/23
	£000	£000
Interest Payable & similar charges (Note 17)	3,366	2,992
Net interest on net defined benefit liability (asset) (note 38)	(1,706)	214
Interest Receivable & similar income (note 17)	(982)	(1,253)
Income and expenditure in relation to investment properties (Note 14)	(6,331)	(5,060)
Changes in fair value to investment properties (Note 14)	702	(2,607)
Changes in fair value to investments (note 17)	52	262
Trading Operations (note 27)	(620)	(311)
<b>TOTAL</b>	<b>(5,519)</b>	<b>(5,763)</b>

**NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME**

Taxation and Non-Specific Grant Income	2023/24	2022/23
	<b>£'000</b>	<b>£'000</b>
Council Tax Income	(10,132)	(10,047)
Non Domestic Rates	(421)	532
Non-ring fenced Government Grants (note 33)	(3,449)	(3,411)
Capital Grants and Contributions (note 33)	(2,287)	(2,538)
<b>TOTAL</b>	<b>(16,289)</b>	<b>(15,464)</b>

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

**OPERATIONAL ASSETS**

Movements in 2023/24	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Construction	TOTAL
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	136,509	8,572	7,791	5,946	17,319	42,403	218,540
Historic Cost Adjustment	(29)						(29)
Additions	1,394	440	110	-	1,069	8,243	11,256
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(2,015)			-	(536)		(2,551)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,705)			-	(56)		(1,761)
Disposals / Derecognition	(675)	(788)	(81)	-	(6,879)		(8,423)
Reclassifications between asset classes, including transfers to REFFCUS	500		2,038	-	(346)	(4,387)	(2,195)
<b>As at 31 March 2024</b>	<b>133,979</b>	<b>8,224</b>	<b>9,858</b>	<b>5,946</b>	<b>10,571</b>	<b>46,259</b>	<b>214,837</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2023	(553)	(4,923)	(3,266)	-	-	-	(8,742)
Historic Cost Adjustment							-
Depreciation charge	(2,704)	(648)	(325)	-	(7)	-	(3,684)
Depreciation recognised in the Revaluation Reserve	2,673		-	-	-	-	2,673
Deprecation written out to the Surplus/Deficit on the Provision of Services	584		-	-	-	-	584
Disposals / Derecognition		787	74	-	-	-	861
<b>At 31 March 2024</b>	<b>-</b>	<b>(4,784)</b>	<b>(3,517)</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>(8,308)</b>
<b>Net Book Value at 31 March 2024</b>	<b>133,979</b>	<b>3,440</b>	<b>6,341</b>	<b>5,946</b>	<b>10,564</b>	<b>46,259</b>	<b>206,529</b>
<b>Net Book Value at 31 March 2023</b>	<b>135,956</b>	<b>3,649</b>	<b>4,525</b>	<b>5,946</b>	<b>17,319</b>	<b>42,403</b>	<b>209,798</b>

## Comparative Movements 2022/23

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
Movements in 2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2022	128,237	8,703	7,621	5,946	17,676	16,660	184,843
Historic Cost Adjustment	-	-	-	-	-	-	-
Additions	1,820	677	170	-	203	29,811	32,681
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,817	-	-	-	(24)	-	5,793
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(675)	-	-	-	(536)	-	(1,211)
Disposals / Derecognition	(651)	(808)	-	-	-	-	(1,459)
Reclassifications between asset classes, including transfers to REFFCUS	1,961	-	-	-	-	(4,068)	(2,107)
<b>At 31 March 2023</b>	<b>136,509</b>	<b>8,572</b>	<b>7,791</b>	<b>5,946</b>	<b>17,319</b>	<b>42,403</b>	<b>218,540</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2022	(554)	(5,051)	(2,965)	-	-	-	(8,570)
Historic Cost Adjustment	-	-	-	-	-	-	-
Depreciation charge	(3,044)	(649)	(301)	-	(6)	-	(4,000)
Depreciation recognised in the Revaluation Reserve	2,521	-	-	-	6	-	2,527
Deprecation written out to the Surplus/Deficit on the Provision of Services	524	-	-	-	-	-	524
Disposals / Derecognition	-	777	-	-	-	-	777
<b>At 31 March 2023</b>	<b>(553)</b>	<b>(4,923)</b>	<b>(3,266)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,742)</b>
<b>Net Book Value at 31 March 2023</b>	<b>135,956</b>	<b>3,649</b>	<b>4,525</b>	<b>5,946</b>	<b>17,319</b>	<b>42,403</b>	<b>209,798</b>
<b>Net Book Value at 31 March 2022</b>	<b>127,683</b>	<b>3,652</b>	<b>4,656</b>	<b>5,946</b>	<b>17,676</b>	<b>16,660</b>	<b>176,273</b>



### Share of the above assets used in the provision of the joint service

Movements in 2023/24	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
Cost or Valuation	£'000	£'000	£'000
At 1 April 2023	8,327	-	8,327
Assets transferred out of the Joint Service	-	-	-
Additions	-	-	-
Reclassifications between asset classes, including transfers to intangible assets	-	-	-
De-recognition	-	-	-
<b>At 31 March 2024</b>	<b>8,327</b>	<b>-</b>	<b>8,327</b>
<b>Accumulated Depreciation</b>			
At 1 April 2023	(5,111)	-	(5,111)
Depreciation charge	-	-	-
Derecognition - Other	-	-	-
<b>At 31 March 2024</b>	<b>(5,111)</b>	<b>-</b>	<b>(5,111)</b>
<b>Net Book Value at 31 March 2024</b>	<b>3,216</b>	<b>-</b>	<b>3,216</b>
<b>Net Book Value at 31 March 2023</b>	<b>3,216</b>	<b>-</b>	<b>3,216</b>

### Comparative Movements 2022/23

Movements in 2022/23	Vehicles, Furniture and Equipment	Assets Under Construction	TOTAL
Cost or Valuation	£'000	£'000	£'000
At 1 April 2022	7,897	-	7,897
Assets transferred out of the Joint Service	-	-	-
Additions	545	-	545
Reclassifications between asset classes, including transfers to intangible assets	-	-	-
De-recognition	(115)	-	(115)
<b>At 31 March 2023</b>	<b>8,327</b>	<b>-</b>	<b>7,897</b>
<b>Accumulated Depreciation</b>			
At 1 April 2022	(4,592)	-	(4,592)
Depreciation charge	(595)	-	(595)
Derecognition - Other	76	-	76
<b>At 31 March 2023</b>	<b>(5,111)</b>	<b>-</b>	<b>(5,111)</b>
<b>Net Book Value at 31 March 2023</b>	<b>3,216</b>	<b>-</b>	<b>3,216</b>
<b>Net Book Value at 31 March 2022</b>	<b>3,216</b>	<b>-</b>	<b>3,216</b>

## Depreciation

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

- Other Land and Buildings: 6 – 60 years
- Vehicles, Plant, Furniture and Equipment: 1 – 25 years
- Infrastructure: 5 - 50 years

## Capital Commitments

At 31st March 2024 the council had entered into 4 significant commitments for the acquisition and enhancement of assets, these contracts are estimated to cost £11.5m. The significant commitments at 31st March 2023 were £6.76m.

The significant commitments at 31st March 2024 were:

Provision for affordable homes £5.7m

Worthing Heat Network/decarbonisation of corporate buildings £4.9m

Public place improvements: £0.9m

## Revaluations

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

The significant assumptions applied in estimating the current values are:

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

	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruktion	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost</b>		3,440	6,341	5,946	2	46,259	61,988
<b>Valued at current value as at:</b>							
31st March 2024	20,077				2,356		22,433
31st March 2023	26,946						26,946
31st March 2022	13,817						13,817
31st March 2021	48,029				8,206		56,235
31st March 2020	25,110						25,110
<b>Total Cost or Valuation</b>	<b>133,979</b>	<b>3,440</b>	<b>6,341</b>	<b>5,946</b>	<b>10,564</b>	<b>46,259</b>	<b>206,529</b>

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

Details of the authority's surplus assets and information about the fair value hierarchy as at 31st March 2024 and 31st March 2023 are as follows:

Recurring fair value measurements as at 31st March 2024 using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant observable inputs (Level 3)	Fair value as at 31 March 2024
	£'000	£'000	£'000	£'000
Community Asset	-	2	-	2
Land	-	10,481	-	10,481
Office	-	-	-	-
Residential	-	-	-	-
Sub Stations	-	81	-	81
<b>TOTAL</b>	-	<b>10,564</b>	-	<b>10,564</b>

Recurring fair value measurements as at 31st March 2023 using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant observable inputs (Level 3)	Fair value as at 31 March 2023
	£'000	£'000	£'000	£'000
Community Asset	-	112	-	112
Land	-	16,894	-	16,894
Office	-	220	-	220
Residential	-	7	-	7
Sub Stations	-	86	-	86
<b>TOTAL</b>	-	<b>17,319</b>	-	<b>17,319</b>

### Transfers between Levels of the Fair Value Hierarchy

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

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

#### Significant Observable Inputs – Level 2

The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

#### Significant Unobservable Inputs – Level 3

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

## Highest and Best Use of Surplus Assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the properties is their current use, apart from the following properties:

- Land at Fulbeck Avenue which is being held by the Authority for future housing.
- Coventry Plantation Plots which were acquired for future use in connection with the Crematorium.
- Land at Ripley Road is subject to access agreements which still have a number of years remaining.
- Land rear of the Dome Cinema which has access issues.
- Sub-stations which are all leased to the electricity company for continued use as sub-stations.
- Land at Hollyacres which has limited development potential due to the size of the land.

The highest and best use for the above properties would be for their development, either for residential or commercial use depending on their location.

## Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

## Valuation Process for Surplus Assets

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

## **NOTE 13: HERITAGE ASSETS**

Details of the Authority's Heritage Assets are as follows:

Movements in 2023/24	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2023	520	4,302	4,551	1,825	2,072	764	14,034
Revaluations	-	(244)	(258)	(103)	(117)	(43)	(765)
<b>At 31 March 2024</b>	<b>520</b>	<b>4,058</b>	<b>4,293</b>	<b>1,722</b>	<b>1,955</b>	<b>721</b>	<b>13,269</b>
<b>At 31 March 2023</b>	<b>520</b>	<b>4,302</b>	<b>4,551</b>	<b>1,825</b>	<b>2,072</b>	<b>764</b>	<b>14,034</b>

## COMPARATIVE MOVEMENTS 2022/23

Movements in 2022/23	Civic Regalia	Art and Sculpture	Costume and Jewellery	Toys	Social History	Archaeology and Geology	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2022	491	4,059	4,294	1,722	1,955	721	13,242
Revaluations	29	243	257	103	117	43	792
<b>At 31 March 2023</b>	<b>520</b>	<b>4,302</b>	<b>4,551</b>	<b>1,825</b>	<b>2,072</b>	<b>764</b>	<b>14,034</b>
<b>At 31 March 2022</b>	<b>491</b>	<b>4,059</b>	<b>4,294</b>	<b>1,722</b>	<b>1,955</b>	<b>721</b>	<b>13,242</b>

**Civic Regalia** - reported in the Balance Sheet at valuation provided by an external valuer, Heptinstalls Jewellers of Worthing.

**Art and Sculpture** - the collection of fine art, decorative art and sculpture is reported in the Balance Sheet at insurance valuation.

**Costume and Jewellery** - collection includes textiles, costumes, costume accessories and jewellery and is reported in the Balance Sheet at insurance valuation.

**Toys** - reported in the Balance Sheet at insurance valuation.

**Social History** - collection includes books, non-archaeological coins, tokens, medals, militaria, social history, agriculture, history, transport, ephemera and photography. These assets are included in the Balance Sheet at insurance valuation.

**Archaeology and Geology** - The artefacts in this category are included in the Balance Sheet at insurance valuation.

The museum's collections are currently being revalued by curatorial staff and specialist volunteers based on research from specialist journals, the internet, auctions and other reference materials.

### **NOTE 14: INVESTMENT PROPERTIES**

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

	2023/24	2022/23
	£'000	£'000
Rental income	(6,613)	(4,901)
Direct operating expenses	282	(159)
<b>Net (gain)/loss</b>	<b>(6,331)</b>	<b>(5,060)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

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

	2023/24	2022/23
	£'000	£'000
Balance at start of the year 1st April	99,774	74,684
Additions:	-	22,483
Net gains/(losses) from fair value adjustments:	(702)	2,607
<b>Balance at end of the year</b>	<b>99,072</b>	<b>99,774</b>

### Fair Value Measurement of Investment Property

Details of the Authority's investment properties and information about the fair value hierarchy as at 31st March 2024 and 31st March 2023 are as follows:

Recurring fair value measurements at 31st March 2024 using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant observable inputs (Level 3)	Fair value as at 31 March 2024
	£'000	£'000	£'000	£'000
Community Facility	-	66	-	66
Office	-	68,213	-	68,213
Retail	-	17,737	-	17,737
Residential	-	2,479	-	2,479
Industrial	-	10,577	-	10,577
<b>TOTAL</b>	-	<b>99,072</b>	-	<b>99,072</b>

Recurring fair value measurements at 31st March 2023 using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant observable inputs (Level 3)	Fair value as at 31 March 2023
	£'000	£'000	£'000	£'000
Community Facility	-	42	-	42
Office	-	69,531	-	69,531
Retail	-	17,612	-	17,612
Residential	-	2,465	-	2,465
Industrial	-	10,124	-	10,124
<b>TOTAL</b>	-	<b>99,774</b>	-	<b>99,774</b>

### Transfers between Levels of the Fair Value Hierarchy

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

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

#### Significant Observable Inputs – Level 2

The fair value for land, woodland, workshops, parking, office, retail, and residential assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Significant Unobservable Inputs – Level 3

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

### **Highest and Best Use of Investment Properties**

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

### **Valuation Techniques**

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

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

### **Valuation Process for Investment Properties**

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

### **NOTE 15: INTANGIBLE ASSETS**

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets is amortised on a straight-line basis.

	2023/24	2022/23 Restated
	£'000	£'000
<b>Balance at start of the year 1st April</b>		
Gross carrying amounts	1,719	1,575
Accumulated amortisation	(469)	(284)
<b>Net carrying amount at start of year</b>	<b>1,250</b>	<b>1,291</b>
<b>Additions:</b>		
Purchases	82	160
<b>Disposals:</b>	(5)	(16)
<b>Amortisation for the period:</b>	(229)	(201)
<b>Amortisation written off on disposal:</b>	5	16
<b>Net carrying amount at end of year</b>	<b>1,103</b>	<b>1,250</b>
<b>Comprising</b>		
Gross carrying amounts	1,796	1,719
Accumulated amortisation	(693)	(469)
	<b>1,103</b>	<b>1,250</b>

**NOTE 16: ASSETS HELD FOR SALE**

ASSETS HELD FOR SALE				
	Current 2023/24	Current 2022/23	Non Current 2023/24	Non Current 2022/23
	£'000	£'000	£'000	£'000
<b>Balance outstanding at start of year</b>	2,105	-	-	-
<b>Assets classified as Held for Sale:</b>				
Transfers from Property, Plant and Equipment	2,195	2,105	-	-
Disposals	(2,105)	-	-	-
<b>Balance outstanding at year-end</b>	<b>2,195</b>	<b>2,105</b>	-	-

**NOTE 17: FINANCIAL INSTRUMENTS**

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

**Financial Assets**

	Non-Current				Current				Total 31Mar24 £000
	Investments		Debtors		Investments		Debtors		
	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	
Fair Value through Profit and Loss	1,277	1,329							1,277
Amortised Cost - Investments and debtors		-	14,211	14,474	6,730	14,000	9,327	8,052	30,268
Amortised Cost - accrued interest					47	146			47
Cash and Cash Equivalents					1,372	4,712			1,372
Fair Value through other comprehensive income - designated equity instruments	50	50							50
<b>Total Financial Assets</b>	<b>1,327</b>	<b>1,379</b>	<b>14,211</b>	<b>14,474</b>	<b>8,149</b>	<b>18,858</b>	<b>9,327</b>	<b>8,052</b>	<b>33,014</b>
Assets not defined as financial instruments	-	-	-	-	-	-	9,765	11,192	9,765
<b>Total</b>	<b>1,327</b>	<b>1,379</b>	<b>14,211</b>	<b>14,474</b>	<b>8,149</b>	<b>18,858</b>	<b>19,092</b>	<b>19,244</b>	<b>42,779</b>

**Financial Liabilities**



	Non-Current				Current				Total 31Mar24 £000
	Borrowings		Creditors		Borrowings		Creditors		
	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	31Mar24 £000	31Mar23 £000	
Amortised Cost - Principal	(137,565)	(163,179)	-	-	(61,371)	(40,761)	(12,722)	(6,830)	(211,658)
Amortised Cost - accrued interest		-	-	-	(1,826)	(1,256)		-	(1,826)
<b>Total Financial Liabilities</b>	<b>(137,565)</b>	<b>(163,179)</b>	<b>-</b>	<b>-</b>	<b>(63,197)</b>	<b>(42,017)</b>	<b>(12,722)</b>	<b>(6,830)</b>	<b>(213,484)</b>
Liabilities not defined as financial instruments	-	-	-	-	-	-	(5,783)	(14,626)	(5,783)
<b>Total</b>	<b>(137,565)</b>	<b>(163,179)</b>	<b>-</b>	<b>-</b>	<b>(63,197)</b>	<b>(42,017)</b>	<b>(18,505)</b>	<b>(21,456)</b>	<b>(219,267)</b>

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

The long term debtors include a £10m loan to Worthing Homes for 10 years and the balance of a £5m loan to GB Met College repayable over 20 years, both of which are fully secured on property.

The assets and liabilities not defined as financial instruments are the balances such as tax-based debtors and creditors.

Financial Instruments Measured at fair value have been calculated by direct reference to published price quotations in an active market.

### Classification of Assets and Liabilities

Most of the Council's treasury investments are fixed term deposits with UK banks and other local authorities, which are still valued on an amortised basis. They are included in Long Term Investments and Short Term Investments on the Balance Sheet. The Council's investments in money market funds and call accounts are valued at amortised cost and the principal is included in Cash and Cash Equivalents.

The Council's other investments continue to be carried on the Balance Sheet at fair value, assessed on a recurring basis, and the following classifications have been used from 1 April 2018:

The Council's investment in the Local Authorities' Property Fund is classified as Fair Value through Profit or Loss and the value at 31 March 2024 of £1.277m is included in the Long Term Investments on the Balance Sheet. However due to statutory override, any unrealised gain or loss (shown in the table below) is not charged to the revenue account – it is posted to the Financial Instruments Revaluation Reserve. This investment is classified as a Level 1 input, as explained in the Accounting Policies (Note1), and the valuation technique used is the bid value of the units in the Fund as at 31 March 2024, supplied by the Local Authorities' Property Fund. Dividends are received quarterly and are credited to the revenue account.

The Council holds two investments for policy purposes, which have been designated as Fair Value through Other Comprehensive Income, because they are not held in order to collect contractual cash flows and no material income has been received:

- £50,000 of deferred shares in Boom Credit Union, which offers affordable loans in the West Sussex and Surrey area,
- 75,000 ordinary shares with the UK Municipal Bonds Agency, which was set up to provide financing choices for UK local authorities.

These investments are classified as Level 2 inputs, using “other significant observable inputs” to arrive at the fair value. On this basis the Boom Credit Union holding is valued at cost and the UK Municipal Bonds Agency holding was written down on 31 March 2020 from £25,000 to zero, due to uncertainty regarding its future activity. The Boom Credit Union holding is included in Long Term Investments on the Balance Sheet.

There were no transfers between input levels during the year and no changes in the valuation techniques used.

### Items of 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:

	2023/24	2023/24	2022/23	2022/23
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss (change in value in the Council's investment in the Local Authorities' Property Fund)	52		262	-
Financial assets measured at amortised cost	(132)		139	-
<b>Total net (gains)/losses</b>	<b>(80)</b>	<b>-</b>	<b>401</b>	<b>-</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	(915)		(1,195)	-
Other financial assets measured at fair value through profit or loss (dividends from the Local Authorities' Property Fund)	(67)		(58)	-
<b>Total interest revenue</b>	<b>(982)</b>	<b>-</b>	<b>(1,253)</b>	<b>-</b>
<b>Interest expense</b>	<b>3,328</b>	<b>-</b>	<b>2,935</b>	<b>-</b>
<b>Fee income on financial assets that are not at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fee expense on financial liabilities that are not at fair value through profit or loss</b>	<b>38</b>	<b>-</b>	<b>57</b>	<b>-</b>

The losses and gains in assets measured at amortised cost relate to the change in the provisions for losses on trade debtors calculated in accordance with accounting policies.

### Capitalisation of Interest

In 2023/24 the Council capitalised £1.604m of interest relating to borrowing for the development of the Worthing Integrated Care Centre that has not yet been completed.

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

Except for the financial assets carried at fair value, described above, all other financial liabilities and financial assets and long term debtors and creditors are carried on the Balance Sheet at amortised cost. The following tables show the fair values of the liabilities and assets, which are all currently within the Level 2 category in the valuation hierarchy. This uses “other significant observable inputs” to arrive at the fair value.

The fair value of the reported carrying amounts at 31st March 2024 can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:-

- For loans from the PWLB payable, prevailing market rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The fair values for financial liabilities are compared with the carrying amounts as follows:

Financial Liabilities valued at amortised cost	31-Mar-24		31-Mar-23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB Debt	(136,411)	(111,128)	(143,672)	(130,733)
Non-PWLB Debt	(62,275)	(62,064)	(61,524)	(60,686)
Total Borrowing	(198,686)	(173,192)	(205,196)	(191,419)
Short Term Creditors	(12,722)	(12,722)	(6,830)	(6,830)
<b>Total Liabilities</b>	<b>(211,408)</b>	<b>(185,914)</b>	<b>(212,026)</b>	<b>(198,249)</b>

The fair value of the liabilities is lower than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2024) arising from a commitment to pay interest to lenders below current market rates. The differential between carrying amount and fair value at 31 March 2024 is wider than in the prior year due to the higher interest rate environment, which impacts the prevailing market rate used in calculating fair value.

The fair value of Public Works Loan Board (PWLB) loans of £111.128m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £182.933m, which is calculated using early repayment discount rates. The Council has no contractual obligations to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

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

The fair values for financial assets are compared with the carrying amounts as follows:

Financial Assets valued at amortised cost	31-Mar-24		31-Mar-23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Short term investments	6,777	6,777	14,146	14,124
Long Term investments		-	-	-
Cash and cash equivalents	1,372	1,372	4,712	4,712
Short term debtors	9,327	9,327	8,052	8,052
Long term debtors	14,211	14,211	14,474	14,474
<b>Total</b>	<b>31,687</b>	<b>31,687</b>	<b>41,384</b>	<b>41,362</b>

The fair value of the financial assets is almost the same as the carrying amount because the Council's fixed rate investments held at 31st March 2024 are at interest rates similar to the rates for similar investments in the market at the Balance Sheet date and fixed rate investments with less than 12 months to maturity are not subject to a fair value adjustment. The Council's portfolio of investments is made

The long term debtors include a £10m loan to Worthing Homes for 10 years and the balance of a £5m loan to GB Met College repayable over 20 years, both of which are fully secured on property.

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The disclosure for Financial Assets excludes statutory debtors, such as Council Tax, consequently the debtors figures differ from those in the Balance Sheet and the Debtors disclosure note.

Short-term debtors are carried at cost as this is a fair approximation of their value.

### 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
- refinancing 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 at: [Joint Treasury Management Strategy & Annual Investment Strategy 2023-24 to 2025-26](#)

Markets remain sensitive to domestic and international inflation when determining expectations of future interest rate moves. This volatility hits the Gilt market, the prices of such instruments directly impact the cost of borrowing for local authorities. The impact on the financial instruments held has been considered and included within the credit risk disclosures.

### Credit Risk Management Practices

The Council's credit risk management practices are set out in the Annual Investment Strategy, and particular regard is given to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

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 and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located within each category.

Examples of the credit criteria in respect of financial assets held by the Council are:

- 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
- The top five Building Societies by asset size

Examples of the limits on the size and length of time of deposits are:

- Banks - £4m for a maximum of 5 years;
- Building Societies - £4m for the Nationwide and £2m for the others on the approved list, for a maximum of 5 years;
- Money Market Funds (MMF) AAA rated - £3m limit for any one MMF and, previously that total investments in MMFs shall not exceed the higher of £9m or 25% of invested funds for more than 7 days at any one time (This second limit is suspended for 12 months in relation to the 2024/25 year in order to enable operational flexibility in a volatile financial market).

The full investment strategy for 2023/24 was approved by the Council on 21st of February 2023 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.

### Amounts Arising from Expected Credit Losses

The Council's maximum exposure to credit risk in relation to its total investments is as follows; £1.695m in banks, building societies and local authorities and £5.73m placed with the government's Debt Management Office. The credit risk exposure of the above cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for investment counterparties with which the Council holds investments to be unable to meet their commitments. Although the potential risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31st March 2024 that this was likely to crystallise and there is no material Expected Credit Loss.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and inability to collect.

Credit Risk Exposure	Carrying Amount at 31/03/2024	Estimated Maximum Exposure to Loss at 31/03/2024	Estimated Maximum Exposure to Loss at 31/03/2023
	£'000	£'000	£'000
Lease debtors	268	82	94
Sundry debtors	9,327	694	537

This table excludes statutory debtors such as those relating to Council Tax and NNDR.

The Council has made a loan of £10m to Worthing Homes to support the provision of housing. The loan is secured on property valued in excess of £10m and the Council receives quarterly accounts and other regular updates on the profitability and financial stability of Worthing Homes. The Council has also made a loan of £5m to GB Met College which is also fully secured on property. Therefore there is no quantifiable credit risk to the Council. GB Met College makes repayments during the term of this loan and as at 31 March 2024 the outstanding balance was £4.21m.

The Council does not generally allow credit for its customers. Therefore all amounts outstanding (apart from those amounts raised as accruals at 31st March 2024 as part of the final accounts process) are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and Note 18.

### Credit Risk Exposure

At 31st March 2024 the Council held, £1m of bank investments at credit rating BBB+ (This counterparty was A- at the point the investment was placed), £695k in a notice account with a bank with a credit rating of A+ (Currently disclosed as a cash and cash equivalent) and £5.73m with Central Government.

The continuing significant elevation in the cost of borrowing has meant that the Council has reverted to a strategy of not reinvesting on maturity, this results in reduced investment income but offers protection from elevated interest rates as it enables the Council to delay borrowing for as long as practical, reducing cost of carry.

The result, as at 31 March 2024, of the adoption of the above strategy is that more of the Council's funds (as a proportion of the portfolio) are in ultra short term deposits and liquid investments, short

term deposits with the Debt Management Office, highly rated approved banking institutions and other local authorities were used as required to manage the 25% portfolio proportion limit on Money Market Fund Investments. This ensures a diversified holding of investments which delivers “Security, liquidity and yield” in that order of priority and spreads credit risk away from any single institution or market.

### **Liquidity Risk**

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

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

### **Refinancing and Maturity Risk**

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs. The Council has set a maximum limit of 50% for investments for more than 1 year.

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 Council in the Treasury Management Strategy):

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2023	Actual 31 March 2023	Actual 31 March 2022	Actual 31 March 2022
				£'000s		£'000s
Maturing within one year	0%	35%	32%	(63,197)	18%	(40,761)
Maturing in 1-2 years	0%	35%	7%	(13,649)	21%	(26,112)
Maturing in 2-5 years	0%	75%	17%	(34,121)	18%	(41,314)
Maturing in 5-10 years	0%	75%	16%	(32,273)	15%	(33,219)
Maturing in 10-20 years	0%	75%	6%	(12,451)	8%	(18,710)
Maturing in 20-30 years	0%	75%	4%	(7,100)	3%	(7,100)
Maturing in 30-40 years	0%	75%	10%	(20,600)	9%	(20,600)
Maturing over 40 years	0%	75%	9%	(17,370)	8%	(17,380)
<b>TOTAL</b>			<b>100%</b>	<b>(200,761)</b>	<b>100%</b>	<b>(205,196)</b>

All trade and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Council is exposed to risk in terms of its exposure 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 Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the 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. All current borrowing is at fixed rates, although the Council has set a maximum limit of 25% for variable rate borrowing.



The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows, within reason, any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31st March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£'000</b>
Increase in interest receivable on variable rate investments - Impact on Surplus or Deficit on the Provision of Services	73
Decrease in fair value of fixed rate investment assets - Impact on Other Comprehensive Income and Expenditure	-
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)	10,442

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 Note - Fair Value of Assets and Liabilities carried at Amortised Cost.

### **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 held £1.277m in the Local Authorities' Property Fund as valued at 31 March 2024 and the value varies based on the value of the underlying assets. 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.

### **Foreign Exchange Risk**

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

### **NOTE 18: DEBTORS**

	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000s</b>	<b>£'000s</b>
Amounts falling due in one year net of the bad debt provision:		
Central Government Bodies *	2,578	3,459
Other Local Authorities *	5,481	5,796
NHS Bodies	34	193
Other Entities and Individuals **	11,029	9,796
<b>TOTAL</b>	<b>19,122</b>	<b>19,244</b>

\* The Central Government and Other Local Authorities figures include the Business rate preceptor balances. These figures are significant due to the reduction in business rate income, as a result of the additional reliefs awarded to businesses to support them during the pandemic, which has led to a substantial deficit on the Collection Fund to be repaid.

The past due amounts for trade and rent debtors can be analysed as follows:

<b>Overall Aged Debt Analysis</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 Year	18,823	18,992
1-2 Years	84	36
2-3 years	24	96
Over 3 years	191	120
	<b>19,122</b>	<b>19,244</b>

Long term debtors disclosed in the balance sheet comprises of:

<b>Long Term Debtors</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000s</b>	<b>£'000s</b>
Worthing Homes Loan	10,000	10,000
GB Met Loan	4,211	4,474
<b>TOTAL</b>	<b>14,211</b>	<b>14,474</b>

#### **NOTE 19: CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000</b>	<b>£'000</b>
<b>The balance is made up of the following elements:</b>		
Cash held by the Council	16	16
Bank Current Accounts	661	341
Call Accounts and Money Market Funds	695	4,355
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,372</b>	<b>4,712</b>

#### **NOTE 20: CREDITORS**

	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>£'000s</b>	<b>£'000s</b>
Central Government Bodies *	(779)	(7,604)
Other Local Authorities	(5,001)	(6,985)
NHS	(3)	(37)
Other Entities and Individuals	(12,791)	(6,830)
<b>TOTAL</b>	<b>(18,574)</b>	<b>(21,456)</b>

\* Included within the Central Government Bodies category are significant Government contributions towards the financial impact of COVID 19 grants and reliefs administered by the Council. Any unused sums will be repaid.

**NOTE 21: PROVISIONS**

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

	Balance at 31-Mar-23	Additional Provisions made in 2023/24	Amounts used in 2023/24	Unused amounts reversed in 2023/24	Balance at 31-Mar-24
	£'000	£'000	£'000	£'000	£'000
Holiday Back Pay	(34)	-	34		-
Business Rate appeals	(150)		(79)	-	(229)
	<b>(184)</b>	<b>-</b>	<b>(45)</b>	<b>-</b>	<b>(229)</b>

**Holiday Back Pay:** Provision has been made for the back pay associated with holiday pay entitlement to part time staff who work overtime following a review of the council pay policy.

**Business Rates Appeals:** A provision has been made for appeals which are likely to be settled in favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future.

**NOTE 22: USABLE RESERVES**

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

**NOTE 23: UNUSABLE RESERVES**

Unusable Reserves	31-Mar-24	31-Mar-23
	<b>£'000s</b>	<b>£'000s</b>
Revaluation Reserve	(62,665)	(63,075)
Financial Instrument Revaluation Reserve	273	221
Capital Adjustment Account	(65,998)	(72,061)
Pension Reserve	(47,079)	(35,262)
Collection Fund Adjustment Account	1,474	3,301
<b>TOTAL UNUSABLE RESERVES</b>	<b>(173,995)</b>	<b>(166,876)</b>

**Revaluation Reserve**

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

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

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

Revaluation Reserve	2023/24	2022/23
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(63,075)</b>	<b>(54,611)</b>
Upward revaluation of assets	(5,506)	(16,444)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,313	7,332
<b>Surplus or deficit on revaluation of non-current assets posted to Other Comprehensive Income and Expenditure</b>	<b>(193)</b>	<b>(9,112)</b>
Difference between fair value depreciation and historical cost depreciation	602	575
Accumulated gains on assets sold or scrapped	1	73
<b>Amount written off to the Capital Adjustment Account</b>	<b>603</b>	<b>648</b>
<b>Balance at 31 March</b>	<b>(62,665)</b>	<b>(63,075)</b>

**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 have quoted market prices or otherwise do not have fixed or determinable payments.

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

The 2023/24 Code of Practice on Local Authority Accounting has adopted IFRS9 Financial Instruments. As a result of the implementation of IFRS9, the Available for Sale Reserve has been decommissioned and any balance held transferred to the Financial Instruments Revaluation Reserve. The Council has transferred the balance on the Available for Sale Reserve in relation to its investment in the CCLA property fund.

### Capital Adjustment Account

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

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>Capital Adjustment Account</b>	<b>2023/24</b>	<b>2022/23</b>
<b>Balance at 1 April</b>	<b>(72,061)</b>	<b>(71,110)</b>
Charges for depreciation and impairment of non-current assets	3,683	4,001
Revaluation gains and losses on Property, Plant and Equipment	1,790	687
Post Audit Revaluation to reflect register opening balances on Property, Plant and Equipment	252	
Amortisation of intangible assets	229	201
Revenue expenditure funded from capital under statute	2,771	2,236
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	9,664	683
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>18,389</b>	<b>7,808</b>
Adjusting amounts written out of the Revaluation Reserve	(602)	(648)
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(222)	(268)
Use of the Capital Receipts Reserve to write down historic PWLB borrowing	(7,216)	(264)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(754)	(2,406)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,611)	(1,036)
Application of other reserves to capital financing	-	(40)
Statutory provision for the financing of capital investment charged against the General Fund	(1,859)	(1,693)
Capital expenditure charged against the General Fund	(30)	(61)
	<b>(13,294)</b>	<b>(6,416)</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	705	(2,607)
Write Down in Long Term Debtors	263	264
	<b>968</b>	<b>(2,343)</b>

<b>Balance at 31 March</b>	<b>(65,998)</b>	<b>(72,061)</b>
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### Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension 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.

<b>Pension Reserve</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	(35,262)	4,677
Remeasurements of the net defined benefit liability / (asset)	(8,840)	(44,278)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	1,473	8,865
Employer's pension contributions and direct payments to pensioners payable in the year	(4,450)	(4,526)
<b>Balance at 31 March</b>	<b>(47,079)</b>	<b>(35,262)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of the council tax and business rate income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements between the General Fund and Collection Fund.

<b>Collection Fund Adjustment Account</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	3,301	3,610
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	56	(127)
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements *	(1,883)	(182)
<b>Balance at 31 March</b>	<b>1,474</b>	<b>3,301</b>

**NOTE 24: CASH FLOW OPERATING ACTIVITIES**

	Net 2023/24	Net 2022/23
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	1,586	1,137
Interest paid	(3,277)	(2,481)
Dividends received	62	55
<b>Total</b>	<b>(1,629)</b>	<b>(1,289)</b>

	2023/24	2022/23
	£'000	£'000
<b>Net Surplus or (Deficit) on the Provision of Services</b>	<b>(5,288)</b>	<b>(4,523)</b>
<b>Adjust net surplus or deficit on the provision of services for non cash movements</b>		
Depreciation	3,683	4,001
Impairment and downward valuations	1,790	687
Amortisation	229	201
Increase/(Decrease) in Creditors	(3,291)	(14,260)
(Increase)/Decrease in Impairment for Bad Debts		
(Increase)/Decrease in Debtors	717	(1,994)
(Increase)/Decrease in Inventories	(6)	8
Movement in Pension Liability	(2,977)	4,339
Carrying amount of non-current assets sold property plant and equipment, investment property and intangible assets	9,664	683
Other non-cash items charged to the net surplus or deficit on the provision of services	803	(2,465)
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</b>	<b>10,612</b>	<b>(8,800)</b>
Capital Grants credited to surplus or deficit on the provision of services	(3,898)	(4,442)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,276)	(380)
	<b>(11,174)</b>	<b>(4,822)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(5,850)</b>	<b>(18,145)</b>

**NOTE 25: CASH FLOW INVESTING ACTIVITIES**

	Net 2023/24	Net 2022/23
	£'000	£'000
Purchase of property, plant and equipment, investment, property and intangible assets	(9,624)	(55,932)
Purchase of short-term and long-term investments	(280,702)	(298,235)
Other payments for investing activities	-	2
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,276	380
Proceeds from short-term and long-term investments	287,955	308,455
Other receipts from investing activities	2,491	6,581
<b>Net cash flows from investing activities</b>	<b>7,396</b>	<b>(38,749)</b>

**NOTE 26: CASH FLOW FINANCING ACTIVITIES**

	Net 2023/24	Net 2022/23
	£'000	£'000
Cash receipts of short- and long-term borrowing	29,300	74,150
Repayments of short- and long-term borrowing	(34,313)	(23,953)
Other payments for financing activities	126	2,003
<b>Net cash flows from financing activities</b>	<b>(4,887)</b>	<b>52,200</b>

**NOTE 27: TRADING OPERATION**

The former Direct Service Organisation is designated as a trading account and a summary of trading results is shown below:

	2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Income	2022/23 Net Income
	£'000	£'000	£'000	£'000
Trade Refuse and Meadow Road Depot	1,248	(1,868)	(620)	(311)
	<b>1,248</b>	<b>(1,868)</b>	<b>(620)</b>	<b>(311)</b>

The trading account has been consolidated within the Comprehensive Income and Expenditure Statement under other operating expenditure. Through the Joint Strategic Committee, a trade waste service is provided for the collection of commercial refuse. The charges are set at a commercial rate. Surpluses are shared and credited back to the Council.



**NOTE 28: AGENCY SERVICES**

Worthing Borough Council entered into an Agency Agreement with West Sussex County Council to provide the On-Street parking and Parking Enforcement for the Borough. In 2023/24 income collected was £2.493m (£2.410m 2022/23) and expenditure was £1.252m (£1.152m 2022/23). The surplus of £1.241m (£1.257m 2022/23) is paid to West Sussex County Council.

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

**NOTE 29: MEMBERS' ALLOWANCES**

Total allowances paid to Members were as follows:

2023/24	2022/23
£	£
323,646	295,095

**NOTE 30: OFFICERS' REMUNERATION**

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

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

Remuneration Bands	Number of Employees	
	2023/24	2022/23
£50,000 to £54,999	24	25
£55,000 to £59,999	18	16
£60,000 to £64,999	8	8
£65,000 to £69,999	1	4
£70,000 to £74,999	5	1
£75,000 to £79,999	2	4
£80,000 to £84,999	3	2
£85,000 to £89,999	1	-
£90,000 to £94,999	2	1
£100,000 to £104,999	-	2
£105,000 to £109,999	3	1
£120,000 to £124,999	-	-
£145,000 to £149,999 *	-	1
£150,000 to £154,999	-	-
£155,000 to £159,999	1	-
£165,000 to £169,999 *	-	1
	<b>68</b>	<b>66</b>

\* These include redundancy, efficiency of service and settlement payments relating to 2023/24. Please see note 30 Exit Packages and Termination Benefits for a breakdown of these payments.

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

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

Note 1: There were no staff whose salary was more than £150,000 in 2023/24 and in 2022/23.

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

Note 2: The Chief Executive, Directors and Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing.

There were no bonuses paid to these staff in either 2023/24 or 2022/23

<b>Remuneration Disclosures for Senior Officers</b>						
<b>Postholder</b>	<b>Salary, Fees and Allowances</b>	<b>Total Remuneration excluding Pension Contributions</b>	<b>Pension Contribution Employer Only</b>	<b>Total Remuneration including Pension Contributions</b>	<b>Net Cost borne by Worthing B.C. and paid to Adur D.C.</b>	<b>Net Cost borne by Adur D.C. Employing Authority</b>
<b>Chief Executive</b>						
2023/24	155,172	155,172	27,931	183,103	91,551	91,551
2022/23	142,342	142,342	25,764	168,106	84,053	76,812
<b>Director for Communities</b>						
2023/24	108,627	108,627	19,539	128,166	76,900	51,266
2022/23	100,203	100,203	18,129	118,332	70,999	44,913
<b>Director for Digital &amp; Resources</b>						
2023/24	109,496	109,496	19,709	129,205	77,523	51,682
2022/23	105,793	105,793	19,149	124,942	74,965	49,977
<b>Director for the Economy</b>						
2023/24	107,994	107,994	19,330	127,323	77,667	49,656
2022/23	103,756	103,756	18,780	122,536	74,747	47,789
<b>Head of Finance S151 Officer</b>						
2023/24	118,844	118,844	20,850	139,693	69,847	69,847
2022/23	84,425	84,425	15,228	99,653	49,827	49,827
<b>Head of Legal Monitoring Officer</b>						
2023/24	84,096	84,096	15,055	99,151	52,659	46,492
2022/23	169,067	169,067	6,128	175,195	93,046	82,149
<b>Head of Planning &amp; Development Strategic Planning</b>						
2023/24	80,080	80,080	14,375	94,455	48,172	46,283
2022/23	84,425	84,425	15,228	99,653	50,823	48,830
<b>Head of Housing Strategic Housing</b>						
2023/24	108,971	108,971	19,584	128,555	43,709	84,847
2022/23	165,962	165,962	13,461	179,423	61,004	118,419
There were several months crossover in finance with the new Director						

**NOTE 31: OFFICER REMUNERATION - EXIT PACKAGES AND TERMINATION BENEFITS**

**Exit Packages**

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

{a}	{b}		{c}		{d}		{e}	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£	£
£0 - £20,000	2	3	4	1	6	4	56,444	20,559
£20,000 - £40,000	2	1	-	1	2	2	69,573	53,162
£40,000 - £60,000	-	-	-	1	-	1	-	56,330
£60,000 - £80,000	-	-	-	1	-	1	-	65,240
£80,000 - £100,000	-	-	-	1	-	1	-	85,000
£100,000 - £150,000	-	-	-	-	-	-	-	-
<b>Total cost included in bandings</b>	4	4	4	5	8	9	126,017	280,291
<b>Total cost included in CIES</b>	4	4	4	5	8	9	126,017	280,291

\* These redundancy costs are shared between Worthing and Adur Councils in proportion to the service allocation. The total cost of **£126,017** in the table above includes **£75,610** for exit packages that have been charged to Worthing's Comprehensive Income and Expenditure Statement in the current year.

**Termination Benefits**

	Worthing
	£
Redundancy costs	75,610
Enhanced Pension Benefits	213,568
Total termination benefits 2023/24	289,178
Termination benefits 2022/23	368,160

A total £168,354 is payable in the form of compensation for loss of office for staff working for the Joint Strategic Committee and £199,806 is the 2023/24 working cost of enhanced pension benefits.

**NOTE 32: EXTERNAL AUDIT COSTS**

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

	2023/24	2022/23
	£'000s	£'000s
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	102	147
Fees payable to external auditors for the certification of grant claims and returns for the year	25	34
	<b>127</b>	<b>181</b>

**NOTE 33: GRANT INCOME**

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

	2023/24	2022/23
	£'000s	£'000s
<b>Credited to Taxation and Non specific Grant Income:</b>		
<b>General Fund Grants &amp; Donations</b>		
New Homes Bonus Scheme	(125)	(156)
Section 31 Grant	(2,803)	(2,871)
Revenue Support Grant	(109)	-
Lower Tier Services Grant	(158)	(123)
Services Grant		(186)
DLUHC New Burdens	(2)	(44)
DLUHC Funding Guarantee Grant	(252)	-
BEIS New Burdens		(31)
	<b>(3,449)</b>	<b>(3,411)</b>
<b>Capital Grants &amp; Donations</b>		
S106 Developer Contributions: Affordable Housing	(236)	44
S106 Developer Contributions: Open Space / Transport / Air Quality	(155)	(144)
Adur District Council		(232)
Community Infrastructure Levy	(961)	(1,760)
Department for Business, Energy and Industrial Strategy		(255)
Department for Levelling Up, Housing and Communities	(879)	(184)
Football Foundation		(5)
Lawn Tennis Association	(31)	
Sussex Police	(13)	-
West Sussex County Council	(12)	-
Worthing Theatres and Museum Trust	-	(2)
	<b>(2,287)</b>	<b>(2,538)</b>

	2023/24	2022/23
	£'000s	£'000s
<b>Credited to Services:</b>		
<b>General Fund Grants</b>		
Department for Levelling Up, Housing and Communities	(1,884)	(7,743)
Department for Work and Pensions	(501)	(153)
Department for Environment, Food & Rural Affairs	(35)	(1)
West Sussex County Council	(733)	(1,236)
Sussex Police and Crime Commissioner	(48)	(138)
Environment Agency	-	(77)
Business, Energy and Industrial Strategy	(422)	(86)
Arun District Council - LEAP funding	(12)	-
DESNZ/FT Pipelines - HyCrem Project	(64)	-
Sussex Bay	(73)	-
Other Grants and Donations	(87)	(188)
	<b>(3,859)</b>	<b>(9,622)</b>
<b>Capital Grants &amp; Donations - Specific</b>		
West Sussex County Council	(82)	(522)
DEFRA/Environment Agency - Coast Protection	(20)	(21)
DLUHC Better Care Fund - Disabled Facilities Grant	(1,509)	(1,361)
	<b>(1,611)</b>	<b>(1,904)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that might require the monies or property to be returned to the giver. The balances at the end of the year were as follows:

	2023/24	2022/23
	£'000s	£'000s
<b>Revenue Grants Receipts in Advance</b>		
Department for Levelling Up, Housing & Communities (DLUHC)	(47)	(112)
Housing / Rough Sleeping protect and vaccinate	-	(122)
Council Tax Energy Rebate	-	(397)
Covid 19 / Contain Outbreak Management Fund	(45)	(64)
Household Support Fund	(13)	
Arun District Council - LEAP funding	(18)	(29)
Department for Works and Pensions		(7)
Coastal West Sussex		(67)
Business, Energy and Industrial Strategy - Heat Network	(175)	-
DEFRA Biodiversity grant	-	(27)
Sussex Bay	(77)	-
UK Shared Prosperity Fund	(29)	-
Police and Crime Commissioner	(101)	-
Other Grants and Donations	(7)	(22)
Grants recognised in the Joint Committee	-	(4)
<b>TOTAL</b>	<b>(512)</b>	<b>(851)</b>

## **NOTE 34: RELATED PARTIES**

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

### **Central Government**

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31st March 2024 are shown in Note 33.

### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 27. Details of all members' transactions are recorded in the Register of Members' Interest, open to public inspection on the Council's website.

The Council agreed a loan of £10m to Worthing Homes in 2016/17 for the purpose of building Social Housing in the Borough. A Worthing member sits on the board of Worthing Homes Limited as nominated by Worthing Borough Council. They do not personally benefit from the loan.

### **Officers**

There were no related party transactions declared by officers in 2023/24.

### **Other Public Bodies**

The Council has a partnership arrangement with Adur District Council for the sharing of a joint officer structure.

### **Entities Controlled or Significantly Influenced by the Authority**

The Council has a 20 year agreement with South Downs Leisure Trust to manage two leisure centres. The support provided to South Downs Leisure Trust during the Covid 19 pandemic included an agreement that they would not pay the annual service payments of £83,016 for 2020/21 to 2023/24.

From 1st November 2019 the Council entered into a 25 year contract agreement with Worthing Theatres and Museum Trust to manage the Worthing theatres and museum. A contract payment of £1,466,290 was paid by Worthing Borough Council to the Trust to cover the period 1 April 2022 to 31 March 2023. The value of the contract receipt is material to WTM Trust.

**NOTE 35: CAPITAL EXPENDITURE AND CAPITAL FINANCING**

	2023/24	2022/23
	£'000	£'000
<b>Opening Capital Financing Requirement</b>	<b>206,610</b>	<b>154,820</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	11,256	32,681
Intangible Assets	82	160
Revenue Expenditure Funded from Capital Under Statute	2,771	2,234
Investment Properties	-	22,483
<b>Sources of Finance</b>		
Capital receipts	(222)	(268)
Capital receipts write down of historic capital expenditure (Loan finance)	(7,216)	(264)
Government grants and other contributions	(3,365)	(3,442)
Sums set aside from revenue:		
Direct revenue contributions	(30)	(61)
MRP/loans fund principal	(1,859)	(1,693)
Revenue funding	-	(40)
<b>Closing Capital Financing Requirement</b>	<b>208,027</b>	<b>206,610</b>
<b>Explanation of movements in year</b>		
Increase / (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	1,417	51,790
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>1,417</b>	<b>51,790</b>

**NOTE 36: LEASES****Operating Leases - Lessee**

The Council has a small number of operating leases, however the value of these leases is not material.

**Operating Leases – Lessor**

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

- for the provision of community services, such as sports facilities, tourism services and community centres;
- for economic development purposes to provide suitable affordable accommodation for local businesses;
- as part of the Council's Strategic Investment Policy to maximise rental income for the Authority (see note 14).

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

	31-Mar-24	31-Mar-23
	£'000	£'000
Not later than one year	5,227	5,232
Later than one year and not later than five years	15,146	17,783
Later than five years	34,620	36,794
	<b>54,993</b>	<b>59,809</b>

**NOTE 37: OTHER LONG TERM LIABILITIES**

Other Long Term Liabilities	31-Mar-24	31-Mar-23
	£'000s	£'000s
Commuted Sums	(157)	(157)
Pension Reserve Liability (see note 38)	-	-
<b>TOTAL</b>	<b>(157)</b>	<b>(157)</b>

**NOTE 38: DEFINED BENEFIT PENSION PLAN**

**Participation in Pension Plans**

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

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

**Transactions Relating to Post-employment Benefits**

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



	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Worthing 2023/24	Joint Committee 2023/24	Total 2023/24	Total 2022/23
	£'000s	£'000s	£'000s	£'000s
<b>Cost of services</b>				
Current service cost	412	2,478	2,890	6,208
Past service cost	-	289	289	-
(gain)/loss from settlements			-	-
Effect of Business Combination	-		-	2,443
<b>Financing &amp; Investment Income &amp; Expenditure</b>				
Net Interest cost	(359)	(1,347)	(1,706)	214
<b>Total post employment benefit charged to the surplus or deficit on the provision of services</b>	53	1,420	1,473	8,865
<b>Other post employment benefit charged to the CI&amp;E Statement</b>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets (excluding the amount included in the net interest expense)	(2,452)	(3,274)	(5,726)	9,342
Actuarial gains and losses arising on changes in demographic assumptions	(416)	(398)	(814)	(2,368)
Actuarial gains and losses arising on changes in financial assumptions	(2,005)	(4,353)	(6,358)	(61,315)
Other (if applicable)	2,122	1,936	4,058	10,063
<b>Total remeasurements recognised in other comprehensive income</b>	(2,751)	(6,089)	(8,840)	(44,278)
<b>Total post-employment benefits charged to the CI&amp;E statement</b>	<b>(2,698)</b>	<b>(4,669)</b>	<b>(7,367)</b>	<b>(35,413)</b>

	Worthing 2023/24	Joint Committee 2023/24	Total 2023/24	Total 2022/23
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	(53)	(1,420)	(1,473)	(8,865)
<b>Actual amounts charged against the General Fund balance for pensions in the year:</b>			-	-
Employer's contributions payable to the scheme	1,791	2,454	4,245	4,322
Retirement benefits payable to pensioners	205	-	205	204
Total charged against General Fund balance	1,996	2,454	4,450	4,526

## Pension Assets and Liabilities

Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme					
	2023/24			2022/23		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of the defined benefit obligation	(63,296)	(66,578)	(129,874)	(64,253)	(64,062)	(128,315)
Fair value of plan assets	74,758	102,195	176,953	71,021	92,556	163,577
<b>Net liability arising from defined benefit obligation</b>	<b>11,462</b>	<b>35,617</b>	<b>47,079</b>	<b>6,768</b>	<b>28,494</b>	<b>35,262</b>

## Pension Assets and Liabilities

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme					
	2023/24			2022/23		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	71,021	92,556	163,577	61,392	93,411	154,803
Interest income	3,326	4,442	7,768	1,991	2,592	4,583
<b>Remeasurement gain / (loss):</b>						
The return on plan assets, excluding the amount included in the net interest expense	2,452	3,274	5,726	(4,078)	(5,264)	(9,342)
Other	-	-	-	-	-	-
Contributions from employer	1,996	2,454	4,450	2,296	2,230	4,526
Contributions from employees into the scheme	138	848	986	137	855	992
Benefits paid	(4,175)	(1,379)	(5,554)	(3,893)	(1,268)	(5,161)
Effect of Business Combination	-	-	-	13,176	-	13,176
<b>Closing fair value of scheme assets</b>	<b>74,758</b>	<b>102,195</b>	<b>176,953</b>	<b>71,021</b>	<b>92,556</b>	<b>163,577</b>

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities : LGPS					
	2023/24			2022/23		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 1 April	(64,253)	(64,062)	(128,315)	(67,367)	(92,113)	(159,480)
Current service cost	(412)	(2,478)	(2,890)	(1,023)	(5,185)	(6,208)
Interest cost	(2,967)	(3,095)	(6,062)	(2,201)	(2,596)	(4,797)
Contributions from scheme members	(138)	(848)	(986)	(137)	(855)	(992)
<b>Remeasurement (gains) and losses:</b>			-			-
Actuarial gains / losses arising from changes in demographic assumptions	416	398	814	1,142	1,226	2,368
Actuarial gains / losses arising from changes in financial assumptions	2,005	4,353	6,358	22,187	39,128	61,315
Other experience	(2,122)	(1,936)	(4,058)	(5,128)	(4,935)	(10,063)
Past service cost	-	(289)	(289)	-	-	-
Losses/(Gains) on curtailment	-	-	-	-	-	-
Benefits paid	4,175	1,379	5,554	3,893	1,268	5,161
Effect of Business Combination	-	-	-	(15,619)	-	(15,619)
<b>Closing balance at 31 March</b>	<b>(63,296)</b>	<b>(66,578)</b>	<b>(129,874)</b>	<b>(64,253)</b>	<b>(64,062)</b>	<b>(128,315)</b>

#### Local Government Pension Scheme Assets Comprised:

The scheme assets listed below are valued at bid value.

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair Value of Scheme Assets					
	2023/24			2022/23		
	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	858.6	1,174.0	2,032.6	378.7	494.0	872.7
<b>Investment Funds and Unit Trusts:</b>						
Bonds	21,574.5	29,492.6	51,067.1	20,233.3	26,368.4	46,601.7
Equities	37,453.0	51,198.7	88,651.7	35,147.4	45,804.8	80,952.2
<b>Total assets in active markets</b>	<b>59,886.1</b>	<b>81,865.3</b>	<b>141,751.4</b>	<b>55,759.4</b>	<b>72,667.2</b>	<b>128,426.6</b>

Local Government Pension Scheme assets comprised (quoted prices are not in active markets)	Worthing	Joint C'ttee	Total	Worthing	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Private Equity:</b>						
All	2,232.9	3,052.4	5,285.3	2,022.8	2,636.2	4,659.0
<b>Real Estate:</b>						
UK Property	6,167.7	8,431.2	14,598.9	7,068.3	9,211.6	16,279.9
<b>Investment Funds and Unit Trusts</b>						
Infrastructure	3,557.8	4,863.6	8,421.4	3,456.0	4,504.0	7,960.0
Other	2,913.5	3,982.8	6,896.3	2,714.5	3,537.5	6,252.0
<b>Total assets - not in active markets</b>	<b>14,871.9</b>	<b>20,330.0</b>	<b>35,201.9</b>	<b>15,261.6</b>	<b>19,889.3</b>	<b>35,150.9</b>
<b>Total assets</b>	<b>74,758.0</b>	<b>102,195.3</b>	<b>176,953.3</b>	<b>71,021.0</b>	<b>92,556.5</b>	<b>163,577.5</b>

### Basis for Estimating Assets and Liabilities

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

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2022/23
<b>Mortality assumptions:</b>		
<i>Current pensioners:</i>		
Male	21.2 years	21.3 years
Female	23.4 years	23.6 years
<i>Future pensioners:</i>		
Male	21.5 years	21.4 years
Female	25.2 years	25.5 years
Rate of increase in salaries	4.30%	4.50%
Rate of increase in pensions	2.80%	3.00%
Rate for discounting scheme liabilities	4.80%	4.75%

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

<b>Change in assumptions at 31 March 2024</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
0.1% decrease in Real Discount Code	1%	757
1 year increase in member life expectancy	4%	2,532
0.1% increase in Salary Increase Rate	0%	13
0.1% increase in the Pension Increase Rate	1%	758

Included in the actuary assumptions is the potential impact on the Council of the ongoing legal case concerning alleged age discrimination in the administration of public sector pension schemes at a national level. The Court of Appeal has issued a decision regarding transitional arrangements for the benefit changes. The ruling has implications for the Local Government Pension Scheme and Firefighters Pension Scheme since similar reforms have been implemented by these schemes.

The outcome for the employer liabilities is not clear, since the Government may appeal and timescales for resolution may be lengthy. Any remediation process, including cost cap considerations, may also affect the resolution, and so the financial impact at an overall scheme level cannot be estimated at this time. Should an obligation arise, any increase in current or past service costs may affect employer pension contributions in future years, potentially as part of a deficit recovery plan.

#### **Impact on the Council's Cash Flow:**

The Council anticipates paying £1.585m contributions to the Worthing scheme in 2024/2025, and approximately £2.240m contributions to the Adur-Worthing Joint Services scheme (60% share).

### ***NOTE 39: CONTINGENT ASSETS AND LIABILITIES***

#### **Contingent Liabilities**

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

In 2019/20 the Council entered into a long term contract for the provision of cultural services with Worthing Theatres and Museum Trust. This involved the transfer of Council employees to this new service provider. Employees rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulation 2006 (TUPE), however pension rights are not fully covered within TUPE regulations. The Council has provided a guarantee that in the event the Trust ceases trading, the Council will meet pension obligations with respect to employees within the West Sussex Pension Scheme.

## **NOTE 40: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET**

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

### **Highdown Gardens**

This is a public garden that is on English Heritage's Register of Historic Parks and Gardens Originally created out of a chalk pit by Sir Frederick Stern at the beginning of the last century, the gardens are so special they have been deemed a National Collection. The cultural significance of this asset cannot be valued.

**War Memorial Monument** - is situated outside the Town Hall. The Council does not hold cost information on this asset and the cultural and historical significance cannot be valued.

**Pigeon Memorial Monument** - is situated in Beach House Green dedicated to the First World War carrier pigeons . The cultural and historical significance of this monument cannot be valued.

**The Miller's Tomb** - famous grave of John Oliver, has been designated a site of nature and conservation. It is not possible to value the cultural and historical significance of this unique asset.

**Amelia Park Gateway** - a listed building constructed between 1831 and 1833. It is not possible to value the cultural and historical significance of this unique asset.

**Costume and Jewellery** - one of the most important costume collections in the country, approximately 25,000 items of British clothing, accessories and ephemera.

**Toys** - The juvenilia collection is one of the largest collections of its kind outside London.

**Social History** - includes books, non-archaeological coins, tokens, medals, militaria, social history, agricultural history, transport, ephemera and photography.

**Coin collection** - includes commemorative medals from Sussex, Iron Age and Roman coins, British coins of all periods, as well as those from British overseas territories.

**Archaeology and Geology** - From the 1930s to the 1970s the Worthing Archaeological Society was responsible for a number of major excavations. Material from all this work is housed in the Worthing Museum.

The Geology collection is a comprehensive and representative collection of rocks and minerals from South-East England and especially from Sussex.

The Museum has a detailed Acquisitions and Disposals Policy which outlines the procedures for acquiring assets and disposing of assets.

## **NOTE 41: TRUST FUNDS**

The Council acts as the trustee for the following funds:

	<b>2023/24 Capital Value of Fund</b>	<b>2022/23 Capital Value of Fund</b>
	<b>£'000</b>	<b>£'000</b>
Dr Chester's Charity	34	36
Highdown Tower Gardens & Pleasure Grounds	109	91
<b>TOTAL</b>	<b>143</b>	<b>127</b>

This Dr Chester's fund does not represent the assets of the Council and therefore they have not been included in the balance sheet.

The Council acts as a trustee for the Highdown Tower Gardens (registered charity number 305445). Capital funds were held by the Council on behalf of the Trustees until 2019/20, when an independent bank account was opened and the funds transferred.

**NOTE 42: JOINT BUDGETS**

Since July 2007, Adur District and Worthing Borough Councils have been working in partnership. Most services are provided by a joint officer structure. The Joint Strategic Committee Balance Sheet is consolidated into the Council's Balance Sheet.

	<b>Gross Expenditure 2023/24</b>	<b>Gross Income 2023/24</b>	<b>Net Expenditure 2023/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>NET EXPENDITURE ON SERVICES</b>			
<b>Net Cost of General Fund Services</b>	19,352	(5,362)	<b>13,990</b>
Holding Accounts	10,856	(506)	<b>10,350</b>
<b>NET COST OF SERVICES</b>	<b>30,208</b>	<b>(5,868)</b>	<b>24,340</b>
<b>Financing Investment and expenditure</b>			(1,659)
<b>Funded by:</b>			
Adur District Council			(10,869)
Worthing Borough Council			(15,469)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>(3,657)</b>
Remeasurements of the net defined pension benefit liability			
<b>Other Comprehensive Income &amp; Expenditure</b>			-
<b>Total Comprehensive Income and Expenditure</b>			<b>(3,657)</b>

**COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31st March 2024**

These accounts represent the transactions of the Collection Fund which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Business Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administration costs are borne by the General Fund.

<b>Worthing Borough Council</b>						
<b>Collection Fund - Business Rates and Council Tax</b>						
	<b>2023/24</b>			<b>2022/23</b>		
	<b>Business Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>	<b>Business Rates</b>	<b>Council Tax</b>	<b>TOTAL</b>
<b>INCOME (A)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Tax Receivable	-	84,362	84,362	-	80,274	80,274
Business Rates Receivable	28,737	-	28,737	23,371	-	23,371
Transitional; Protection Payments Receivable	(2,105)	-	(2,105)	129	-	129
<b>TOTAL INCOME (C) = (A+B)</b>	<b>26,632</b>	<b>84,362</b>	<b>110,994</b>	<b>23,500</b>	<b>80,274</b>	<b>103,774</b>
<b>EXPENDITURE (D)</b>						
<b>Payment From Previous Year Surplus/ Contribution to Deficit (-)</b>						
Central Government	(3,489)	-	(3,489)	(3,941)	-	(3,941)
Worthing Borough Council	(2,791)	(43)	(2,834)	(3,153)	(76)	(3,229)
West Sussex County Council	(698)	(268)	(966)	(788)	(467)	(1,255)
Sussex Police and Crime Commissioner		(39)	(39)	-	(66)	(66)
	<b>(6,978)</b>	<b>(350)</b>	<b>(7,328)</b>	<b>(7,882)</b>	<b>(609)</b>	<b>(8,491)</b>
<b>Precepts, Demands and Shares (E)</b>						
Central Government	14,165	-	14,165	15,715	-	15,715
Worthing Borough Council	11,332	10,232	21,564	12,572	9,996	22,568
West Sussex County Council	2,833	64,298	67,131	3,143	61,624	64,767
Sussex Police and Crime Commissioner	-	9,444	9,444	-	8,909	8,909
	<b>28,330</b>	<b>83,974</b>	<b>112,304</b>	<b>31,430</b>	<b>80,529</b>	<b>111,959</b>
<b>Charges to Collection Fund (F)</b>						
Less: write offs of uncollectible amounts	(1)	73	72	74	146	220
Less: Incr. / Decr. (-) in Bad Debt Provision	253	1,136	1,389	(485)	(811)	(1,296)
Less: Incr. / Decr. (-) in Provision for Appeals	197	-	197	(212)	-	(212)
Less: Cost of Collection	123	-	123	121	-	121
	<b>572</b>	<b>1,209</b>	<b>1,781</b>	<b>(502)</b>	<b>(665)</b>	<b>(1,167)</b>
<b>TOTAL EXPENDITURE (G) = (D+E+F)</b>	<b>21,924</b>	<b>84,833</b>	<b>106,757</b>	<b>23,046</b>	<b>79,255</b>	<b>102,301</b>
<b>Surpl. / Def. (-) arising during the yr (C-G)</b>	<b>4,708</b>	<b>(471)</b>	<b>4,237</b>	<b>454</b>	<b>1,019</b>	<b>1,473</b>
<b>Surplus / Deficit (-) b/fwd. 1st April</b>	<b>(8,207)</b>	<b>(153)</b>	<b>(8,360)</b>	<b>(8,661)</b>	<b>(1,172)</b>	<b>(9,833)</b>
<b>Surplus / Deficit (-) c/fwd. 31st March</b>	<b>(3,499)</b>	<b>(624)</b>	<b>(4,123)</b>	<b>(8,207)</b>	<b>(153)</b>	<b>(8,360)</b>



## NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

### **NOTE 1: COUNCIL TAX**

Council Tax income is based on the value in 1991 of residential properties, which are classified into eight valuation bands, including a variant on Band A in respect of disabled relief. The total numbers of properties in each band are adjusted and then converted to a Band D equivalent, which when totalled and adjusted for valuation changes and losses on collection forms the Council's tax base. The Council Tax Base for 2024/25 was 39,364.6

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

	Demand or Precept £		Council Tax Base		Band D Council Tax £
West Sussex County Council	64,298,531	÷	39,364.6	=	1,633.41
Sussex Police & Crime Commissioner	9,443,961	÷	39,364.6	=	239.91
Worthing Borough Council	10,231,650	÷	39,364.6	=	259.92

### **NOTE 2: BUSINESS RATES**

The percentage share of business rate changed to 40% to Worthing and 10% to the County Council with the remaining 50% going to Central Government.

Business rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the country as a whole, which was 49.9p in 2023/24 (49.9p in 2022/23). The overall rateable value for Worthing Borough Council as at 31st March 2024 was £78.8m (£79.9m as at 31st March 2023).

### **NOTE 3: BAD AND DOUBTFUL DEBTS**

A requirement of £3.877m and £1.373m for bad and doubtful debts for Council Tax and Business Rates has been provided for in 2023/24 in line with Worthing Borough Council's accounting policy for maintaining the provision. This is a movement on the 2022/23 provisions of £1.16m for Council Tax and £0.25m for Business Rates.

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

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

	West Sussex County Council	Sussex Police and Crime Commissioner	Worthing	TOTAL
	£	£		£
Apportionment based on 2023/24 share	76.71%	11.31%	11.97%	100.00%
Council Tax arrears	6,785,907	1,000,716	1,059,098	8,845,721
Provision for bad debts	(2,974,262)	(438,614)	(464,203)	(3,877,079)
Receipt in advance	(1,104,918)	(162,942)	(172,448)	(1,440,308)
Overall (Surplus)/Deficit	478,605	70,580	74,697	623,882
<b>Balance as on 31st March 2024</b>	<b>3,185,332</b>	<b>469,740</b>	<b>497,144</b>	<b>4,152,216</b>

**NOTE 5: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF BUSINESS RATES**

This note shows the apportionment of balances into the parts attributable to the major precepting authorities. There is an exceptionally large deficit attributable to the expanded reliefs, mainly for retail businesses. This is compensated by section 31 grants from the Department of Levelling Up, Housing and Communities (DLUHC) which are received in the General fund. See note 11 - Non ring fenced Government grants.

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	West Sussex County Council	Worthing Borough Council	TOTAL
	£'000	£'000	£'000	
Business Rates Arrears	246,397	49,279	197,118	492,794
Provision for Bad Debts	(686,384)	(137,277)	(549,108)	(1,372,769)
Provision for Appeals	(1,615,569)	(574,657)	(1,292,456)	(3,482,682)
RV List Amendments	1,329,443	517,431	1,063,554	2,910,428
Receipt in Advance	(240,971)	(48,194)	(192,777)	(481,942)
(Surplus)/Deficit	1,749,675	349,936	1,399,744	3,499,355
<b>Balance as at 31st March 2024</b>	<b>782,591</b>	<b>156,518</b>	<b>626,075</b>	<b>1,565,184</b>

## **WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT**

### ***SCOPE OF RESPONSIBILITY***

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

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

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

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

### ***THE PURPOSE OF THE GOVERNANCE FRAMEWORK***

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

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

The governance framework has been in place at the Council for the financial year ended 31<sup>st</sup> March 2023 and up to the date of approval of the statement of accounts.

### ***THE GOVERNANCE FRAMEWORK***

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

## WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

### Key elements of the Council's Governance Framework

#### **Council, Executive and Leader**

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

#### **Decision making**

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

#### **Risk Management**

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

#### **Scrutiny and Review**

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

#### **Corporate Leadership Team**

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

The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the new Framework during 2023/24.

**WORTHING BOROUGH COUNCIL  
ANNUAL GOVERNANCE STATEMENT**

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

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

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

**WORTHING BOROUGH COUNCIL  
ANNUAL GOVERNANCE STATEMENT**

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

**HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE**

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

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

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

***The Constitution***

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

***The Monitoring Officer***

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

***Section 151 Officer***

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council this is Emma Thomas, who is also the Assistant Director for Finance.

## **THE OPERATION OF THE GOVERNANCE FRAMEWORK**

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

#### ***Codes of Conduct***

Codes of Conduct exist for both staff and members.

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

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

#### ***Whistleblowing***

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's [Whistleblowing policy](#) (revised in 2022) sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

#### ***Anti-fraud, bribery and corruption***

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

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud. The Council has an approved [Counter Fraud Policy and Strategy Statement](#) which can be found on the internet.

Guidance and policies for staff on the [Bribery Act 2010](#) and the [Prevention of Money Laundering](#) are found on the intranet.

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

**B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

***Transparency***

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

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

***Freedom of Information enquiries***

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

***Engagement and communication***

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements.

Adur and Worthing Councils' Corporate Plan called 'Our Plan' (<https://www.adur-worthing.gov.uk/our-plan/>) identifies participation as one of the foundational principles upon which the council seeks to function and deliver public services. Key policy areas include: i) Involving people more closely in the design and provision of services ii) offering genuinely participatory ways for citizens to be involved in decision-making iii) Providing inclusive services by listening to underrepresented voices, creating equal access and meeting our equality duties; and iv) Supporting councillors in their work of representing and championing the interests of residents, communities and businesses.



***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

**B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

***Consultations***

To be effective the council participation approach seeks to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Current consultations can be found on the [Councils website](#). Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, stakeholder forums, tenant associations, council meetings (open to the public), and their local Councillor.

***Complaints***

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

***Partnership working***

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

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

***Joint Corporate Priorities***

The Councils have agreed a plan 'Our Plan' that sets out Adur & Worthing Councils' ambition for our places' and our communities' prosperity and wellbeing over three years (2022 - 2025).

The Councils have agreed programmes of work for this period under four themes or 'Missions' which set out their aspirations for the town.

- **Thriving People**
- **Thriving Places**
- **Thriving Environment**
- **Thriving Economy**

Further details of how these priorities will be achieved are included in a programme of work which can be found on the internet at [Our Plan](#).

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

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

The priorities included under the themes are reviewed on an annual basis.

The Council receives regular reports on the progress in delivering the outcomes set out within Our Plan which reflects the priorities of both .

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

***Service planning and performance management***

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £5.6m by 2028/29 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

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

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

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

***Recruitment and induction***

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

***Training and development***

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

***Performance development and review***

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

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## WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

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

#### ***Effective scrutiny***

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

#### ***Financial management***

The Chief Financial Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with the finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

Financial Regulations have been recently updated by the s151 Officer so that the Council can meet all of its responsibilities under various laws and are annually reviewed. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

#### ***Risk management***

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

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

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

***Joint Audit and Governance Committee***

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

***Internal audit***

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

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

The Head of Internal Audit's Annual 2023/24 report is in draft pending the completion of outstanding audit reviews, the Head of Internal Audit's overall opinion will be issued with the final report due at the end of May 2024. The draft report can be found on the council [website](#).

***THE OPERATION OF THE GOVERNANCE FRAMEWORK***

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

***Annual accounts***

The Council publishes full audited accounts each year which are published on the website at [Statement of Accounts](#) .

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## WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

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### ***REVIEW OF EFFECTIVENESS***

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

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

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

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

The current detailed plan to address any weakness and improve the Council's governance was approved on the 28th May 2024 at the Joint Audit and Governance Committee in the report titled 'Annual Governance Statements 2023/24'. This can be found on the Council's intranet using the following link : [Website](#)

### ***Overall opinion:***

It is the opinion of the Council that the governance framework is satisfactory. The Council will continue to assess and make improvements to the governance framework.

### ***SIGNIFICANT GOVERNANCE ISSUES***

There are no significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report or via a report from the Monitoring Officer.

### ***OTHER ISSUES***

The Governance Action Plan has been updated to deal with any issues brought forward from the 2022 review together with any issues which have been identified during the current review.

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## WORTHING BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT

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Part of the governance requirements as detailed in the 'Statement on the Role of the Chief Financial Officer in Public Services' are that:

- the Chief Financial Officer should be professionally qualified,
- report directly to the Chief Executive; and
- be a member of the leadership team, with a status at least equivalent to other members.

The position within Adur and Worthing Councils does not wholly conform to the above statement. The Assistant Director of Finance (Chief Financial Officer) does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Assistant Directors. The Assistant Director of Finance does not have the same status as the Directors. The Chief Executive, Assistant Director of Finance and the Assistant Director of Legal and Democratic Services (Monitoring Officer) hold regular scheduled meetings to discuss governance matters and will convene as required for any urgent considerations.

The Council complies with all other requirements of the statement.

### ***PROPOSED ACTION***

We propose over the coming year to keep our governance arrangements under review and to continuously improve them. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

**Rebecca Cooper**  
Leader of the Council  
Worthing Borough Council

**Catherine Howe**  
Chief Executive of  
Adur & Worthing Councils

Dated: 28 May 2024

Dated: 28 May 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORTHING BOROUGH COUNCIL**



## GLOSSARY OF ACCOUNTING TERMS

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

<b>ACCOUNTING PERIOD</b>	<p>The period of time covered by the accounts. The current year is 2023/24 which means the year commencing 1st April 2022 and ending 31st March 2024. The end of the accounting period is the date at which the balance sheet is drawn up.</p>
<b>ACCRUAL</b>	<p>An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.</p>
<b>ACTUARIAL ASSUMPTION</b>	<p>An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.</p>
<b>ACTUARIAL GAINS AND LOSSES</b>	<p>Actuarial gains and losses which may result from:</p> <ul style="list-style-type: none"><li>(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and</li><li>(b) the effects of changes in actuarial assumptions.</li></ul>
<b>ASSET</b>	<p>A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.</p>
<b>AMORTISED COST</b>	<p>The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.</p>
<b>BALANCE SHEET</b>	<p>A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.</p>
<b>CAPITAL CHARGE</b>	<p>A charge to the revenue account to reflect the cost of fixed assets used in the provision of services. The charges</p>

themselves consist of depreciation, based upon the useful lives of depreciable assets.

**CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**CAPITAL RECEIPTS**

The proceeds from the sale of fixed assets.

**CASH EQUIVALENTS**

Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.

**COMMUNITY ASSETS**

Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.

**CONSISTENCY**

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

**CONTINGENT LIABILITY**

A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.

**CREDITORS**

Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.

**CURRENT ASSETS/LIABILITIES**

Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.

**CURRENT SERVICE COST**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**CURTAILMENT**

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

**DEBTORS**

Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date

**DEFINED BENEFIT SCHEME**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**DEPRECIATION**

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

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

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

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