



West Sussex County Council

Statement of Accounts 2024/25

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Narrative Report

West Sussex County Council

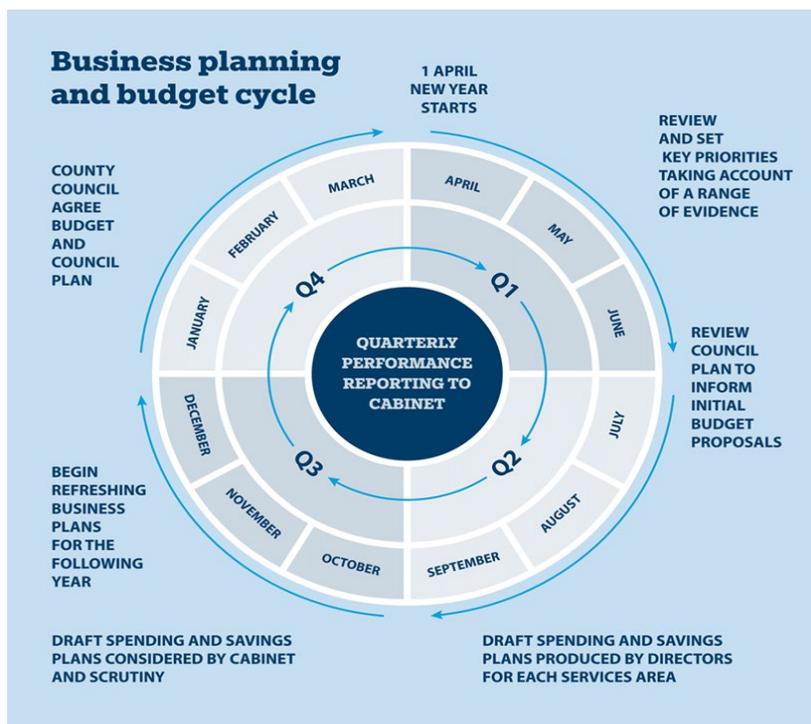
About West Sussex

West Sussex County Council (WSCC) covers an area of around 769 square miles, with a population of around 890,000, comprising 70 electoral divisions. It is bordered by Hampshire to the west, East Sussex to the east, Surrey to the north and the English Channel to the south. It is a significant rural county, with urban centres including the city of Chichester, and most people living in one of the four largest towns: Crawley and Horsham in the north and Bognor Regis and Worthing in the coastal areas. West Sussex has a range of scenery, and the highest point of the county is Blackdown in the Western Weald. It has over 300 square miles of national park and 100 square miles of Areas of Outstanding Natural Beauty including the South Downs National Park and the Sussex Downs. It has over 200 conservation areas and over 7,000 listed buildings. There are a number of stately homes in the county, including Goodwood, Petworth House and Uppark, along with both Arundel Castle and Bramber Castle.

The Council forms the upper tier of local government within West Sussex, providing a wide range of services such as social care, education, planning, libraries, waste management and trading standards to residents in the county. There are seven districts and boroughs and 158 parish and town councils, providing a further range of services to both businesses and residents.

West Sussex County Council's vision

The importance of the services provided by this Council to the residents, businesses and communities of West Sussex continues to be very evident, especially the crucial support provided for those in vulnerable situations. The Council is influencing and responding to a range of significant national policy developments which will have implications for the Council's services, including Local Government Reorganisation. The Council's ambitions are captured each year as the detailed Council Plan is refreshed. The latest iteration of the plan covers the period 2021-2026 and is available [on our website](#). The Plan sets out what the Council proposes to do and the specific targets the Council will use to judge how well it has performed during the year. The Council Plan, Directorate business plans, the revenue budget and capital programme are fully integrated throughout the business planning process:



Our Council Plan sets out the Council’s shared priorities, and has been built with significant input from members, residents, staff and a number of partners. The Council Plan is reviewed as part of the Council’s integrated business and financial planning process – bringing together business planning, financial planning and risk management processes. The process provides the framework for the County Council’s decision making and planning to ensure our focus is on priority outcomes, making the best use of the resources available and enabling the Council to track delivery and value for money. This ensures that the implications of choices that need to be made in the face of changing national policy and operating environment, together with resource and demand challenges and other uncertainties, can all be considered together.

Our Council Plan priorities are:

- Keeping people safe from vulnerable situations
- A sustainable and prosperous economy
- Helping people and communities fulfil their potential
- Making the best use of resources

All are underpinned by the cross-cutting theme of Protecting the Environment.

Political and Democratic Structures

At the end of March 2025, the County Council was made up of 70 councillors (known as members), controlled by the Conservatives. The political composition was:

- Conservative: 42
- Labour: 9
- Liberal Democrat: 8
- Green and Independent Alliance: 5
- Reform UK: 4
- Independent: 1
- Vacancy: 1

The Council follows the Leader and Cabinet model as its democratic structure, with functions allocated across the full Council itself, the Cabinet and a range of committees. Many functions are delegated from the Cabinet and committees to officers. The Council’s Constitution explains how the County Council operates, how decisions are made and the procedures which are followed to make sure that these are efficient, transparent and accountable to local people. Further details on the current composition of the County Council can be found on the [Council's website](#) or through viewing the [Political composition of West Sussex County Council](#).

Management Structure

In support of the democratic structure, the officer management structure of the Council is headed by the Executive Leadership Team, led by the Chief Executive. Becky Shaw was in post until Leigh Whitehouse started on 24 June 2024. The role of the Executive Leadership Team is to work closely with the Leader and Cabinet to ensure the delivery of public services for the residents of West Sussex. As at March 2025, the Executive Leadership Team was comprised of:

- Chief Executive
- Chief Fire Officer
- Executive Director of Adults’ Services and Health
- Executive Director of Children, Young People and Learning

- Executive Director of Communities
- Executive Director of Finance and Support Services
- Executive Director of Human Resources, Organisational Development and Communications
- Executive Director of Law, Assurance and Insight
- Executive Director of Place Services

Council Employees

At the end of March 2025, the Council employed 6,598 people (5,967 full time equivalents), excluding school-based employees, on both full and part time contracts. Key facts about the Council’s workforce include:

- Gender – Across the Council, 71.3% of employees are female and 28.7% are male. The Council is required to publish its [gender pay gap](#) report on its website.
- Age – The Council has an older age profile than the working age population of West Sussex with 27.3% of employees aged 55+, and those aged 16–24 are particularly under-represented at only 2.7% of the workforce.
- Ethnicity – 5.4% of the workforce are recorded as belonging to black and global majority ethnic groups. However, 27% of employees are of unknown ethnicity, so the actual proportion could be higher.

Sickness levels for the year are higher than the Council’s target, with 16.1 calendar days lost due to sickness absence per FTE compared to the indicator of 15 calendar days. Full details including the top reason for both short and long term absences are reported in the workforce section of the outturn Performance and Resources Report (PRR), which will be reported to [Cabinet on 8 July 2025](#).

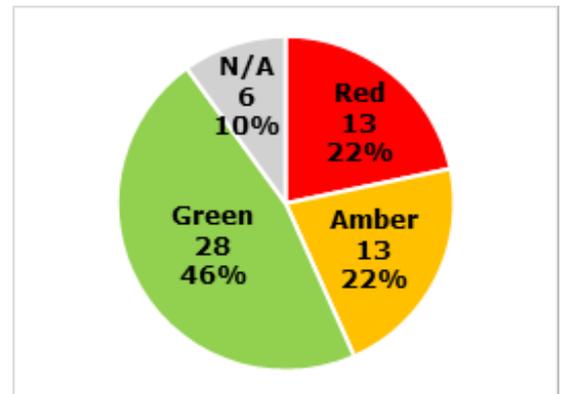
Our Council Plan Performance for 2024/25



The Council Plan sets out the Council’s strategic priorities and includes a set of 60 measures with targets against which the Council measures its performance. Quarterly reviews of performance and resources are undertaken by the Executive Leadership Team, Scrutiny Committees and Cabinet. Results are available for all measures, although some annual measures are reporting the latest results published this year, which is not necessarily for the period 2024/25. Some measures have data lags and will continue to be monitored in 2025/26.

In summary, at the end of March 2025, the Council had met or exceeded its targets on 28 of 60 measures (46%) with a further 13 measures (22%) close to meeting their target, providing an overall total of 68% of measures that were exceeded, met, or nearly met.

Full details of the County Council’s performance during the year are set out in the Outturn PRR that will be considered by Cabinet on 8 July 2025. Key highlights and challenges are summarised below.



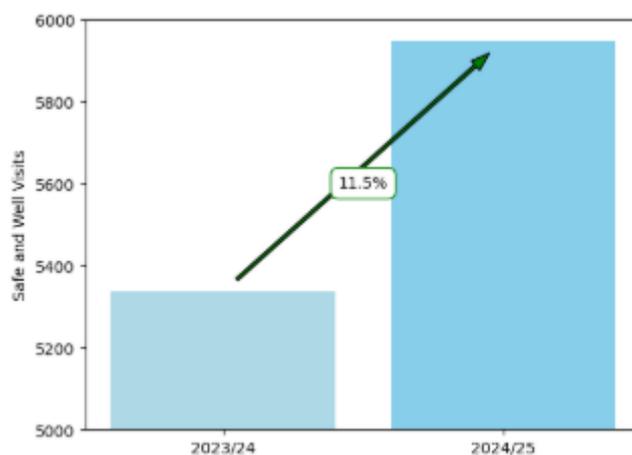
Keeping People Safe from Vulnerable Situations

The Council continues to ensure that appropriate and timely support is provided when extra support is required in people's lives. The measures under this priority cover the work of Children, Adults, Public Health, and the Fire Service.

The health and social care system in West Sussex continues to experience significant pressure due to demographic growth (where West Sussex has a high population of people over the age of 85) and an increasing complexity of care for those supported in both adults' and children's social care. The reasons for this are complex and include high demand from partners, particularly NHS partners, requiring support in the timely and safe discharge of patients from hospitals within the county. Despite this, the key indicator of the number of contacts to adults' social care progressing to a social care assessment continued to stay below its target of 25% across the year, and positively it was down to 12.9% in the most recent quarterly data (December 2024); this reflects the impact of interventions throughout the customer journey to meet the needs of people through information and advice, as well as the provision of preventative services. The level of risk remaining for safeguarding outcomes was a challenging measure, and it is over its target in averaging 10.7% across the year against a target of 8.3% or lower. There will inevitably be a percentage of outcomes where risk remains as people are able to choose to live with risk and no further action being required from adult social care, although professionals may remain involved should risk be deemed high and the customer continues to require support. Through the adult social care improvement programme, the service is reviewing safeguarding practice and recording processes to ensure best practice. Progress against the improvement plan is reported to the Health and Adult Social Care Scrutiny Committee.

Public Health set a target to support 720 smokers to quit across the 2024/25 financial year. By December 2024, this measure was ahead of target with 551 quits recorded and remained on course to exceed 720 by the end of March 2025. Additionally, the healthy weight of 10–11-year-olds has improved when compared to the previous year's results (66.6%) with performance currently at 67.3%.

The Fire and Rescue Service continues to perform well with prevention activities, improving on last year's 5,335 safe and well visits by 11.5% in completing 5,948 for 2024/25, as demonstrated in the graph. These are arranged visits to residents' homes to offer advice on how to make them safer and, where appropriate, fit smoke alarms or other specialist fire detection equipment.



During the year, the County Council was supporting on average 5,000 vulnerable children or young people at any one time. The focus continues to be on providing early help; however, where more support is required the County Council becomes the corporate parent, and this year the challenge has been the percentage of children becoming subject to a Child Protection Plan for a second or subsequent time. Against a target of 23% or lower, the measure has averaged marginally over - at 27% across the 2024/25 period.

Positively, the percentage of re-referrals to Children's Social Care within 12 months of a previous referral reduced to 18% for the cohort at the end of March 2025. This aim low metric had previously been over the 22% target.

A Sustainable and Prosperous Economy

The global economic situation and the legacy of the pandemic has continued to have significant impact on local people, places and on the local economy. Despite this, there are a significant number of measures within this priority that continue to meet or exceed their targets.

A key focus of the Council's Economy Plan is to provide support to enterprises, encouraging successful start-ups and helping established businesses to revive, innovate, and grow. Over the year, work continued on a range of initiatives with 3,964 enterprises supported across the 2024/25 financial year; well in excess of the target of 2,337.

Progress continues well towards achieving the government target for providing gigabit capable connectivity to 85% of premises by 2025. Performance to date shows the Council has exceeded the milestone target of 72% for 2024/25, reaching 77.5% gigabit capable coverage across West Sussex.

The County Council seeks to maintain or improve the proportion of adults who walk or cycle for any purpose at least once per week. The latest available data for this metric showed an achievement of 74.2% (2023), compared to the England average of 70.9%.

The impact of severe weather, including record levels of winter rainfall following particularly elevated levels of heat in summer, continues to be felt on the West Sussex highway network. With these conditions, potholes can form as water seeps under the road surface and saturates the substrate, leading to a hydraulic effect as vehicles pass over. The main challenge for this priority this year was the level of A, B and C roads rated in good condition. Results show 66.0% of A roads, and 66.9% of B and C roads, are rated in good condition, a marginal reduction compared to the previous year and against 2024/25 targets of 68.9% (A roads) and 68.8% (B and C roads).

Helping People and Communities Fulfil Their Potential

For the final OFSTED rating of West Sussex students accessing Ofsted 'good' or 'outstanding' schools, out of all West Sussex schools, 94% achieved one of these ratings, above the target of 91%. The County Council await OFSTED's new scorecard rating system in September 2025.

Challenges remain in education, especially at Key Stage 2 attainment where West Sussex achieved 56.9% of students achieving the expected standard in reading, writing and maths combined. Whilst this is up on the previous year's figure of 56.2%, it is below the Council's target for the year of 59%, and the results show that West Sussex is 4.1% lower than the national average for this measure of 61%. The Write Way Forward writing project was implemented in September 2023 to improve attainment in writing at Key Stage 2. Intervention schools receive a comprehensive programme of support as well as regular progress review visits. The positive impact of the County Council's intervention with schools where outcomes are low, or declining, has been noted by OFSTED inspectors.

Performance for responses to critical fires (where the first appliance in attendance meets the Council's emergency response standard) exceeded its target of 89% and finished the year with 90.4% of incidents attended within the standard. At 82.7%, the response to critical special service incidents also exceeded its target of 80%.



The use of virtual and digital library services continues to improve. 9 million customers were reached in 2024/25, compared with 8 million the previous year, and in excess of the annual target of 8.8 million. The Community Hub had a target to provide a positive outcome to residents at the first point of contact in 98.5% or more cases and achieved or exceeded this each quarter.

For adult social care there continues to be great demand across services, mirroring the national picture, which has impacted on the ability to meet targets. These targets include the percentage of adults using direct payments to purchase their services, with 21.4% take-up against a target of 27.4%, the percentage of users of adult services and their carers that are reviewed and/or assessed in the last 12 months, 64.1% against a target of 60%, and the percentage of adults with learning disability in paid employment, which rose to 7.2% by the end of March 2025. 2024/25 also saw the percentage of people affected by domestic violence and abuse who feel safe upon leaving the Council's service averaging 89.5% across the financial year, with a 95% rating achieved in the final quarter in March 2025, meeting the target set.

Making the Best Use of Resources

It is important that the County Council works effectively and efficiently as it continues to manage growing demand for services. With inflation pushing up costs, and changes in government policy and funding, the Council is facing a particularly challenging picture. As part of the Council's business planning process, it will be making the best use of resources, ensuring value for money and cost-effective services for residents.

The Council has further reduced the size of its operational property estate in 2024/25, down from 115,276m² to 111,957m², but a further reduction is required in 2025/26 to meet the target of 100,700m². Steps towards that target were hampered due to the reclassification of depot sites to ensure a consistent approach across the estate, and the Council's estates team will continue to consider assets for rationalisation through the annual Service Asset Management Plan in 2025/26.

The Council successfully launched a new customer contact platform in September 2024, with its purpose being to make sure that when a customer contacts the Customer Service Centre, the Council's main contact point, that a customer finds it as easy as possible to gain the information, guidance and advice they need when they need it, reducing the requirement for them to call back or be handed to other officers across the Council. Over 85% of customers have been satisfied with their contact to customer services since the introduction of the new system.

To ensure that the County Council is getting the best from staff, leaders create a culture that values individuals and ensures they have the skills and knowledge required for best service delivery. In December 2024, 83% of staff agreed with the statement, "I am part of a supportive team where we regularly reflect on our successes and challenges enabling us to improve continuously", beating the 82% target set and the 81% rating from December 2023.

The County Council set a target in its commercial strategy for 80% of new competitive tenders to be informed by collaboration and networking. For the year end, the target was exceeded with 94% of tenders utilising market research and collaboration with peers and other local authorities that allowed the County Council to challenge and inform its route to market and sourcing strategies.

Full details of the outcomes against all 60 measures can be found on the [West Sussex Performance Dashboard](#).

Assessment and Review

Adults and Health

In September 2024 the service received notification of the start of the Care Quality Commission (CQC) assurance process to assess how the Council is fulfilling its obligations under the Care Act 2014 relating to adult social care. The local authority assessment framework covers four themes – working with people, providing support, how the local authority ensure safety within the system, and leadership.

In December 2024 the service received notification of the onsite visit in February 2025 and submitted a number of case files, some of which were then reviewed by the CQC. Interviews with partners began in January 2025, along with a Leadership Presentation to the CQC lead. The onsite assurance visit followed in February 2025 and a draft report has recently been received which the Council has responded to. A final report is expected in the coming months.

Children's Services

This year has provided strong evidence of continued improvement across all service areas within the Children Young People and Learning (CYPL) directorate. Regular performance reporting demonstrated a culture of continuous improvement as we prepare for our final Focused Visit from Ofsted. As an example of our improvement, we had a Focused Visit (July 2024) by Ofsted which considered the local authority's arrangements for care leavers aged 18 to 25 years old, including support into adulthood, 'staying close' and in touch, and care leavers with specific needs. The inspectors reported services for care leavers in West Sussex have substantially improved since the ILACS inspection in 2023, commenting that senior leaders have facilitated a range of improvements that are supporting care leavers to make the transition to adulthood safely and at their own pace.

The service has also increased its service user feedback and the voices of our children and families, which is particularly evident in the co-produced SEND improvement activity during 2024/25. This area of service has been monitored by the Department for Education and NHS England, who undertake reviews twice a year. In their October 2024 visit they confirmed that progress is being made and that West Sussex now has a strong partnership with colleagues in the NHS, schools and the Parent Carer Forum. The service is awaiting the letter following the most recent review in June 2025.

The service has maintained a strong professional focus to provide 'strong whole family working'. Children tell us they feel heard, and parents are better equipped to care for their children. This approach is critical as we continue to deal with exceptional demand in both children's social care and Special Education Needs and Disability.

The education service has developed monthly drop-in sessions between School Designated Safeguarding Leads and our Integrated Front Door/Multi-Agency Safeguarding Hub (MASH) staff. These collaborative sessions provide valuable opportunities for colleagues to share knowledge and expertise and discuss emerging themes.

The Early Help Service has continued to strengthen, and exceeded the Supporting Families target of 1,283 for West Sussex families. The impact of our Family Safeguarding adult specialist practitioners is starting to be seen in increasingly improved outcomes for families supported by our domestic abuse practitioners, domestic abuse officers and emotional well-being practitioners. A total of 100% of all victims of domestic violence working with domestic abuse practitioners reported feeling safer at the point of closure.

The Children First transformation is now implementing a programme of activity to develop our West Sussex Families First Partnership offer as we develop our service in line with the new government reforms from the Children Bill. The programme is also exploring how we can use technology to make our services easier to access and more user-friendly through our CYPL Digital Strategy.

Fire and Rescue Service

In November 2018, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) undertook an inspection of the Council's Fire and Rescue Service and rated the service as requiring improvement in areas of service effectiveness and efficiency and as inadequate in relation to supporting its people. Since then, the Council has invested in the improvements needed and there was a further inspection in October 2021 where HMICFRS reported that the service had made significant progress since the initial inspection and the latest report, published in October 2024, recognised the continued progress and the performance of West Sussex Fire and Rescue Service in keeping people safe and secure from fire and other risks.

HMICFRS have expanded the four-tier system of graded judgments to five to state more precisely where they consider improvement is needed and highlight good performance more effectively. These changes mean it isn't possible to make direct comparisons between grades awarded in this round of fire and rescue service inspections with those from previous years; however, West Sussex FRS was rated 'Good' or 'Adequate' in all 11 areas measured, with none graded as 'Requires Improvement' or 'Inadequate'.

The principal findings from the assessments of the service over the past year are as follows:

- The service has improved the way in which operational staff prioritise prevention activity, leading to a large increase in the number of safe and well visits for the most vulnerable people
- The service has implemented an effective risk-based approach to reduce unwanted fire signals through call challenge and a targeted non-attendance policy
- The service has a positive working culture and has developed team charters to improve staff's understanding of its values and willingness to challenge poor behaviours
- The service's financial and workforce plans, including allocating resources to prevention, protection and response, continue to align with the risks and priorities it has identified in its Community Risk Management Plan
- The service has continued to improve its approach to equality, diversity and inclusion but could do more to increase diversity in some management roles.

Financial Performance

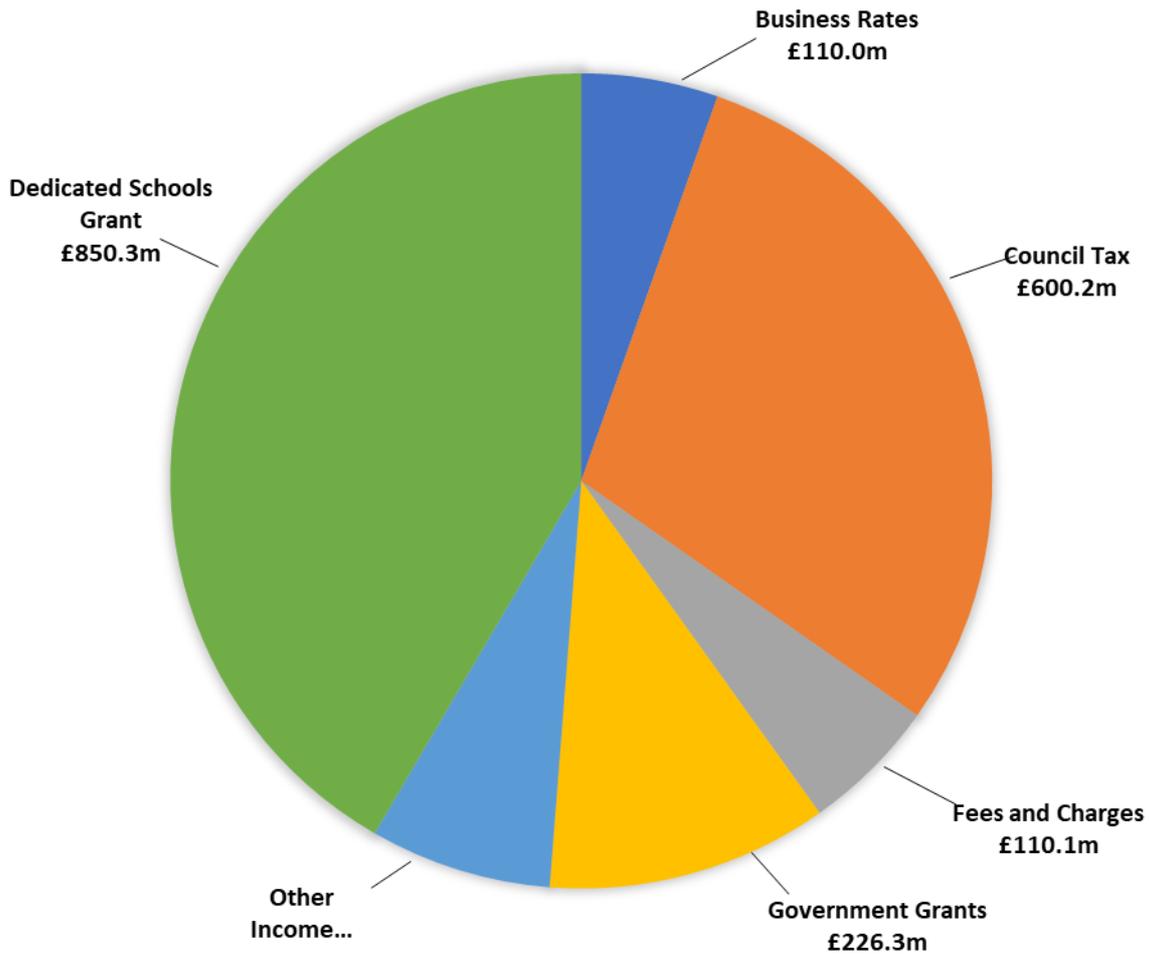
Revenue

The budget for 2024/25, agreed by County Council in February 2024, supported the objectives of the Council Plan. Despite significant overall reductions in government funding since 2009/10, the Council continued to make progress in delivering its ambitions on behalf of the residents of West Sussex, while achieving this within the resources available. The County Council continued to focus on the areas which made the biggest difference to the lives of its residents and the future prosperity of the county, and aimed to support the delivery of members' vision and deliver the priorities of the plan.

Measures to balance the portfolio budgets for both 2024/25 and 2025/26 were developed as part of the budget process, based on maximising efficiency, finding new ways of service provision and engaging partners in collaboration. The budget for 2024/25 assumed savings of £15.7m. In addition to these planned savings, £10.7m of savings from previous years were reprofiled to be delivered in 2024/25. Therefore the overall savings to be achieved in 2024/25 was £26.4m, and by the year end £19.3m (73%) was achieved as originally envisaged or delivered by other means. The balance, £7.1m (27%), was not delivered in the financial year and is reflected in the outturn position for 2024/25. These savings are expected to be delivered in full in 2025/26.

As part of the budget approved in February 2024, the County Council approved the use of up to £10.0m of capital receipts in 2024/25 to fund qualifying transformational expenditure in line with the government's statutory Flexible Use of Capital Receipts guidance. This figure was then updated to £5.5m as part of the budget approved in February 2025 to fund specific transformation projects. Within the 2024/25 outturn £4.0m of transformational spend meeting the eligibility criteria was identified, and this was capitalised accordingly.

In total, we planned to spend a gross budget of £2,043.1m on the provision of services (including schools) during 2024/25, delivering services to the 882,700 residents and 36,900 businesses across the County and its estimated 21.6m visitors each year. This spending plan was aligned to the Council's Cabinet Members, according to their specific responsibilities for discharging the functions of the Cabinet. It was planned that the 2024/25 budget would be financed from the following income sources:



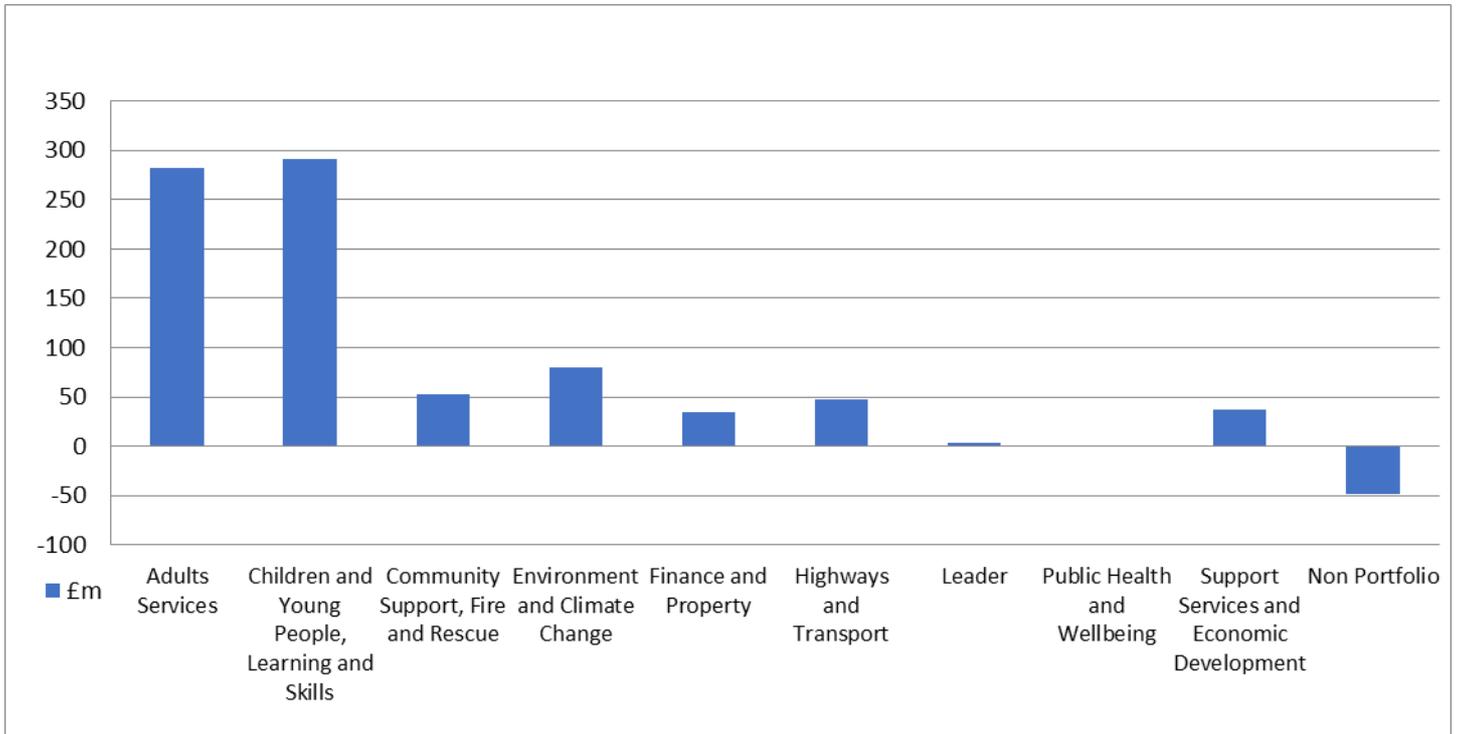
Council Tax was increased by 4.99% in 2024/25, comprising a 2.99% general Council Tax increase and a 2% Adult Social Care precept as set out by government for the year. The Adult Social Care precept was used to support growth in demographics and inflation within Adults Services. Taking these increases into account, the Council Tax for a band D property was set at £1,714.95 (compared with £1,633.41 in 2023/24).

Overall, the net overspend for 2024/25 is £10.1m, following the use of the central general contingency of £23.4m. Net revenue expenditure for 2024/25 on portfolio budgets is £828.5m, representing a £32.9m overspend. There are a number of pressures within all individual portfolios, but overall overspendings within the Adults Services (£19.7m), Children and Young People, Learning and Skills (£13.1m), Finance and Property (£1.8m) and Highways and Transport (£0.4m) portfolios were partially offset by underspendings within Support Services and Economic Development (£1.1m), Leader (£0.5m), Community Support, Fire and Rescue (£0.3m) and Environment and Climate Change (£0.2m).

£4.9m has been added to the allowance for doubtful debtors, and there is also an overspending on the capital financing budget (£0.5m), increasing the total overspend to £38.3m. This has been financed from the contingency budget (£23.4m) as mentioned above, additional investment income (£3.0m), additional government funding from the Business Rates Retention Scheme (£1.1m) and Business Rates Levy (£0.7m), with the overspend balance (£10.1m) funded from the Budget Management Reserve.

Full details are set out in the outturn PRR which is going to [Cabinet on 8 July 2025](#) and is the Council's monitoring and reporting mechanism for finance performance (revenue and capital), savings delivery, business performance and the workforce. It is regularly scrutinised by individual scrutiny committees and the Performance and Finance Scrutiny Committee. The outturn PRR was presented to the [Performance and Finance Scrutiny Committee on 30 June 2025](#).

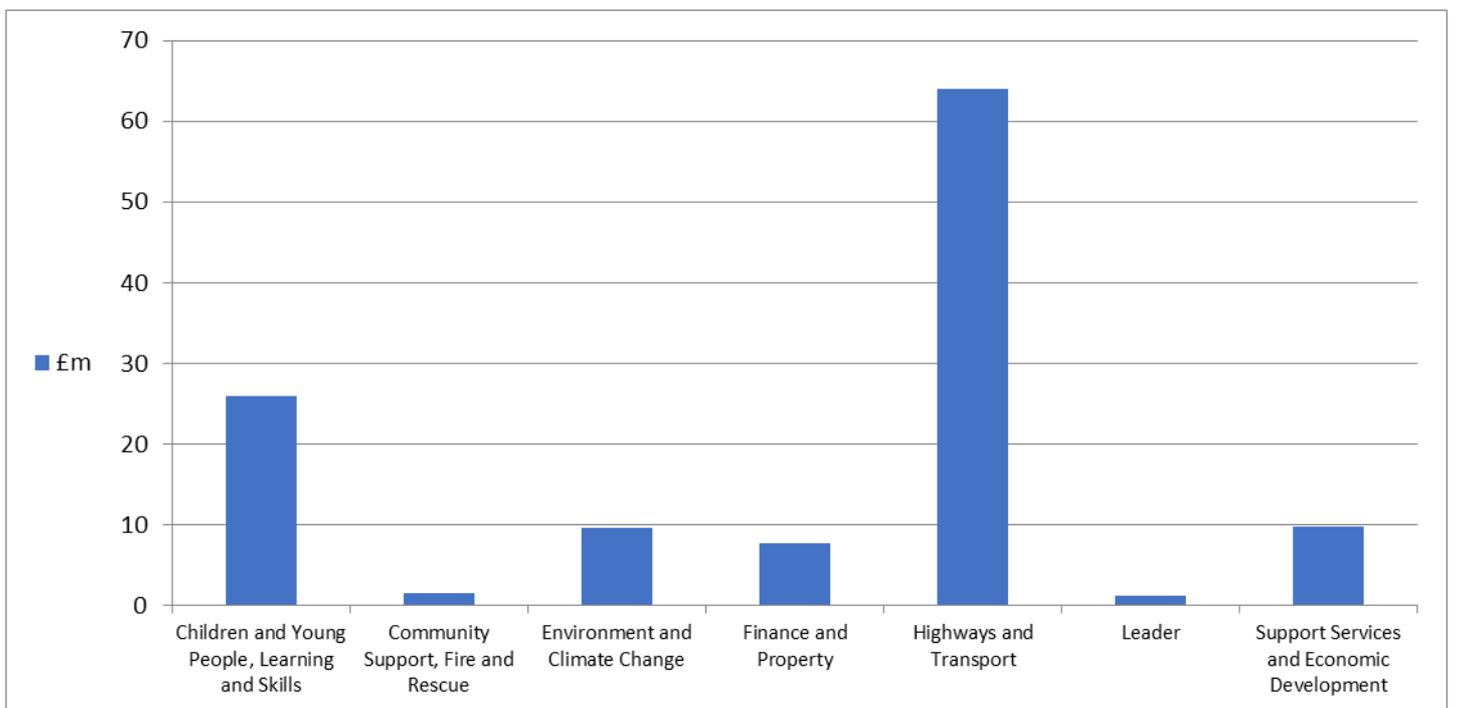
Graph 1 below illustrates the net outturn spend for the year by portfolio:



Capital

County Council, in February 2024, agreed a capital programme totalling £131.6m for 2024/25. In addition, £0.9m was transferred to other years, reducing the capital programme for to £130.7m. The actual spend for the year is £119.6m. Full details are set out in the Outturn PRR.

Graph 2 below sets out the capital outturn for 2024/25 by portfolio:



The main areas of investment for the year include:

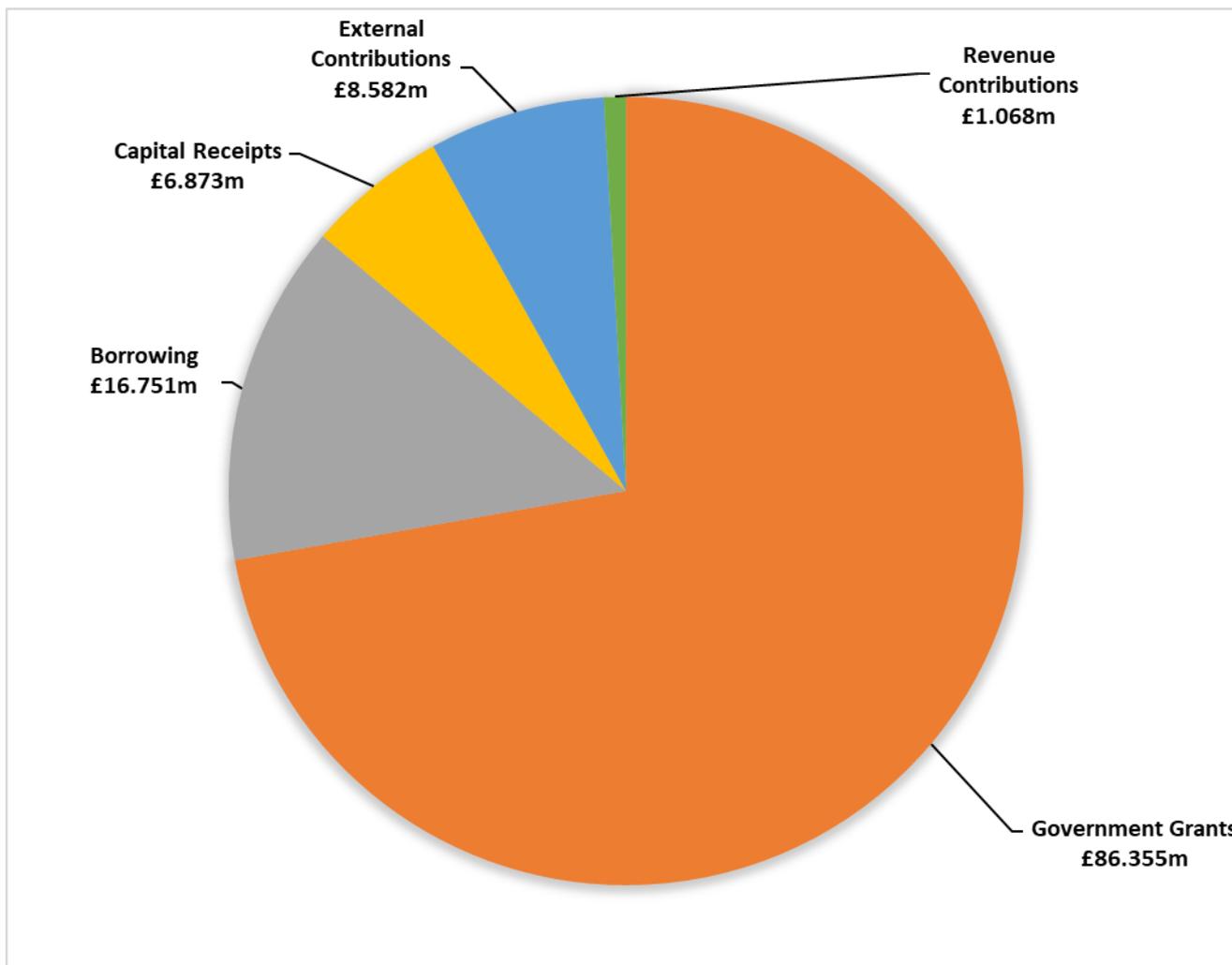
Portfolio	Programme/Project	£000
Children and Young People, Learning and Skills	Children's Homes, SEND Programme, Basic Need Programme, Community School Capital Maintenance	25,894
Community Support, Fire and Rescue	Live Training Centre and Horsham Fire Station, Fire and Rescue Estates Improvement Works, Fleet and Fire Equipment Replacement Block Programme	1,507
Environment and Climate Change	Asset Decarbonisation – Carbon Net Zero, Property Maintenance – Carbon Net Zero, Waste Site Adaptions	9,700
Finance and Property	Facilities Management – Structural Maintenance, Staff Capitalisation – Property, Joint Venture	7,689
Highways and Transport	Highways Annual Works Programme, A284 Lyminster Bypass, A259 Corridor Capacity Enhancement, Bus Services Improvement Works, Halogen Bulb Replacement Programme	63,915
Leader	Burgess Hill Growth Programme, Crawley Growth Programme	1,170
Support Services and Economic Development	Oracle Implementation Programme (financed by flexible use of capital receipts), Arun Growth Programme, Digital Infrastructure	9,754
Total spend in 2024/25		119,629

During the year a number of capital projects were completed across the county. The most noteworthy include:

Month of completion	Project	District	Description
April	The House Project (Greenways)	Crawley	Refurbishment project
April	Felpham Community College	Arun	Provision of a new standalone Special Support Centre
April	Buckingham Park Primary School	Adur	Defect works to roof, walls and ventilation
April	The Weald Community School	Horsham	Renew pitch surface and drainage and shore up subsiding bank of all-weather pitch
June	St Nicolas and St Mary's CE Primary School	Adur	Two storey modular classroom block defect works
June	Littlehampton Recycling Centre	Arun	Purchase of adjacent land
June	Orchard Lodge	Mid Sussex	Extension, remodeling, complete refurbishment and modernisation, including external landscaping

Month of completion	Project	District	Description
July	Orchard House	Mid Sussex	Complete internal and external refurbishment, extension and remodeling
July	Handcross Primary	Mid Sussex	Defect works
August	Thakeham Primary School	Horsham	Flooring defect works
September	South Bersted Primary School	Arun	Refurbishment and extension of existing entrance foyer/administration areas to achieve visitor 'air lock', provision of new access-controlled vehicular and pedestrian gate access, and external refurbishment to provide accessible pedestrian access to new extension
September	Crawley County Buildings	Crawley	Defect works following water ingress
September	Storrington Primary School	Horsham	Installation of modular unit
November	The Forest School	Horsham	All weather sports pitch
November	Davison CE High School for Girls	Worthing	Defects works to roof, brickwork and fencing
December	The Regis School	Arun	Two modular bulge classrooms and creation of new science lab and IT suite (school managed project)
January	Maidenbower Infants School	Crawley	Provision of Special Support Centre and associated rooms
January	Railway Approach	Worthing	Highways and public realm improvements including community safety measures and an introduction of a contraflow cycle lane
March	Holy Trinity School	Horsham	Remedial works to address damp issues
March	Digital Beach	Worthing	Creation by BEACH of a cellular network, able to be shared by mobile network operators and hosted on local authority-owned assets, and capable of flexing its capacity to supply the connectivity needs of users at peak times
March	Green Waves	Worthing	Repurposing the house at Worthing Fire Station for use as residential accommodation for vulnerable children and young people
March	St Mary's School	Horsham	Replacement gates (school managed project)

The main sources of funding used to finance the 2024/25 capital programme are:



The actual borrowing needed to fund the capital programme for 2024/25 was £56.0m less than the amount approved in February 2024. This was due to a variety of reasons, including the application of all non-ringed fenced grants to finance spend in 2024/25, reprofiling of major schemes such as Halewick Lane, and an increase in other external sources of funding.

During 2024/25 a further thirteen schools obtained Academy status, including four community schools. Building assets for these community schools to the value of £10.8m were derecognised from the Authority’s Balance Sheet upon academisation. Land at the four community schools, plus any land owned by the Council at the nine religious body schools which converted to academy status during the year, has been revalued to reflect the restricted use to the Council (resulting in a further reduction of £7.5m to the Balance Sheet). As of March 2025, there are 106 schools with Academy status in the County. As at the start of April 2024, 192 schools were under local authority control, and following the academisation of thirteen schools and two further schools amalgamating during the year, 178 schools remain under local authority control at March 2025. It is expected that a further 12 Academy transfers will take place during 2025/26.

Reserves and Balances

The Balance Sheet distinguishes between “usable” and “unusable” reserves. An analysis of the movement in reserve balances during 2024/25 is provided by the Movement in Reserves Statement, and is summarised below:

Reserves	Balance at 1 April 2024 £000	2024/25 Movement £000	Balance at 31 March 2025 £000
General Fund	36,286	0	36,286
Earmarked Reserves	183,059	-30,231	152,828
Capital Grants Unapplied Account	36,047	-35,958	89
Capital Receipts Reserve	7,197	2,871	10,068
Total Usable Reserves	262,589	-63,318	199,271
Unusable Reserves (adjusted at 1 April 2024 due to IFRS 16 adoption)	997,454	-455,078	542,376
Total Authority Reserves	1,260,043	-518,396	741,647

The General Fund balance at 31 March 2025 is £36.3m, which is considered to be a prudent buffer against the significant financial pressures affecting the Council. This represents 4.4% of net expenditure for 2025/26, and will provide some additional means for the County Council to protect itself from future demand pressures that could adversely impact on the Council's financial position, and strengthen the Council's financial resilience.

As at 31 March 2025, earmarked reserves totalling £152.8m are held across the following categories:

	Balance at 31 March 2025 £000
Reserves to Fund Contractual Commitments, including long term contracts and PFI schemes	50,519
Reserves to Fund Service Commitments, which are expected to be spent over the next two years, including £11.3m for the Digital Infrastructure Project, £8.0m for Highways Commuted Sums and £5.2m for the Service Transformation Fund	33,883
Reserves for Government Grants, including £3.0m for the Bus Service Improvement Plan Grant, £2.2m for the Wraparound Childcare Programme and £1.0m for the Active Travel Fund	7,968
Reserves to Manage Risk and Uncertainty, which includes £18.4m in the Budget Management Reserve and £6.2m in the Business Rates and Collection Fund Smoothing Reserve	35,740
Held for Other Bodies or with Shared Responsibility which includes £15.0m for School Balances, £8.5m for the Lane Rental Scheme and £1.2m for the Accelerating Reform Fund	24,718
Total Earmarked Reserves as at 31 March 2025	152,828

A detailed analysis of this balance is provided in Note 3 to the accounts. It is critical that the County Council retains a prudent level of reserves to manage its financial resilience and deal with the uncertainty faced. By 2030, the balance on usable reserves is forecast to be £128m. Any use of the Budget Management and Business Rates and Collection Fund Smoothing Reserves must be replenished across the medium term.

The Capital Grants Unapplied and the Capital Receipts Reserves total £10.2m and are fully committed to finance the Council's capital programme.

Unusable reserves are held to offset the impact of accounting adjustments required by International Accounting Standards; for example, charges to the Comprehensive Income and Expenditure Statement in relation to depreciation, asset revaluation and the accrued pension liability. These reserves are not cash-backed and therefore are not available to finance the provision of services. Furthermore, with the exception of the General Fund the usable reserves are earmarked for specific purposes and are not available to support general revenue spending.

Included within unusable reserves is a Dedicated Schools Grant (DSG) deficit balance of £123.2m as at 31 March 2025, which represents an annual deficit for 2024/25 of £52.7m. The deficit is classified as an unusable reserve in accordance with regulatory changes which took effect during 2020/21. The temporary legislation, which states that any DSG deficits are to be recovered from future DSG income over time rather than from local authority General Funds, was initially extended to March 2026 and government has recently announced a further extension to March 2028. The reserve is forecast to have a deficit balance of £223m at the end of March 2026.

Under International Accounting Standard 19, the Council shows the total future costs of pension liabilities for both the Local Government Pension Scheme and Firefighters. This is a purely notional figure, as the County's budget is constructed on the basis of actual contributions payable. The IAS19 notional liability of £347.6m is offset by a matching notional reserve ensuring there is no impact on the local taxpayer, and is also included in the unusable reserves.

Future Capital Programme and Borrowing

The Council's Capital Strategy is approved by County Council in February of each year (the latest being in February 2025) and sets out the five-year capital programme. The strategy is the foundation for proper long-term planning of capital investment and how this links into the Council's overall corporate objectives and strategic priorities. The total value of schemes in the 2025/26 to 2029/30 capital programme is £739.9m.

The authority borrows prudentially for capital investment purposes. The Council did not undertake any external borrowing during 2024/25. Outstanding Public Works Loans Board borrowing as at 31 March 2025 was £461.3m (excluding accrued interest), with an average interest rate of 4.1%. This borrowing should be seen in the context of the long-term assets valued at £1.7billion on the Balance Sheet.

Performance and Financial Monitoring

Financial performance, workforce information and service performance are presented in the PRR and reported to Cabinet. Scrutiny Committees also consider this report, and the Leader and the Cabinet Member for Finance and Property ultimately approve any decisions sought as part of the Performance and Resources Report. This process provides a regular challenge relating to the Council's performance.

Planning for the Future

Our Council Plan has been reviewed in parallel with the budget for 2025/26 and the integrated business and financial planning process, and was approved by full County Council in February 2025.

The Council's ambitions will continue to be captured each year through the Council Plan, and detailed priorities, outcomes and key performance measures for 2026/27 are currently being developed through the business planning framework. Within the context of a challenging financial position, this ensures that decision making and planning continue to focus on priority outcomes, making the best use of the resources available and enabling the Council to track delivery and value for money. It also ensures the Authority understands the implications of the tough choices that will need to be made in the face of a changing national policy and operating environment, together with resource and demand challenges and other uncertainties. The process consists of matching available resources with delivery of priority outcomes, in order to focus effort and protect spending where it will have most effect. Planning to implement devolution and Local Government Reorganisation will be captured during the business planning process to refresh the Council Plan for 2026/27 and 2027/28.

Financial Outlook

In accordance with statutory responsibilities, a programme of work was undertaken throughout 2024/25 to set a balanced budget for 2025/26 and to review the medium-term financial position. The Council is experiencing significantly increasing cost and demand for services, particularly in social care as a result of demographic changes and rising complexity of need. The Council is not alone in facing these pressures, and its partners (particularly care providers) will be impacted by the changes on National Living Wage and National Insurance announced in the 2024 Autumn Budget. Within its 2025/26 budget the Council has provided additional funding towards the National Living Wage costs, but is not in a position to compensate for the costs of National Insurance without additional government funding or reducing other services. Our position is consistent with many other local authorities, and we are monitoring this matter closely.

Balancing the budget for 2025/26 required utilising the full council tax flexibilities confirmed in the final Local Government Settlement, and includes an increase of 4.99% in council tax as well as budget reductions of £12.3m across services. Detailed work has been undertaken to anticipate and model expected budget pressures, with £47.4m built into service budgets, particularly in adults' and children's social care in recognition of the significant pressures in these areas. In addition, £22.9m has been added for pay and price inflation, and the general contingency has been set at £9.8m to manage any in year risks that materialise.

Given the current climate and continuing uncertainty, it is critical that the Council maintains an appropriate level of reserves to manage unforeseen events and to manage the risks facing the Authority. As at the end of March 2025 the County Council's total earmarked reserves (excluding reserves held for other bodies or with shared responsibilities) is £128.1m, with full details set out in the Reserves and Balances section above. Many of the earmarked reserves are held to fund future commitments that the Council has entered into.

The budget setting process includes a review of the forecasted reserve balances. These balances have been categorised into contractual commitments (e.g. Waste Management MRMC, Street Lighting PFI Reserve and Recycling and Waste PFI Reserve), service specific commitments including the Service Transformation Fund, government grants, and reserves for risk and uncertainties. The reserves in the risk and uncertainties category are the reserves available for balancing the budget and managing risks, and these reserves total £35.7m at the end of March 2025. The adequacy of the risk and uncertainties reserves needs to be considered alongside an assessment of the robustness of savings plans, uncertainty in demand and prices of services, policy changes, and wider national, economic and political factors.

The medium-term outlook remains a challenge and the position is based on best estimates of government funding, demographic growth and budget pressures and the latest forecast of economic conditions. In February 2025 the County Council considered the latest position, and for 2026/27 to 2029/30 there remains a budget gap of between £50m to £191m depending on the level of council tax increase in these years. The impact of the Local Authority Funding Reforms, the funding of the DSG deficit (beyond the known loss of investment income) from 2028 (as government has recently announced extending the statutory override for a further two years), and any impact of other policy changes that government may introduce in the future is currently unknown and therefore not included in the reported budget gap.

As it did in 2024/25, in July 2025 the Cabinet will consider the Medium-Term Financial Strategy (MTFS) which will provide the latest update on the financial position and budget gap across the next five years. The MTFS will set the foundations for the 2026/27 budget planning process. However, it is not anticipated that the impact of the Funding Reforms will be known by this point.

Given the level of uncertainty facing the Council, it is important that the organisation continues to deliver even more sustainable efficiencies and respond innovatively to the challenges faced. As always there is a risk that the budget reductions needed will not be achieved or will be delivered late, and this will remain closely monitored.

The Council is currently in a solvent position; however, the impact of the increasing demand and cost of services, funding reforms and decisions on funding the DSG deficit present significant risk. The financial resilience of the Council will need continued vigilance and resourcefulness to provide the strengthening it will need in future years, in the face of the on-going financial challenges reflected within the MTFS. Work has commenced on organisation-wide savings programmes and every service must provide good value for money for residents, be cost effective and contribute to Council Plan priorities. The government has launched its Fair Funding Review 2.0 and whilst we await clarity on Council Tax Equalisation, the Business Rate Reset and the DSG review in the Autumn, the government is committed to a three-year settlement which will give some improvement to the stability and therefore increased certainty of future funding forecasts.

Future Opportunities

Our Council Plan includes the priority 'making the best use of resources'. The Council is committed to achieving the best value for residents, which means that services must work better, be more efficient and get the best from what is available to manage increasing demand in a different way. To achieve this, the Council will focus activity in the following areas: to ensure staff have the confidence and support to deliver change and continuous improvement in line with the People Framework; to maximise the use of assets by disposing of surplus assets and looking creatively at the use of assets to support economic growth, to reduce overall energy consumption to meet our ambition of being a net carbon zero organisation by 2030; to benchmark the cost of Council services against outcomes achieved and maximise every pound spent and achieve value for money and to combine or share approaches and services to achieve greater efficiency.

Recognising the pressures the Council is facing in the coming years, it is embarking on a transformation journey to ensure that the scarce resources available are prioritised to align to the priorities included in the Council Plan.

The County Council has engaged with the government on its plans for devolution and the establishment of a Mayoral Combined Authority in Sussex. A joint bid on behalf of West Sussex County Council, East Sussex County Council and Brighton and Hove City Council to be part of the priority programme was accepted in February 2025. A government consultation on plans for devolution in Sussex closed in April 2025 with the outcome to be issued later in 2025. According to the government's timeline, the first mayoral election would take place on 7 May 2026.

The Leader of the Council has also engaged with the government and other local council leaders on the government's plan to reorganise local government, with an aim of establishing unitary councils nationwide by 2028. The leaders of West Sussex County Council and the seven district and borough councils wrote to ministers in March 2025 with initial proposals. A shared evidence base developed by all the councils is being worked on, with proposals to be submitted by West Sussex councils to government in September 2025.

Both devolution and Local Government Reorganisation will present both opportunities and challenges in the coming years.

Corporate Risks

The Risk Management Strategy has been reviewed and updated to ensure it continues to provide coherent and robust governance to support risk management across the Council. Corporate and directorate risks are reviewed and updated at least quarterly, with a clear mechanism for escalation and de-escalation provided.

The latest Corporate Risk Register is being considered by the Regulation, Audit and Accounts Committee in July 2025 and is published [on our website](#). The current key corporate risks and summary of mitigations are as follows:

Risk	Summary of Mitigations
Recruitment and retention - skill shortages and less attractive employment offers	Development of strategic workforce plan, including a consideration of alternative arrangements to address hard to fill posts and salary benchmarking across neighbouring LAs.
Financial sustainability - uncertain funding from central government and economic conditions	Regular monitoring/reviews of financial position and reserves. Robust and regular financial planning sessions with ELT, Cabinet and Finance Teams. Lobbying for fairer funding for local authorities.
Cyber-security – loss of data and system failure	Conduction of penetration tests, disaster recovery and social engineering exercises. IT service redesign to ensure capacity and capability.
Failure of social care provisions – failure leading to personal and/or reputational harm	Monitoring of care home financial sustainability, including reviews of capacity and fees paid to providers. Lobbying of Government.

The Oracle implementation programme is proceeding on track and received two internal audit reports during 2024/25, with a “substantial assurance” conclusion reached on the procurement of the implementation partner and a “reasonable assurance” conclusion relating to governance. The programme and will continue to be closely monitored despite no longer being in the County’s top four risks.

The key risks detailed above have been assessed by a suitably experienced person as having at least a high likelihood of occurring, and a major impact should it happen. These risks and their mitigations are reviewed and updated at least quarterly by the risk owner, Corporate Risk Manager, and respective directorate management teams. In addition, the Executive Leadership Team (ELT) and Cabinet review the key corporate risks quarterly, with the Regulation, Audit and Accounts Committee receiving quarterly updates on any risk developments.

West Sussex Statement of Accounts

The Statement of Accounts on the following pages sets out the Council’s income and expenditure for the year, and its financial position at 31 March 2025. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, which in turn is underpinned by International Financial Reporting Standards. It comprises core and supplementary statements. The Core Statements are as follows:

- Movement in Reserves Statement: Sets out the change in the Authority’s “net worth” over the year
- Balance Sheet: Shows the value of the County’s assets and liabilities at the year end, and how these are financed
- Comprehensive Income and Expenditure Statement: Shows all the financial gains and losses experienced by the County over the year
- Cash Flow Statement: Summarises movements of cash into and out of the authority over the year

The Expenditure and Funding Analysis is a note to the financial statements. However, it is positioned with the core statements as it provides a link from the portfolio-based analysis of the revenue outturn presented in the Narrative Report to the analysis within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

A glossary of key terms is provided at the end of this publication.

Provisions and Contingencies

The Council continues to hold both short and long term provisions which total £7.5m at 31 March 2025, of which £5.0m relates to the insurance provision and £2.3m relates to the National Non-Domestic Rates (NNDR) Appeals provision.

Changes to Accounting Policies

There is one significant change to the Accounting Policies for West Sussex County Council, as a result of the adoption of International Financial Reporting Standard (IRFS) 16 Leases, which is mandated by the CIPFA Code of Practice on Local Authority Accounting effective 1 April 2024. Specifically, for lessee agreements, this requires the vast majority of arrangements previously categorised as 'operating leases' to be brought onto the Council's Balance Sheet (subject to short term and low value exemptions). The right-of-use asset is offset by a matching liability, which is written down by a proportion of future lease payments. The accounting is mitigated via unusable reserves and so the impact on the General Fund is nil.

There are relatively minor consequential impacts on the accounting policies for Charges to Revenue for Non-Current Assets (iv) and PFI (viii). More significantly, the revised definition of a lease under the new standard has resulted in a number of maintained school assets (e.g. at voluntary aided, voluntary controlled and foundation schools) being written out of the Authority's Balance Sheet. This is because, where these sites are owned by religious bodies, neither the Council nor the school's governing body has the right to direct the use of the asset under the mere/bare license, and therefore there is no lease under the IFRS 16 definition. This has had a material impact on the Authority's Balance Sheet, albeit the 'loss on derecognition' that has materialised as a result of writing out the carrying value of the assets for nil proceeds has been entirely mitigated via unusable reserves – there is no impact on the General Fund. Where the Authority (or the school's governing body) does hold legal title for any land at religious body schools (e.g. playing fields) this continues to be recognised as an asset of the Authority.

There are no substantive changes to the accounting policies for the Pension Fund.

Audit Opinion

EY have issued a modified audit opinion for the Council's 2024/25 financial statements. The reasons for this can be traced back to EY's disclaimer of the Council's 2022/23 accounts. EY did not undertake any audit procedures for 2022/23 as a result of national issues in the local audit market (as originally [consulted upon by Government](#) in February 2024). Whilst full audit procedures were undertaken for 2023/24, a disclaimed opinion was again issued, due to a lack of assurance over prior year comparators and opening balances (i.e. a direct result of the 2022/23 disclaimer).

EY have indicated in their 2024/25 Audit Results Report an increased level of assurance in respect of prior year comparators and cumulative balances; however, owing to the continuing effect of some 2022/23 transactions in relation to the 2024/25 accounts (for example relating to property, plant and equipment valuations and reserves), the level of assurance is still not sufficient for an unqualified opinion. In September 2024 the Financial Reporting Council published [guidance](#) for local authorities and auditors on how assurance was likely to be rebuilt over a number of years following a disclaimed opinion, and the Council's progress towards an unqualified opinion is on track with the indicative schedule included in that document.

Conclusion

Through careful planning and management, West Sussex County Council has been able to close its accounts showing a relatively strong financial position, which will support the Council in meeting its future challenges.

West Sussex Pension Fund

The Local Government Pension Scheme (LGPS) is a national defined benefit pension scheme administered by West Sussex County Council on behalf of 239 active employers and 91,453 members (contributors, pensioners and deferred).

The Annual Report and Financial Statements for the Pension Fund set out the benefit arrangements for the LGPS, the details of the governance structure in which it operates and the investment and administrative performance of the West Sussex LGPS.

Administration

The Fund has a key objective within its Business Plan to deliver a high-quality administration service. Administration services are provided by Hampshire County Council. The team have met all their key performance indicators relating to member casework during 2024/2025.

Funding

Every three years the Fund is required to undertake a full actuarial valuation of its assets and liabilities. This triennial valuation is an important part of the Fund's risk management framework to ensure the Fund continues to have an appropriate contribution plan and investment strategy that will achieve the objectives set out in the Funding Strategy Statement.

The most recent full valuation was completed based on 31 March 2022 data. This showed the Fund to be 125% funded and set employer contributions from 1 April 2023 to 31 March 2026.

The next valuation is based on 31 March 2025 data and will review the Fund's funding position and set employer contributions for 1 April 2026 onwards.

Whilst rising inflation has increased the cost of benefits, and the outlook continues to be uncertain, the shift in the economic environment and positive asset returns are expected to have improved the funding position since 31 March 2022.

When looking at the accounts it is important to distinguish between the full actuarial valuation described above and the Funding and Accounting valuations for IAS19 / FRS102 reporting purposes, prepared on 31 March 2025. The IAS19 / FRS102 reports have no impact on pension funding or contributions and are calculated on a different basis, using assumptions determined by employers, with reference to corporate bond yields (rather than the Fund's own investment strategy) and using a "roll forward" approach (rather than individual member calculations). There will therefore always be a difference between an Employer's IAS19 / FRS102 report, and the asset values quoted in the Fund's financial statements.

Assets

Strategy

The Pension Fund invests in equities, bonds, property, private equity, private debt and infrastructure as summarised below. The mix of assets reflects the Fund's investment strategy and the objective of

- protecting the strong funding position (through holding bonds)
- increasing diversification (through widening the range of assets classes within the portfolio)
- providing additional cashflows (through investment in income producing assets such as infrastructure and private debt)
- continuing to seek investment returns to keep contribution rates affordable (through holding equities).

Asset Category	Asset Class	31 March 2024 £m	31 March 2025 £m
Growth	Equities	2,981	2,868
	Private Equity	178	193
Income	Direct Property	456	496
	Private Debt	236	231
	Infrastructure	268	278
Protection	Bonds	1,615	1,747
Other	Cash or Cash Equivalents	51	36
Total		5,785	5,849

The choice of strategy and manager to implement the strategy reflects the Pension Committee's commitment to responsible investment and the integration of environmental, social and governance (ESG) principles throughout the investment decision-making process. The Committee expects that ESG principles, including the transition pathway to a low carbon future, are always considered in the investment process. In turn, the fund managers invest considerable resources to support their research driven investment decision-making, long-term stewardship, and engagement with companies on the future direction and the risks associated with their business, including climate change.

Asset Pooling

In response to the Government's requirement that Administering Authorities pool investments, the Pension Fund is working with eleven like-minded LGPS funds under the name ACCESS (A Collaboration of Central, Eastern and Southern Shires). On 31 March 2025 the Fund had invested 84% of its assets in the ACCESS pool (31 March 2024: 84%), representing all equity, bond and infrastructure investments. This investment was valued at £4.9bn as at 31 March 2025 (31 March 2024: £4.6bn); this reflects the revised presentation of infrastructure assets as 'pool aligned' during 2024/25. The Government is changing its requirements for the pooling of LGPS assets, as set out in their *Fit for the Future* consultation. Their response to the consultation was published on 29 May 2025 and the associated Pensions Bill which deals with elements of their response was published on 5 June 2025. Specifically, both the consultation and the Pensions Bill support the consolidation of LGPS Scheme assets into six pools. The debate in relation to the Bill and subsequent legislation and guidance are expected to provide greater detail in the coming months. Those matters will be considered at Pensions Committee in the coming months.

Asset Performance

During the year the Fund's assets returned 2.0% compared to the market of 4.6%. Whilst the Pension Fund has a diversified portfolio to manage market volatility, over the past couple of years its active equity strategies have underperformed relative to the market as a result of manager style and stock choices. In contrast other asset classes within the portfolio have outperformed relative to their market index. This position is kept under review by the Pensions Committee and further performance attribution is included in the Pension Fund's Annual Report.

	Return over 12 months	Annualised Return over 3 years	Annualised Return over 15 years
Total Fund	2.0%	2.3%	7.8%
Market index	4.6%	3.9%	7.8%
Difference	-2.6%	-1.6%	0.0%

Cashflow

The Fund is currently cashflow positive and works closely with advisors to manage the current and potential cashflow positions. As a result of recent pension increases and pay growth the Fund has become more dependent on investment income to remain in a cashflow positive position.

Statement of Responsibilities

The Chief Financial Officer's responsibilities:

The Executive Director of Finance and Support Services is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Executive Director of Finance and Support Services has:

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

The Executive Director of Finance and Support Services has also:

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

I certify that the Statement of Accounts set out in the following pages presents a true and fair view of the financial position of the County Council as at 31 March 2025, and of its income and expenditure for the year ending on that date.

These financial statements replace the unaudited financial statements certified on 30 June 2025.

Mike Suarez
Executive Director of Finance and Support Services
3 November 2025

The County Council's responsibilities:

The County Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Support Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

I confirm that the Statement of Accounts was considered and approved by the Regulation, Audit and Accounts Committee at its meeting on 3 November 2025 on behalf of West Sussex County Council.

Councillor Nigel Dennis
Chairman of the Regulation, Audit and Accounts Committee
3 November 2025

Movement in Reserves Statement

The Movement in Reserves 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 other 'unusable' reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund balance movements in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2023	-20,286	-228,533	-6,020	-21,346	-276,185	-803,176	-1,079,361
Movement in Reserves during 2023/24:							
Total Comprehensive Income and Expenditure	68,691	-	-	-	68,691	-370,658	-301,967
Adjustments between Accounting and Funding Basis (Note 2)	-39,217	-	-1,177	-14,701	-55,095	55,095	-
(Increase)/Decrease before Reserve Transfers	29,474	-	-1,177	-14,701	13,596	-315,563	-301,967
Transfers to/from Earmarked General Fund Reserves (Note 3)	-45,474	45,474	-	-	-	-	-
(Increase)/Decrease in 2023/24	-16,000	45,474	-1,177	-14,701	13,596	-315,563	-301,967
Balance at 31 March 2024	-36,286	-183,059	-7,197	-36,047	-262,589	-1,118,739	-1,381,328
IFRS 16 Transition	-	-	-	-	-	121,285	121,285
Adjusted Balance at 1 April 2024	-36,286	-183,059	-7,197	-36,047	-262,589	-997,454	-1,260,043
Movement in Reserves during 2024/25:							
Total Comprehensive Income and Expenditure	200,238	-	-	-	200,238	318,158	518,396
Adjustments between Accounting and Funding Basis (Note 2)	-170,007	-	-2,871	35,958	-136,920	136,920	-
(Increase)/Decrease before Reserve Transfers	30,231	-	-2,871	35,958	63,318	455,078	518,396
Transfers to/from Earmarked General Fund Reserves (Note 3)	-30,231	30,231	-	-	-	-	-
(Increase)/Decrease in 2024/25	-	30,231	-2,871	35,958	63,318	455,078	518,396
Balance at 31 March 2025	-36,286	-152,828	-10,068	-89	-199,271	-542,376	-741,647

The total General Fund of the Council is equal to the sum of the General Fund Balance and the Earmarked General Fund Reserves as disclosed in the Movement in Reserves Statement. The total General Fund of the Council, including Earmarked General Fund Reserves, is therefore £189,114,000 as at 31 March 2025.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between Accounting and Funding Basis'.

Description	Notes	31 March 2024 £000	31 March 2025 £000
Property, Plant & Equipment	4	1,705,766	1,625,969
Heritage Assets	5	298	333
Investment Property	7	64,335	59,420
Intangible Assets	8	30	27
Long Term Investments	9	40,586	35,798
Long Term Debtors	9	36,005	29,831
Net Pension Asset	17	55,545	-
Long Term Assets		1,902,565	1,751,378
Short Term Investments	9	202,737	131,283
Assets Held for Sale	10	10,607	2,542
Inventories	N/A	717	683
Short Term Debtors	11	138,799	176,816
Cash and Cash Equivalents	12	87,025	86,559
Current Assets		439,885	397,883
Short Term Borrowing	9	-10,981	-35,504
Short Term Creditors	13	-227,685	-271,145
Short Term Provisions	14	-4,537	-4,263
Short Term PFI Liability	15	-4,284	-6,290
Short Term Lease Liabilities	16	-124	-1,927
Current Liabilities		-247,611	-319,129
Long Term Borrowing	9	-461,256	-437,240
Long Term Provisions	14	-5,885	-3,188
Long Term PFI Liability	15	-79,861	-97,147
Long Term Lease Liabilities	16	-1,760	-5,574
Net Pension Liability	17	-	-347,575
Capital Grants Receipts in Advance	25	-163,420	-196,580
Other Long Term Liabilities	9	-1,329	-1,181
Long Term Liabilities		-713,511	-1,088,485
Net Assets		1,381,328	741,647
Usable Reserves	MIRS	-262,589	-199,271
Unusable Reserves	19	-1,118,739	-542,376
Total Reserves		-1,381,328	-741,647

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the financial statements. However, it is positioned here as it provides a link from the portfolio-based analysis of the revenue outturn presented in the Narrative Report to the analysis within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

2024/25	Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Portfolio			
Adults Services	282,078	-55,740	226,338
Children and Young People, Learning and Skills	291,274	111,330	402,604
Community Support, Fire and Rescue	52,285	-8,421	43,864
Environment and Climate Change	80,326	3,357	83,683
Finance and Property	34,040	597	34,637
Highways and Transport	47,876	29,658	77,534
Leader	2,952	570	3,522
Public Health and Wellbeing	-	-57	-57
Support Services and Economic Development	37,711	5,304	43,015
Net Cost of Services	828,542	86,598	915,140
Other Income and Expenditure	-798,311	83,409	-714,902
(Surplus) or Deficit	30,231	170,007	200,238
Opening General Fund Balance			-36,286
Add (Surplus)/Deficit on General Fund Balance in Year			30,231
Add Transfers to/(from) Earmarked General Fund Reserves in Year			-30,231
Closing General Fund Balance			-36,286

The total General Fund of the Council is equal to the sum of the General Fund Balance and the Earmarked General Fund Reserves as disclosed in Note 3 to the accounts. The total General Fund of the Council, including Earmarked General Fund Reserves, is therefore £189,114,000 as at 31 March 2025.

2023/24	Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Portfolio			
Adults Services	250,945	-54,276	196,669
Children and Young People, Learning and Skills	255,742	13,010	268,752
Community Support, Fire and Rescue	48,446	1,109	49,555
Environment and Climate Change	76,123	5,622	81,745
Finance and Property	31,171	7,150	38,321
Highways and Transport	43,668	29,274	72,942
Leader	3,377	335	3,712
Public Health and Wellbeing	0	3	3
Support Services and Economic Development	42,994	7,457	50,451
Net Cost of Services	752,466	9,684	762,150
Other Income and Expenditure	-722,992	29,533	-693,459
(Surplus) or Deficit	29,474	39,217	68,691
Opening General Fund Balance			-20,286
Add (Surplus)/Deficit on General Fund Balance in Year			29,474
Add Transfers to/(from) Earmarked General Fund Reserves in Year			-45,474
Closing General Fund Balance			-36,286

Comprehensive Income and Expenditure Statement

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

2024/25	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adults Services	515,710	-289,372	226,338
Children and Young People, Learning and Skills	1,119,201	-716,597	402,604
Community Support, Fire and Rescue	79,658	-35,794	43,864
Environment and Climate Change	93,795	-10,112	83,683
Finance and Property	39,403	-4,766	34,637
Highways and Transport	115,262	-37,728	77,534
Leader	4,686	-1,164	3,522
Public Health and Wellbeing	26,363	-26,420	-57
Support Services and Economic Development	52,260	-9,245	43,015
Cost of Services	2,046,338	-1,131,198	915,140
Other Operating Expenditure (Note 22)	27,258	-	27,258
Financing and Investment Income and Expenditure (Note 23)	141,430	-124,071	17,359
Taxation and Non-Specific Grant Income (Note 24)	-	-759,519	-759,519
(Surplus) or Deficit on Provision of Services	2,215,026	-2,014,788	200,238
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Chargeable to the Revaluation Reserve (Note 4)			-106,277
Impairment of Non Current Assets Chargeable to the Revaluation Reserve (Note 4)			-
Actuarial (Gains) and Losses on Remeasurement of Pension Scheme Assets and Liabilities (Note 17)			424,435
Other Comprehensive Income and Expenditure			318,158
Total Comprehensive Income and Expenditure			518,396

2023/24	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adults Services	452,936	-256,267	196,669
Children and Young People, Learning and Skills	914,917	-646,165	268,752
Community Support, Fire and Rescue	89,864	-40,309	49,555
Environment and Climate Change	91,594	-9,849	81,745
Finance and Property	44,156	-5,835	38,321
Highways and Transport	109,753	-36,811	72,942
Leader	3,984	-272	3,712
Public Health and Wellbeing	25,177	-25,174	3
Support Services and Economic Development	54,667	-4,216	50,451
Cost of Services	1,787,048	-1,024,898	762,150
Other Operating Expenditure (Note 22)	21,367	-	21,367
Financing and Investment Income and Expenditure (Note 23)	148,046	-109,857	38,189
Taxation and Non-Specific Grant Income (Note 24)	-	-753,015	-753,015
(Surplus) or Deficit on Provision of Services	1,956,461	-1,887,770	68,691
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Chargeable to the Revaluation Reserve (Note 4)			-22,244
Impairment of Non Current Assets Chargeable to the Revaluation Reserve (Note 4)			1,195
Actuarial (Gains) and Losses on Remeasurement of Pension Scheme Assets and Liabilities (Note 17)			-349,609
Other Comprehensive Income and Expenditure			-370,658
Total Comprehensive Income and Expenditure			-301,967

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

The Cash Flow Statement has been prepared using the indirect method. Under this approach, the statement is prepared using the surplus or deficit on provision of services (from the Comprehensive Income and Expenditure Statement) as a starting point. Cash flows are then derived by adjusting for non-cash items which form part of this surplus or deficit (such as depreciation and the effect of accruals), and then extracting transactions relating to investing or financing activities. This contrasts with the direct method, whereby the statement is prepared using cash records as source documents.

Cash Flow Statement (Indirect Method)	2023/24 £000	2024/25 £000
Net (surplus) or deficit on the provision of services	68,691	200,238
Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 33a)	-84,636	-200,335
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 33b)	89,601	56,243
Net cash flows from Operating Activities	73,656	56,146
Investing Activities (Note 33c)	-76,612	-65,763
Financing Activities (Note 33d)	6,325	10,083
Net (increase)/decrease in cash and cash equivalents	3,369	466
Cash and cash equivalents at the beginning of the reporting period	-90,394	-87,025
Cash and cash equivalents at the end of the reporting period (Note 12)	-87,025	-86,559

Notes to the Accounts

1. Adjustment Upon Application of IFRS 16

The CIPFA Code of Practice on Local Authority Accounting 2024/25 ('the Code') mandates the adoption of IFRS 16 Leases with an effective date of no later than 1 April 2024. The primary impact of the new requirement is that for arrangements previously accounted for as operating leases a right-of-use asset and (where applicable) corresponding lease liability are brought into the Balance Sheet. However, there are also associated changes to accounting for Private Finance Initiatives and non-current assets at religious body schools. Further detail on all three areas is provided below.

In accordance with the transitional provisions of the Code, IFRS 16 has been applied with the cumulative effect recognised at the implementation date, i.e. 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied, but any necessary adjustment to carrying values has been made on 1 April 2024, and not by restating prior year figures. The effect of the 1 April 2024 transitional adjustment on brought forward values is shown in the Movement in Reserves Statement and Notes 4 (Property, Plant and Equipment) and 19 (Unusable Reserves). Adjusted opening balances are also shown in Notes 9 (Financial Instruments), 15 (Private Finance Initiatives and Similar Contracts) and 16 (Leases).

Leases

Upon implementation of IFRS 16, the Authority has recognised £4.711m of additional right-of-use lease assets and liabilities. Furthermore, concessionary right-of-use assets (for which there is no corresponding lease liability) to the value of £2.653m have also been recognised.

Some practical expedients have been applied, as required or permitted by the Code. Lease liabilities have been measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date. The weighted average of the incremental borrowing rates used to discount liabilities was 5.17%.

In accordance with the provisions of the Code, the Authority has applied a short-term exemption for any leases expiring within 12 months of the transition date, and a low value threshold for assets costing less than £10,000 (when new). As such, there is an immaterial difference between operating lease commitments identified in the 2023/24 financial statements (£5.957m at 31 March 2024, including £1.971m due within one year) and the increase to liability recognised at 1 April 2024 upon IFRS 16 transition (£4.711m).

	Balance Sheet £000	Capital Financing Requirement £000
Land and Buildings		
- Cost or Valuation		
- Concessionary	2,653	
- Non-Concessionary	3,141	3,141
Vehicles, Plant, Furniture & Equipment		
- Cost or Valuation	1,570	1,570
Short Term Lease Liability	-1,487	
Long Term Lease Liability	-3,224	
Capital Adjustment Account (Concessionary Lease 'Donations')	-2,653	
Total	0	4,711

PFI

IFRS 16 requires that, where indexation is applied to a PFI contract and affects future payments, the lease liability be remeasured. Instead of expensing the additional (or reduced) payment as contingent rent, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. Future unitary charge payments that were attributed to contingent rent in pre-IFRS 16 accounting models now form part of minimum lease rentals, to be allocated between principal and interest, thereby resulting in an increase in the lease liability (and asset carrying values).

PFI liabilities have therefore been remeasured at 1 April 2024 based on the indexation that has taken effect since the arrangement commenced. Financing charges and repayments of principal have been recalculated as if an IFRS 16 approach had always been in place, with a cumulative catch-up adjustment recognised on 1 April 2024.

	Balance Sheet £000	Capital Financing Requirement £000
Land and Buildings - Cost or Valuation	5,768	5,768
Vehicles, Plant, Furniture & Equipment - Cost or Valuation	2,680	2,680
Infrastructure Assets - Net Book Value	16,329	16,329
Short Term PFI Liability	-1,201	
Long Term PFI Liability	-23,576	
Total	0	24,777

Religious Body Schools

IFRS 16 adopts a revised definition of a lease, which requires an entity to consider not only whether it has the right to obtain substantially all of the service potential from the use of an identified asset, but also the right to direct the use of that asset.

CIPFA released Bulletin 11 Accounting for Assets Owned by Religious Bodies and Used by Schools in September 2022. The Bulletin considers that, whilst a school's governing body may have the right to access service potential from the use of assets owned by religious bodies under a mere/bare license, the governing body does not have the right to direct the use of the asset. This right resides with the religious body, who could at any time exercise the decision to take the property out of the education sector, subject only to the right to give reasonable notice. As such, there is no lease under the IFRS 16 definition, and therefore no basis upon which to recognise these assets on the Authority's Balance Sheet.

The Authority has therefore derecognised all school assets owned by religious bodies from its Balance Sheet effective 1 April 2024. Where the Authority (or the school's governing body) does hold legal title for any land at religious body schools (e.g. playing fields) these continue to be recognised as assets of the Authority on its Balance Sheet.

	Balance Sheet £000	Capital Financing Requirement £000
Land and Buildings - Cost or Valuation	-125,898	
- Accumulated Depreciation	1,960	
Capital Adjustment Account	101,188	
Revaluation Reserve	22,750	
Total	0	0

Summary

As illustrated in Note 6 Capital Expenditure and Capital Financing, the effect of the adjustment itemised in the three preceding tables is to increase the opening 1 April 2024 Capital Financing Requirement (CFR) from £627.362m to £656.850m. This notional increase to the CFR will be repaid through the allocation of payments from existing lease commitments and PFI unitary charges.

The combined effect of IFRS 16 transition on the Balance Sheet can be summarised as follows:

	Original 31 March 2024 £000	Leases £000	PFI £000	Schools £000	Adjusted 1 April 2024 £000
Property, Plant and Equipment	1,705,766	7,364	24,777	-123,938	1,613,969
Short Term Lease Liability	-124	-1,487			-1,611
Short Term PFI Liability	-4,284		-1,201		-5,485
Long Term Lease Liability	-1,760	-3,224			-4,984
Long Term PFI Liability	-79,861		-23,576		-103,437
Unusable Reserves	-1,118,739	-2,653		123,938	-997,454

2. Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Summary of Adjustments to Usable Reserves

2024/25	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred to or from the Pensions Reserve)	21,315	-	-
• Financial instrument revaluations (transferred to the Pooled Investment Funds Adjustment Account or, for equity investments, the Capital Adjustment Account)	1,630	-	-
• Council tax and NDR (transferred to or from the Collection Fund Adjustment Account)	-1,746	-	-
• Holiday pay (transferred to the Accumulated Absences Account)	244	-	-
• DSG deficits (transferred to the Dedicated Schools Grant Adjustment Account)	-52,672	-	-
• 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)	-170,026	-	-47,178
Total Adjustments to Revenue Resources	-201,255	-	-47,178
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9,110	-9,110	-
Transfer of deferred sales proceeds from revenue to the Deferred Capital Receipts Reserve	-2,508	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-45	45	-
Write down of finance lease debtor (transfer from Deferred Capital Receipts Reserve)	-133	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	23,756	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,068	-	-
Total Adjustments between Revenue and Capital Resources	31,248	-9,065	-
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	6,873	-
Application of capital grants to finance capital expenditure	-	-	83,136
Cash payments in relation to deferred capital receipts	-	-679	-
Total Adjustments to Capital Resources	-	6,194	83,136
Total Adjustments	-170,007	-2,871	35,958

2023/24	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred to or from the Pensions Reserve)	-3,337	-	-
• Financial instrument revaluations (transferred to the Pooled Investment Funds Adjustment Account or, for equity investments, the Capital Adjustment Account)	-1,551	-	-
• Council tax and NDR (transferred to or from the Collection Fund Adjustment Account)	-812	-	-
• Holiday pay (transferred to the Accumulated Absences Account)	-1,250	-	-
• DSG deficits (transferred to the Dedicated Schools Grant Adjustment Account)	-28,679	-	-
• 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)	-34,027	-	-82,424
Total Adjustments to Revenue Resources	-69,656	-	-82,424
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7,220	-7,220	-
Transfer of deferred sales proceeds from revenue to the Deferred Capital Receipts Reserve	915	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-43	43	-
Write down of finance lease debtor (transfer from Deferred Capital Receipts Reserve)	-128	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	18,529	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	3,946	-	-
Total Adjustments between Revenue and Capital Resources	30,439	-7,177	-
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	6,000	-
Application of capital grants to finance capital expenditure	-	-	67,723
Cash payments in relation to deferred capital receipts	-	-	-
Total Adjustments to Capital Resources	-	6,000	67,723
Total Adjustments	-39,217	-1,177	-14,701

3. Transfers to/from Earmarked Reserves

Reserve	Balance at 1 April 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000
Accelerating Reform Fund	-	-	-	-	-	-1,200	-1,200
Active Travel Fund	-	-	-	-	-	-1,049	-1,049
Adult Social Care Reform Risk	-19,963	19,963	-	-	-	-	-
Ash Dieback	-1,200	80	-	-1,120	585	-	-535
Budget Management	-40,380	22,315	-18,202	-36,267	23,875	-6,000	-18,392
Bus Service Improvement Plan	-	-	-3,087	-3,087	2,755	-2,707	-3,039
Business Rates & Collection Fund Smoothing	-11,657	2,457	-	-9,200	3,000	-	-6,200
Covid-19 Fund	-1,351	1,351	-	-	-	-	-
Digital Infrastructure Project	-16,707	5,153	-	-11,554	245	-	-11,309
Domestic Abuse	-2,775	-	-1,138	-3,913	3,913	-	-
Economic Growth	-1,792	66	-	-1,726	376	-	-1,350
Highways Commuted Sums	-8,366	844	-1,000	-8,522	2,536	-1,990	-7,976
Highways On-Street Parking	-1,342	1,822	-1,419	-939	2,386	-1,764	-317
Inflation Contingency	-4,787	4,787	-	-	-	-	-
Infrastructure Works Feasibility	-2,041	1,188	-1,523	-2,376	246	-	-2,130
Insurance	-6,408	2,978	-	-3,430	-	-379	-3,809
Interest Smoothing Account	-2,778	-	-	-2,778	1,500	-5,000	-6,278
Investment Property Sinking Fund	-300	-	-2,250	-2,550	-	-100	-2,650
Lane Rental Scheme	-1,153	41	-3,949	-5,061	205	-3,665	-8,521
Recycling & Waste PFI	-10,428	164	-522	-10,786	164	-532	-11,154
School Balances	-24,171	5,219	-2,264	-21,216	7,551	-1,332	-14,997
Schools Sickness & Maternity Scheme	-1,403	22	-	-1,381	320	-	-1,061
Service Transformation Fund	-11,825	6,036	-26	-5,815	3,499	-2,913	-5,229
Social Care Pressures	-5,028	10,000	-4,972	-	-	-	-
Statutory Duties	-2,114	722	-	-1,392	1,018	-	-374
Street Lighting PFI	-23,019	1,089	-1,116	-23,046	1,881	-1,061	-22,226
Unapplied Revenue Grants	-2,492	2,037	-2,568	-3,023	2,589	-1,198	-1,632
Waste Materials Resource Management Contract (MRMC)	-22,597	2,128	-1,082	-21,551	5,444	-841	-16,948
Wraparound Childcare Programme	-	-	-	-	-	-2,248	-2,248
Other Earmarked Reserves	-2,456	1,121	-991	-2,326	1,161	-1,039	-2,204
Earmarked Reserves	-228,533	91,583	-46,109	-183,059	65,249	-35,018	-152,828

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

- The Accelerating Reform Fund holds the balance of grant funding received to progress projects that scale innovations in adult social care and improve services for unpaid carers. Whilst the Council acts as banker for the arrangement, the application of funds is subject to agreement by the three partner local authorities (West Sussex, East Sussex and Brighton & Hove).
- The Active Travel Fund holds the residual balance of various grants received to develop school and non-school travel schemes, including the associated consultations and behavioural change initiatives.
- The Adult Social Care Reform Risk reserve was initially established in 2020/21 to support the implementation of the Social Care reforms due for implementation in October 2023. It was subsequently announced in the 2022 Autumn Statement that these reforms would be delayed until 2025. The balance on this reserve was therefore re-purposed into the Social Care Pressures and Budget Management reserves as part of 2023/24 budget setting.
- The Ash Dieback reserve is held to mitigate against budgetary pressures arising from the need to undertake critical tree felling work.
- The Budget Management reserve is held to guard against uncertainty and volatility over future Local Government Finance Settlements, as well as mitigation towards the risk of slippage and re-phasing of savings and unforeseen service pressures.
- The Bus Service Improvement Plan reserve holds a balance of grant funding received from the Department for Transport to provide support to local bus networks, including reduced fares, marketing and improved passenger information systems.
- The Business Rates & Collection Fund Smoothing reserve is held to manage short-term fluctuations in income from council tax and business rates which may vary as a result of factors outside of the Council's control, such as changes in the tax base, collection rates or economic conditions.
- The Covid-19 Fund held the unspent balance of monies allocated by central government to support local authorities with pressures arising from the coronavirus pandemic.
- The Digital Infrastructure Project reserve holds funds arising from the gains on the 75% local business rates retention pilot scheme in 2019/20, which have been allocated to the County Council by the pooled authorities for investment in countywide digital infrastructure capital projects.
- The Domestic Abuse reserve held the unspent balance of grant monies received from central government to support the Authority in its duties to provide support to victims of domestic violence and their children under the Domestic Abuse Act 2021. These monies were diverted into the Budget Management Reserve and Service Transformation Fund as part of 2024/25 outturn.
- The Economic Growth reserve is held to support the delivery of the County Council Economy Plan, including the progression of the economic priorities within the Coast to Capital Local Enterprise Partnership, the responsibilities for which transferred to the County Council from April 2024.
- The Highways Commuted Sums reserve holds a balance of contributions received from developers in respect of future maintenance costs of non-standard highways infrastructure.
- The Highways On-Street Parking reserve holds the surplus of charges over enforcement and associated costs, which is used to finance on street parking development and eligible transport network expenditure.
- The Inflation Contingency reserve was created using the unspent element of the base contingency budget in 2021/22. It was held to supplement the inflation allowance built into subsequent years' base budgets, in recognition of accelerating inflationary pressures and general economic uncertainty.
- The Infrastructure Works Feasibility reserve provides revenue funding for feasibility works to support the development of the Council's capital programme.

- The Insurance reserve is held in respect of the Authority's self-funding insurance scheme, and provides for the risk of unknown future claims (i.e. in excess of the known claims as provided for in the insurance provision - see Note 14).
- The Interest Smoothing Account is held to meet temporary shortfalls arising from fluctuations in interest rates, such as a reduction in investment returns or increased costs of borrowing.
- The Investment Property Sinking Fund is held to meet one off expenses associated with the maintenance of the Council's commercial investment property portfolio.
- The Lane Rental Scheme reserve holds the proceeds of charges raised to promoters of street and road works for the time their works occupy the highway network, pending application of those proceeds towards eligible highways network improvement schemes.
- The Recycling & Waste PFI and Street Lighting PFI reserves hold the surplus of government credits and other sources of finance over unitary charge payments and other expenditure in the early years of the respective contracts, to meet future expenditure over the life of the PFI arrangements. This equalises the costs to the taxpayer of building and maintaining the facilities over the duration of the contracts, and is underpinned by detailed financial models to ensure that the schemes remain solvent throughout their duration.
- The School Balances reserve holds net underspending on locally managed school budgets.
- The Schools Sickness & Maternity reserve holds the accumulated surplus on the sickness and maternity insurance scheme operated by the Authority for its maintained schools.
- The Service Transformation Fund is held to meet the cost of major organisational change and service redesign. It is used to fund short-term costs in order to deliver ongoing savings, and as a source of investment to finance improvements to services so that they become more efficient and provide better outcomes.
- The Social Care Pressures reserve was established as part of 2022/23 budget preparation to guard against volatile and uncertain demographic and market pressures and adults and children's social care. The balance was applied to offset overspending within the Children and Young People portfolio during 2023/24.
- The Statutory Duties reserve holds funding to meet statutory obligations over and above that which the Authority has made provision for.
- The Unapplied Revenue Grants reserve represents the unspent balance on revenue grants which are received for specific purposes but where there are no outstanding conditions on the grant which could require its repayment. The grant has therefore been recognised in full in the Comprehensive Income and Expenditure Statement, but the unapplied balance is held in a reserve to fund future expenditure plans relevant to the purpose of the grant.
- The Waste Materials Resource Management Contract (MRMC) reserve is the County Council's investment fund to meet the 25-year contract with Biffa Waste Services Ltd for the treatment and disposal of waste, including the development of appropriate facilities.
- The Wraparound Childcare Programme reserve holds grant monies received to develop capacity and deliver the wraparound expansion plan for childcare, such as breakfast and after-school clubs.
- Other Earmarked Reserves represents the cumulative balances and transactions on a number of smaller reserves which are individually immaterial.

4. Property Plant and Equipment

Movements in 2024/25		Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant & Equipment excluding Infrastructure Assets £000
Cost or Valuation	Land and Buildings £000				
At 1 April 2024	1,192,061	88,600	40,811	-	1,321,472
IFRS 16 transition	-114,336	4,250	-	-	-110,086
Adjusted 1 April 2024	1,077,725	92,850	40,811	-	1,211,386
Additions	28,561	5,179	168	-	33,908
Donations	-	-	-	-	-
Revaluation increases /(decreases) recognised in the Revaluation Reserve	86,623	-	-1,186	-	85,437
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	-102,759	-	-989	-	-103,748
Disposals	-	-156	-2,296	-	-2,452
Derecognition - Academies	-11,582	-	-	-	-11,582
Derecognition - Lessor Finance Leases	-	-	-	-	-
Derecognition - Other	-11,084	-4,515	-164	-	-15,763
Assets reclassified (to)/from Assets Held for Sale	-	-	-550	-	-550
Assets reclassified (to)/from Investment Property	-	-	270	-	270
Transfer in asset category	-	-	-	-	-
At 31 March 2025	1,067,484	93,358	36,064	-	1,196,906

Movements in 2024/25					Total Property, Plant & Equipment excluding Infrastructure Assets £000
Accumulated Depreciation and Impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	
At 1 April 2024	-19,011	-43,709	-164	-	-62,884
IFRS 16 transition	1,960	-	-	-	1,960
Adjusted 1 April 2024	-17,051	-43,709	-164	-	-60,924
Depreciation charge	-26,903	-9,579	-391	-	-36,873
Depreciation written out to the Revaluation Reserve on revaluation	20,710	-	130	-	20,840
Depreciation written out to the Surplus/Deficit on the Provision of Services on revaluation	8,058	-	240	-	8,298
Disposals	-	-	-	-	-
Derecognition - Academies	776	-	-	-	776
Derecognition - Lessor Finance Leases	-	-	-	-	-
Derecognition - Other	728	4,515	164	-	5,407
Depreciation written out on newly classified Assets Held for Sale	-	-	21	-	21
Depreciation written out on newly classified Investment Property	-	-	-	-	-
Transfer in asset category	-	-	-	-	-
At 31 March 2025	-13,682	-48,773	-	-	-62,455
Net Book Value At 1 April 2024 (post IFRS 16)	1,060,674	49,141	40,647	-	1,150,462
Net Book Value At 31 March 2025	1,053,802	44,585	36,064	-	1,134,451

Movements in 2023/24					Total Property, Plant & Equipment excluding Infrastructure Assets £000
Cost or Valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	
At 1 April 2023	1,133,464	92,028	40,815	25,404	1,291,711
Additions	28,776	4,846	42	784	34,448
Donations	-	-	-	-	-
Revaluation increases /(decreases) recognised in the Revaluation Reserve	19,153	-	-2,947	-	16,206
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	16,624	-	-1,950	-	14,674
Disposals	-157	-72	-2,205	-	-2,434
Derecognition - Academies	-12,762	-	-	-	-12,762
Derecognition - Lessor Finance Leases	-	-	-	-	-
Derecognition - Other	-8,420	-8,538	-	-	-16,958
Assets reclassified (to)/from Assets Held for Sale	-	-	-8,463	-	-8,463
Assets reclassified (to)/from Investment Property	-3,297	-	8,347	-	5,050
Transfer in asset category	18,680	336	7,172	-26,188	-
At 31 March 2024	1,192,061	88,600	40,811	-	1,321,472

Movements in 2023/24					Total Property, Plant & Equipment excluding Infrastructure Assets £000
Accumulated Depreciation and Impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	
At 1 April 2023	-	-42,983	-	-	-42,983
Depreciation charge	-27,547	-9,264	-422	-	-37,233
Depreciation written out to the Revaluation Reserve on revaluation	5,819	-	219	-	6,038
Depreciation written out to the Surplus/Deficit on the Provision of Services on revaluation	5,064	-	347	-	5,411
Impairment (losses)/reversals recognised in the Revaluation Reserve	-1,195	-	-	-	-1,195
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-2,258	-	-	-	-2,258
Disposals	14	-	-	-	14
Derecognition - Academies	409	-	-	-	409
Derecognition - Lessor Finance Leases	-	-	-	-	-
Derecognition - Other	251	8,538	-	-	8,789
Depreciation written out on newly classified Assets Held for Sale	-	-	27	-	27
Depreciation written out on newly classified Investment Property	97	-	-	-	97
Transfer in asset category	335	-	-335	-	-
At 31 March 2024	-19,011	-43,709	-164	-	-62,884
Net Book Value At 1 April 2023	1,133,464	49,045	40,815	25,404	1,248,728
Net Book Value At 31 March 2024	1,173,050	44,891	40,647	-	1,258,588

Infrastructure Assets

In November 2022, CIPFA issued an Update to the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allowed for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. West Sussex County Council has made this determination in respect of its 2024/25 Statement of Accounts. This statutory override initially applied up to and including 2024/25, and a further amendment to the Regulations was laid in April 2025 to extend this until 2028/29. CIPFA has indicated its intention to extend the Code's temporary provisions for the disclosure of infrastructure assets on a net basis to align with the term of the statutory override.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

**Movements
in 2024/25**

	Infrastructure Assets £000	Other Property, Plant & Equipment £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000	ROU Assets included in Property, Plant & Equipment £000
Net Book Value					
At 1 April 2024	447,178	1,258,588	1,705,766	122,448	39,272
IFRS 16 transition	16,329	-108,126	-91,797	24,777	7,365
Adjusted 1 April 2024	463,507	1,150,462	1,613,969	147,225	46,637
Additions	68,498	33,908	102,406	2,820	3,344
Donations	-	-	-	-	-
Depreciation charge	-40,332	-36,873	-77,205	-5,449	-3,652
Revaluation increases /(decreases) recognised in the Revaluation Reserve	-	106,277	106,277	3,384	652
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-95,450	-95,450	-	-98
Disposals	-	-2,452	-2,452	-	-
Derecognition - Academies	-	-10,806	-10,806	-	-
Derecognition - Lessor Finance Leases	-	-	-	-	-
Derecognition - Other	-155	-10,356	-10,511	-	-60
Assets reclassified (to)/from Assets Held for Sale	-	-529	-529	-	-
Assets reclassified (to)/from Investment Property	-	270	270	-	-
Transfer in asset category	-	-	-	-	-
At 31 March 2025	491,518	1,134,451	1,625,969	147,980	46,823

**Movements
in 2023/24**

	Infrastructure Assets £000	Other Property, Plant & Equipment £000	Total Property, Plant & Equipment £000	PFI Assets included in Property, Plant & Equipment £000
Net Book Value				
At 1 April 2023	421,082	1,248,728	1,669,810	121,930
Additions	64,119	34,448	98,567	2,552
Donations	-	-	-	-
Depreciation charge	-38,023	-37,233	-75,256	-4,997
Revaluation increases /(decreases) recognised in the Revaluation Reserve	-	22,244	22,244	2,963
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	20,085	20,085	-
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-1,195	-1,195	-
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-2,258	-2,258	-
Disposals	-	-2,420	-2,420	-
Derecognition - Academies	-	-12,353	-12,353	-
Derecognition - Lessor Finance Leases	-	-	-	-
Derecognition - Other	-	-8,169	-8,169	-
Assets reclassified (to)/from Assets Held for Sale	-	-8,436	-8,436	-
Assets reclassified (to)/from Investment Property	-	5,147	5,147	-
Transfer in asset category	-	-	-	-
At 31 March 2024	447,178	1,258,588	1,705,766	122,448

Depreciation

Depreciation is provided on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction). New assets will be depreciated from 1 April of the year that follows the date of initial recognition.

The useful lives used in the calculation of depreciation are set out in Note 37 Accounting Policies.

Capital Commitments

The Authority has entered into a number of contracts prior to 31 March 2025 for the construction or enhancement of Property, Plant and Equipment. It has commitments totalling £70.0m to be paid in 2025/26 and thereafter (commitments at 31 March 2024 were £69.5m). The major commitments are:

Name of capital project	Programme duration	Outstanding commitments £000
Carriageways - Resurfacing	2024-2026	10,151
A284 Lyminster Bypass	2015-2026	5,295
Carriageways - Surface Dressing	2024-2026	4,726
Highway Operations	2024-2026	3,963
Woodlands Meed College	2019-2026	3,517
Bus Service Improvement Plan	2023-2027	2,514
Carriageways - Micro-asphalt	2024-2026	2,499
Community Highways Schemes	2024-2026	2,464
Carriageways - Patching	2024-2026	2,389
Electric Vehicle Chargepoints	2023-2026	2,277
Special School Sufficiency - Arun House	2023-2027	2,105
Bedelands Academy	2022-2028	1,711
Footways	2024-2026	1,547
Halogen Bulb Replacement Programme	2023-2027	1,479
Structures and Bridges	2024-2026	1,398
Halewick Lane - Energy Services	2021-2028	1,231
Growing Sussex 5G	2024-2026	1,066

Revaluations

The Authority carries out a rolling revaluation programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Further detail on the Authority's revaluation programme and the measurement bases for its Property, Plant and Equipment assets can be found in Note 37 Accounting Policies.

The Authority undertook a number of valuations at 31 March 2025. Valuations were instructed by the Executive Director of Finance and Support Services, and carried out by external independent valuers: Bruton Knowles Limited, Olympus House, Olympus Park, Quedgeley, Gloucester, GL2 4NF. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) and the CIPFA Code of Practice.

Fair Value Hierarchy

The Council's Surplus Property, Plant and Equipment assets are valued at fair value in accordance with the requirements of IFRS 13 Fair Value Measurement. All surplus assets have been subject to revaluation in 2024/25.

The Council 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 Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3 – unobservable inputs for the asset

Details of the Authority's Surplus Assets, and information about the fair value hierarchy as at 31 March 2025, are as follows:

Market	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	De minimis £000	Fair value as at 31 March 2025 £000
Commercial	-	-	3,864	-	3,864
Residential	-	1,615	19,729	-	21,344
Agricultural	-	-	2,272	-	2,272
Hospitality	-	-	2,500	-	2,500
Offices	-	-	2,590	-	2,590
De minimis	-	-	-	3,494	3,494
Total	-	1,615	30,955	3,494	36,064

Assets with a carrying value of under £500,000 have been treated as de minimis for the purpose of the above table. Comparative figures as at 31 March 2024 are as follows:

Market	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	De minimis £000	Fair value as at 31 March 2024 £000
Commercial	-	-	2,224	-	2,224
Residential	-	-	26,076	-	26,076
Agricultural	-	-	1,600	-	1,600
Hospitality	-	-	2,500	-	2,500
Offices	-	-	4,216	-	4,216
De minimis	-	-	-	4,031	4,031
Total	-	-	36,616	4,031	40,647

Two asset valuations that were previously categorised as level 3 of the fair value hierarchy have been reclassified to level 2 during the year. This is as a result of a review of the fair value hierarchy classification by the Authority's external property valuers, Bruton Knowles, who have determined that the valuation inputs (such as evidence of market conditions) are now sufficiently observable to warrant a level 2 classification. No change in valuation approach is implied. The carrying value of Surplus Assets reclassified from level 3 to level 2 at 31 March 2025 is £1.615m (31 March 2024 value £1.139m).

There were no other transfers between the levels of the fair value hierarchy during the year.

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs – Level 3

Commercial

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Commercial land values	Estimated £600,000 per acre for commercial land	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	3,864

Residential

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Residential land values	£200,000 - £1,500,000 per acre for residential development land, £40,000 - £125,000 per plot	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	19,729

Agricultural

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Agricultural land values	£9,000 per acre for agricultural land	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	2,272

Hospitality

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Sales guide price and particulars	Estimated £2,500,000 per guide sale price	Consideration of the sales guide price and previously received offers.	2,500

Offices

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Lease revenue	Estimated £15 per square foot for office accommodation	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	2,590

5. Heritage Assets

The Code of Practice on Local Authority Accounting in the United Kingdom requires Heritage Assets to be carried on an Authority’s balance sheet at valuation (subject to materiality).

The Authority recognises one Heritage Asset on its balance sheet. Halnaker Windmill is a tower mill which stands on Halnaker Hill, northwest of Chichester. Originally built as the feudal mill of the Goodwood Estate, the surviving mill is thought to date from the 1740s. The carrying value of the mill on the Authority’s balance sheet at 31 March 2025 is £333,000, which is inclusive of additional capital expenditure of £35,000 in 2024/25.

The Authority holds a number of other assets of historical, artistic and cultural significance, such as graded and listed buildings. However, where the asset serves an operational purpose it is not appropriate to account for it as a Heritage Asset. Such assets are accounted for within Property, Plant and Equipment.

However, the Authority does own a number of assets which do not serve any operational purpose, and are held principally for their contribution to knowledge and culture. Whilst these are therefore considered to be Heritage Assets, they have not been recognised on the balance sheet on the basis that it is not practicable to establish the fair value of the assets. The principal source of such assets is the Record Office in Chichester. The Office holds the written and recorded heritage of the county of West Sussex. This includes paper and parchment documents, books and files, maps and plans, photographs and cine films, and electronic records, the earliest documents dating back to the 8th century. The assets of the Office are not valued for insurance purposes, and whilst they are of significance to the local community, their value is not considered to be material in the context of the Authority’s £1.7billion long term asset base.

6. Capital Expenditure and Capital Financing

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

	2023/24	2024/25
	£000	£000
<u>Capital Financing Requirement</u>		
Balance brought forward at 1 April	608,238	627,362
IFRS 16 transition		29,488
Adjusted balance at 1 April		656,850
Capital Investment for the Year by Portfolio		
Adults Services	66	-
Children and Young People, Learning and Skills	32,634	25,894
Community Support, Fire and Rescue	1,656	1,507
Environment and Climate Change	9,696	9,700
Finance and Property	3,727	7,689
Highways and Transport	60,340	63,915
Leader	3,118	1,170
Support Services and Economic Development	8,036	9,754
Finance Lease Notional Investment	-	3,071
Recycling & Waste PFI Notional Investment	2,552	2,803
Total Capital Investment for the Year	<u>121,825</u>	<u>125,503</u>
Source of Finance		
Capital Receipts	-6,000	-6,873
External Contributions	-3,461	-4,779
External Contributions applied to REFCUS	-2,847	-3,803
Government Grants	-64,262	-78,357
Government Grants applied to REFCUS	-3,656	-7,998
Revenue Contribution to Capital Outlay	-3,946	-1,068
Total Source of Finance	<u>-84,172</u>	<u>-102,878</u>
Sums set aside from revenue (MRP)	<u>-18,529</u>	<u>-23,756</u>
Balance carried forward at 31 March	<u>627,362</u>	<u>655,719</u>
Change in Capital Financing Requirement	19,124	-1,131

REFCUS expenditure of £18.950m is included within portfolio totals in 2024/25 (2023/24 £22.249m). Included within this total is £4.035m (2023/24 £4.600m) that has been capitalised in accordance with a direction issued by the Secretary of State for Levelling Up, Housing and Communities under the Local Government Act 2003. This direction provides local authorities with the freedom to use capital receipts from the sale of assets to help fund the revenue costs of transformation projects in order to achieve ongoing savings and reduce costs or demand for public services.

Explanation of change in CFR	2023/24 £000	2024/25 £000
Increase in underlying need to borrow	35,101	16,751
Right of use assets acquired under leases	-	3,071
Assets acquired under PFI contracts	2,552	2,803
Less the total of the Minimum Revenue Provision	-18,529	-23,756
	<u>19,124</u>	<u>-1,131</u>

Reconciliation of the Capital Financing Requirement to the Balance Sheet

	31 March 2024 £000	31 March 2025 £000
Capital Financing Requirement	<u>627,362</u>	<u>655,719</u>
Property Plant & Equipment (Note 4)	1,705,766	1,625,969
Heritage Assets (Note 5)	298	333
Investment Property (Note 7)	64,335	59,420
Intangible Assets (Note 8)	30	27
Long Term Investments - Capital Loans (Note 9)	-	3,575
Long Term Investments - Equity (Note 9)	2	2
Other Long Term Liabilities (Note 9)	-1,329	-1,181
Assets Held for Sale (Note 10)	10,607	2,542
Capital Adjustment Account (Note 19)	-833,749	-649,915
Revaluation Reserve (Note 19)	-318,598	-385,053
	<u>627,362</u>	<u>655,719</u>

Note to the table:

Long Term Investments – Capital Loans: Loans made to Edes Estates Ltd (as detailed at Note 32 Related Parties) for the purposes of capital expenditure and therefore capitalised in accordance with the requirements of the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended).

Long Term Investments – Equity: Shareholding in the UK Municipal Bond Agency plc, initially categorised as an Unquoted Equity Investment in 2014/15 (held at cost). Subsequently re-classified as a Quoted Equity Investment and held at fair value, with resulting revaluation losses charged initially to the Available for Sale Financial Instruments Reserve and, subsequent to its abolition upon the Code's adoption of IFRS 9 Financial Instruments, the Capital Adjustment Account.

Other Long Term Liabilities - Deferred income to be released to the Comprehensive Income and Expenditure Statement over the remaining term of the Recycling and Waste Handling Private Finance Initiative.

7. Investment Property

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

	2023/24 £000	2024/25 £000
Rental income from investment property	-4,416	-2,626
Direct operating expenses arising from investment property	179	-355
(Gains) and losses on sale of investment property	145	-
Net (gains)/losses from fair value adjustments	15,248	5,182
Net (gain)/loss	11,156	2,201

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

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

	2023/24 £000	2024/25 £000
Balance at 1 April	84,278	64,335
Additions		
Purchases	-	-
Construction	957	426
Subsequent expenditure	16	111
Disposals of Investment Properties	-521	-
Net gains/(losses) from fair value adjustments	-15,248	-5,182
Transfers		
(To)/from Property, Plant and Equipment	-5,147	-270
(To)/from Assets Held for Sale	-	-
Balance at 31 March	64,335	59,420

Revaluation of Investment Property is undertaken by external independent valuers: Bruton Knowles Limited, Olympus House, Olympus Park, Quedgeley, Gloucester, GL2 4NF in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Manual.

Fair Value Hierarchy

The Council's Investment Property assets are valued at fair value in accordance with the requirements of IFRS 13 Fair Value Measurement. All Investment Property assets have been subject to revaluation in 2024/25.

The Council 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 Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – unobservable inputs for the asset.

Details of the Authority's Investment Property, and information about the fair value hierarchy as at 31 March 2025, are as follows:

Market	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	De minimis £000	Fair value as at 31 March 2025 £000
Residential	-	-	3,103	-	3,103
Offices	-	-	18,730	-	18,730
Solar	-	-	14,490	-	14,490
Retail	-	-	4,240	-	4,240
Community	-	-	824	-	824
Agricultural	-	-	5,212	-	5,212
De minimis	-	-	-	8,722	8,722
Total	-	-	46,599	8,722	55,321

The above table excludes Investment Property under construction which, in accordance with the provisions of the Code, is carried on the balance sheet at cost until such time as its fair value can be determined reliably (or its construction is complete, whichever comes sooner). The carrying value of Investment Property under construction at 31 March 2025 is £4.099m (31 March 2024 £3.879m).

Assets with a carrying value of under £500,000 have been treated as de minimis for the purpose of the above table. Comparative figures as at 31 March 2024 are as follows:

Market	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	De minimis £000	Fair value as at 31 March 2024 £000
Residential	-	835	2,365	-	3,200
Offices	-	-	23,647	-	23,647
Solar	-	-	12,390	-	12,390
Retail	-	-	4,171	-	4,171
Community	-	-	785	-	785
Agricultural	-	-	5,132	-	5,132
De minimis	-	-	-	11,131	11,131
Total	-	835	48,490	11,131	60,456

The single valuation that was previously categorised as level 2 of the fair value hierarchy has been reclassified to level 3 during the year. This is as a result of a review of the fair value hierarchy classification by the Authority's external property valuers, Bruton Knowles, who have determined that the valuation inputs (such as evidence of market conditions) are not sufficiently observable to warrant a level 2 classification. No change in valuation approach is implied. The carrying value of Investment Property reclassified from level 2 to level 3 at 31 March 2025 is £0.699m (31 March 2024 value £0.835m).

There were no other transfers between the levels of the fair value hierarchy during the year.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Residential

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Residential land values	£134,000 - £360,000 per acre of developable land	Analysed comparable evidence data from across the county to place a value on the subject property/site, then adjusted for site location, site restrictions, layout and quality.	1,953
Market Approach	Residential property values	£262,500 - £640,000 per plot	Analysed comparable sales data from local area to place a value on the subject property/site, then adjusted for site location, site restrictions, layout and quality.	1,150

Offices

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Lease revenue	Commercial yield evidence ranges between 10% - 10.5%	Capitalisation of the current passing rent until lease expiry where assumptions for when the tenant will vacate the property are made (or where asset is currently vacant, an estimation of market rent with a deferred income period to reflect the anticipated void period has been applied). Full market value to the land has been applied and deferred for the appropriate number of years.	18,730

Solar

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Income Approach	Solar energy income rates	Income/profits forecasts	Based on a discounted cashflow methodology, considering the net income and remaining life of the assets. The calculation assesses the internal rate of return for the site. Yield evidence has been used to assist in a cross reference exercise against the adopted multiplier within the valuation.	13,700
Income Approach	Solar energy income rates	Income/profits forecasts	Estimated net income to the landowner over the lifetime of the project has been capitalised.	790

Retail

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Lease revenue	Estimated £800,000 per acre for commercial rental	Consideration of commercial land sales adjusted to reflect size. Further adjusted for uncertainty e.g. to reflect risks associated with planning consent, lack of pre-lets and other unknowns.	4,240

Community

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Lease revenue	Reversionary rent at £14.50 per square foot	Analysed comparable evidence data from across the county to place a value on the subject property/site, then adjusted for site location, site restrictions, layout and quality.	824

Agricultural

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2025 £000
Market Approach	Lease revenue	Agricultural yield evidence ranges between 4%-11%	Analysed market transactions and trend information to inform the yield and reversionary rent.	5,212

8. Intangible Assets

The Authority accounts for its digital assets as Intangible Assets. Whilst these digital materials lack physical substance, use of the materials is controlled by the Authority and provides ongoing economic benefits.

In 2023/24 in Council purchased media videos, photographs and graphics to help promote the Library Service on the Council's website and social media channels. This expenditure was capitalised and funded by a grant from the British Library as part of their 'LibraryOn' campaign.

Subject to any impairment, these digital assets are being amortised on a straight-line basis over a period of ten years, based on an initial assessment of the duration that the materials are expected to be of use to the Authority. To mirror the Council's accounting policy for depreciation, amortisation commenced the year following recognition.

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

	2023/24 £000	2024/25 £000
Balance at 1 April		
- Gross carrying amounts	-	30
- Accumulated amortisation	-	-
Net carrying amount at start of year	-	30
Purchases	30	-
Amortisation for the period	-	-3
Balance at 31 March	30	27
Comprising		
- Gross carrying amounts	30	30
- Accumulated amortisation	-	-3
	30	27

9. Financial Instruments

The definition of a financial instrument is: "Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity".

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the County Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during 2024/25 are classified in accordance with the Code of Practice as follows:

Amortised cost (financial assets whereby the County Council's business model is to collect contractual cash flows with intention of holding to maturity; such cash flows being solely payments of principal and interest) comprising:

- Cash held at Lloyds Bank plc (including school bank accounts)
- Fixed-term deposits with banks; including UK & non-UK banks as approved by the County Council
- Certificate of deposits, covered bonds & senior unsecured bonds (all when not held for trading) issued by UK, non-UK and supranational banks as approved by the County Council
- British Government (HM Treasury) backed deposits via the Debt Management Office (the Debt Management Account Deposit Facility)
- Loans to other UK local authorities (by way of fixed-term investments)
- Money market funds that preserve investment value through a low volatility net asset valuation
- Loans to third parties (not made for the delivery of County Council services)
- Trade receivables (debtors) for goods and services delivered

Fair value through profit or loss (financial assets whose contractual payments are not solely payments of principal and interest; such assets incurring fair value gains and/or losses over the lifetime of the investment) comprising:

- Externally managed pooled funds (collective investment schemes) including multi-asset income and property funds
- Equity investment in the UK Municipal Bond Agency

On 31 March 2025, the County Council did not have (or elect to hold) any investments to be measured at fair value through other comprehensive income. Balances held in money market funds (instant access) are shown under 'Cash and Cash Equivalents' in the Balance Sheet as they represent highly liquid investments that are readily convertible to known amounts of cash.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the County Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The County Council's non-derivative financial liabilities (measured at amortised cost) held during the year comprised:

- Long-term borrowing from the Public Works Loan Board (PWLB)
- Short-term borrowing from the Chichester Harbour Conservancy (and its associated charities)
- Overdraft facility with Lloyds Bank plc
- Private Finance Initiative (PFI) contracts
- Finance leases on land & buildings, and vehicles

- Trade payables (creditors) for goods and services received

The County Council's Treasury Management Strategy approves temporary borrowing for cash flow purposes from UK local authorities and financial institutions authorised by the Prudential Regulation Authority (PRA) to operate in the UK. Excluding the Council's main provider of banking services (Lloyds) where overdraft facilities exist, no such borrowing was taken during 2024/25. Additionally, the County Council holds cash on behalf of the Chichester Harbour Conservancy as part of the Harbour's own investment strategy. This is presented as short-term borrowing as the amount held is available for repayment back to the Chichester Harbour Conservancy on any given notice.

On 31 March 2025, the County Council did not hold any derivative financial liabilities, for example forward contracts on fixed rate investments where interest rates had moved in the other party's favour since the contract was agreed.

Transaction Costs

During 2024/25 no transaction costs relating to the County Council's financial instruments (loans and investments) have been charged to the Comprehensive Income and Expenditure Statement. However, due to the short-term nature of the Council's financial instruments held in custodian services provided by King & Shaxson Ltd, all related transaction costs (£6,823) have been amortised against the carrying value of the respective financial assets.

a. Financial Instruments Balances

The financial assets and liabilities disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Long Term

	Adjusted 1 April 2024 £000	31 March 2025 £000
<u>Financial Assets</u>		
Investments (loans to third parties)	-	3,706
Trade Debtors	36,005	36,835
Amortised cost	36,005	40,541
Fair value through other comprehensive income	-	-
Pooled investment funds	40,584	32,090
Equity investments	2	2
Fair value through profit and loss	40,586	32,092
Total Financial Assets	76,591	72,633
<u>Financial Liabilities</u>		
Borrowing (principal amount)	-461,256	-437,240
PFI liability	-103,437	-97,147
Lease liabilities	-4,984	-5,574
Other long-term liabilities	-1,329	-1,181
Amortised cost	-571,006	-541,142
Fair value through profit and loss	-	-
Total Financial Liabilities	-571,006	-541,142

The County Council began long-term borrowing during 2000/01, all arranged with the Public Works Loan Board (PWLB). No additional PWLB long-term borrowing was arranged during 2024/25. All outstanding loans on 31 March 2025 are scheduled to be repaid between 2025 and 2069.

Current

	Adjusted 1 April 2024 £000	31 March 2025 £000
<u>Financial Assets</u>		
Investments (including accrued interest)	198,914	121,971
Cash and cash equivalents	87,855	87,158
Trade Debtors	79,517	121,641
Amortised cost	366,286	330,770
Fair value through other comprehensive income	-	-
Pooled investment funds (including accrued interest)	3,823	9,312
Fair value through profit and loss	3,823	9,312
Total Financial Assets	370,109	340,082
<u>Financial Liabilities</u>		
Borrowing (principal amount)	-6,737	-31,271
Accrued interest (PWLb)	-4,244	-4,233
PFI liability	-5,485	-6,290
Lease liabilities	-1,611	-1,927
Trade Creditors	-135,278	-181,183
Cash and cash equivalents	-830	-599
Amortised cost	-154,185	-225,503
Fair value through profit and loss	-	-
Total Financial Liabilities	-154,185	-225,503

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented under 'Current Liabilities' or 'Current Assets'. This would include accrued interest on long term liabilities and investments that is payable and/or receivable in 2025/26.

(i) Soft Loans

In accordance with the 2024/25 Code of Practice, where loans are advanced at below market (commercial) rates they are classified as 'soft loans' and included within the County Council's trade debtor totals. The County Council made one such loan during March 2015; a twenty-year loan advanced to the Littlehampton Harbour Board for the purchase of a multi-purpose vessel at a borrowing rate of 2.56%. The County Council estimates that had interest been charged at market rates (assumed as 4% above the prevailing Bank of England base interest rate for such business loans) interest receivable in the Comprehensive Income and Expenditure Statement would have increased by £10,759 (considered below de minimis for full disclosure).

Additionally, during 2019/20 the County Council introduced the "Financial Support for Recruitment and Retention-Employee Loan" scheme (subsequently changed to a "Hardship Loan" scheme in 2023/24), whereby eligible employees could apply for interest free loans up to £10,000 with repayment terms over a maximum 5-year period. The County Council estimates that had interest on these loans been charged at market rates (assumed as 3% above the prevailing Bank of England base interest rate; illustrative APR currently ranging between 6% to 8% for such personal loans) interest receivable in the Comprehensive Income and Expenditure Statement would have increased by £60,327. Again, this is considered to be below the de minimis for full disclosure in the financial statements as per the County Council's accounting policy for soft loans as detailed at Note 37.

The position relating to soft loans on 31 March 2025 is therefore:

	2023/24 £000	2024/25 £000
Balance brought forward	1,309	1,013
Loans advance	267	90
Repayments Received	-569	-442
Interest charged to Comprehensive I&E Statement (CIES)	5	4
Expected credit loss allowance (movement charged to CIES)	1	1
Soft Loans Total (within trade debtors)	1,013	666
Long-Term	617	374
Short-Term	396	292
Soft Loans Total (long/short-term disclosure)	1,013	666

(ii) Other

During 2024/25, with regard to financial instruments the County Council had no unusual movements, reclassification of instruments, derecognition of instruments or defaults and breaches.

b. Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments in 2024/25 are made up as follows:

	Financial Liabilities	Financial Assets	Financial Assets
	Amortised Cost £000	Amortised Cost £000	Fair Value through Profit and Loss £000
<u>Interest</u>			
Expense	-31,283	-	-
Income	-	15,653	2,126
Total Interest	-31,283	15,653	2,126
<u>Fair value gains/(losses)</u>			
Equity	-	-	-
Multi-asset income funds	-	-	-275
Property funds	-	-	405
Total fair value gains/(losses)	-	-	130
<u>Other</u>			
Fee expense (brokerage)	-	-	-
ECL allowance (prior year reversal)	-	29	-
ECL allowance on 31 March	-	-23	-
Total gains/(losses)-other	-	6	-
Total gains/(losses) recognised in Surplus or Deficit on Provision of Services (CIES)	-31,283	15,659	2,256

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments in 2023/24 are made up as follows:

	Financial Liabilities	Financial Assets	Financial Assets
	Amortised Cost £000	Amortised Cost £000	Fair Value through Profit and Loss £000
<u>Interest</u>			
Expense	-30,507	-	-
Income	-	18,268	2,146
Total Interest	-30,507	18,268	2,146
<u>Fair value gains/(losses)</u>			
Multi-asset income funds	-	-	-152
Property funds	-	-	-1,399
Total fair value gains/(losses)	-	-	-1,551
<u>Other</u>			
Fee expense (brokerage)	-	-	-
ECL allowance (prior year reversal)	-	26	-
ECL allowance on 31 March	-	-29	-
Total gains/(losses)-other	-	-3	-
Total gains/(losses) recognised in Surplus or Deficit on Provision of Services (CIES)	-30,507	18,265	595

During 2024/25 the Ministry of Housing, Communities and Local Government (MHCLG) extended the pooled investment fund statutory override for English local authorities by an additional 4-year period up to 31 March 2029 on existing pooled fund investments arranged before 1 April 2024 (all new pooled fund investments no longer being covered by the override from 1 April 2024). Under the statutory override, fair value movements on qualifying pooled funds (arranged before 1 April 2024) are accounted for through the pooled investment funds adjustment account. The County Council has maintained this accounting policy throughout 2024/25 for its existing multi-asset income and property pooled funds.

c. Financial Instruments - Fair Values

The basis for recurring fair value measurements are:

Level 1 - Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date (for example bond prices).

Level 2 - Fair value is calculated from inputs other than quoted prices that are observable for the asset or liability (for example interest rates or yields for similar instruments).

Level 3 - Fair value is determined using unobservable inputs for the asset or liability.

(i) Fair Value of Financial Assets

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

Financial Assets (measured at fair value through profit & loss)	Fair Value Level	1 April 2024 Nominal £000	31 March 2025 Nominal £000	1 April 2024 Fair Value £000	31 March 2025 Fair Value £000
Fidelity Multi-Asset Income Fund	1	13,500	13,500	11,209	10,979
Ninety-One Diversified Income Fund	1	13,500	13,500	12,094	12,049
Accrued income (multi-asset funds)	1	n/a	n/a	135	131
Federated Hermes Property Unit Trust	2	10,000	10,000	8,390	8,581
Local Authorities' Property Fund	2	10,000	10,000	8,891	9,062
Lothbury Property Trust	2	5,001	409	3,458	409
Accrued income (property funds)	2	n/a	n/a	230	191
Shareholding in the UKMBA Plc	3	200	200	2	2
Total		52,201	47,609	44,409	41,404

The valuation techniques used in relation to the disclosed fair value levels include:

1. The County Council's fair value measurement of its multi-asset income pooled funds is based directly from quoted market prices on 31 March 2025.
2. The County Council's fair value measurement of its property pooled funds is based directly from the bid/redemption prices obtained from the respective fund managers on 31 March 2025, indicating the value that units can be sold (in accordance with the Code of Practice). However, given that monthly prices are calculated using the respective property fund's valuer's valuation of the underlying assets and that subscription and/or redemption trades are typically set on a forward pricing basis with the trading price agreed at a future point in time, the County Council has maintained property funds at Level 2 of the fair value hierarchy. In particular, the Lothbury Property Fund terminated on 30 May 2024, with repayments being made throughout 2024/25 (following asset sales) based on the fund valuation on termination.
3. Equity in the UK Municipal Bond Agency (UKMBA) plc have been valued at the company's share capital valuation (£0.01 per share) as shown within their latest audited financial statements (no assumptions made regarding future profits).

(ii) *Financial Assets and Liabilities that are not measured at Fair Value (but Fair Value disclosures are required)*

Except for the financial assets carried at fair value through profit and loss, all other financial assets and financial liabilities (including trade debtors and creditors) held by the County Council are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For Public Works Loan Board (PWLB) loans, New Loan Rates effective on 31 March 2025 from the PWLB (discounted by the 0.2% "Certainty Rate" available to local authorities) have been applied to provide the fair value under PWLB debt redemption procedures, as set out in PWLB Interest Rate Notice No. 126/25.
- In 2024/25 English local authorities made the transition to the new leasing standard (IFRS 16), which includes the requirement to remeasure PFI and lease liabilities that are dependent on an index or rate, resulting in a new carrying value of the liability on 31 March 2025. This means each time the liability is remeasured it is in effect reset to incorporate current rates and therefore the carrying value of the liability now represents a reasonable estimation of the fair value. The 1 April 2024 carrying value (and fair value) of PFI and lease liabilities has been adjusted on the same basis.
- For other financial instruments, including those with a maturity of less than 12 months, long-term third-party loans (where prevailing market rates have been used in calculating the carrying amount), trade debtors and trade creditors, the fair value is assumed to approximate the carrying amount (no fair value hierarchy level).

Financial Liabilities	Fair Value Level	Adjusted 1 April 2024 Carrying Amount £000	Adjusted 1 April 2024 Fair Value £000	31 March 2025 Carrying Amount £000	31 March 2025 Fair Value £000
PWLB borrowing (including accrued interest)	2	-465,516	-408,783	-465,489	-392,389
PFI and lease liabilities	2	-115,517	-115,517	-110,938	-110,938
Other liabilities (Waste PFI deferred income)		-1,329	-1,329	-1,181	-1,181
Short-term (non-PWLB) borrowing		-6,721	-6,721	-7,255	-7,255
Trade creditors ¹		-135,278	-135,278	-181,183	-181,183
Bank current accounts		-830	-830	-599	-599
Total Financial Liabilities		-725,191	-668,458	-766,645	-693,545

¹ Excludes receipts in advance (£41.981m on 31 March 2025) and statutory creditors (£47.981m on 31 March 2025) including HM Revenue & Customs (Tax/National Insurance pay-over and Construction Industry Tax Deduction Scheme), Teachers Pensions, central government bodies accruals, council tax prepayments and leave accrued by employees.

The fair value of the County Council's financial liabilities is lower than the carrying amount thereby showing a notional future gain (based on economic conditions on 31 March 2025) arising from a commitment to pay interest to the PWLB at below current market rates. Additionally, PWLB fair values on 31 March 2025 are lower than last year due to the higher interest rate environment in 2024/25 which impacts the prevailing market rates used in calculating fair value.

Financial Assets (held at amortised cost)	Fair Value Level	1 April 2024 Carrying Amount £000	1 April 2024 Fair Value £000	31 March 2025 Carrying Amount £000	31 March 2025 Fair Value £000
Securities (via custodian)	1	71,523	71,675	-	-
Long-term investments (loans)		-	-	3,706	3,706
Short-term investments (less than 1-year to maturity)		127,391	127,391	121,971	121,971
Cash & cash equivalents		87,855	87,855	87,158	87,158
Trade debtors ¹		115,522	115,522	158,476	158,476
Total Financial Assets		402,291	402,443	371,311	371,311

¹ Excludes payments in advance (£7.898m on 31 March 2025) and statutory debtors (£40.273m on 31 March 2025) including HM Revenue & Customs (VAT repayment), central government bodies accruals, council tax arrears and provision for doubtful debts.

d. Nature and Extent of Risk Arising from Financial Instruments

(i) Key Risks

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

- **Credit Risk:** The possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity Risk:** The possibility that the Council might not have funds available to meet its commitments to make payments.
- **Re-financing Risk:** The possibility that the Council might be required 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, stock market movements or foreign currency exchange rates.

(ii) Overall Procedures for Managing Risk

The County Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services.

Risk management is carried out by a central treasury management team, under policies approved by County Council in the annual Treasury Management Strategy. The Council maintains 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 through treasury management practices (TMPs).

(iii) Credit Risk

Credit risk arises from investments with banks and other institutions, as well as credit exposures to the County Council's customers. This risk is minimised through the annual investment strategy (as set out within the Treasury Management Strategy) which requires that such investments are not made with organisations unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services.

The annual investment strategy also considers maximum monetary amounts and time limits in respect of each organisation (dependent on the credit worthiness of the entity and the secured/unsecured nature of the investment); details as contained within the Treasury Management Strategy published on the County Council's website.

The rating criteria for new investments with organisations (including non-UK banks) to be considered of high credit quality was set at those having a long-term credit rating of A- (or equivalent rating across the three rating agencies) or higher. For non-UK commercial entities however, the minimum sovereign long-term rating was set at AA+ and the maximum non-UK investment exposure at any point of time being set at £90m (£30m per individual country). Recognising that credit ratings are imperfect predictors of default, the County Council continued to use other means of assessing an organisation's credit worthiness over and above sole reliance on credit ratings when selecting appropriate investment counterparties; including credit default swap (CDS) prices, share prices, media coverage and any other such information pertaining to an organisation's financial standing. The annual investment strategy further approved investments with the National Westminster Bank plc (ring-fenced part of the bank) up to a maximum of one year given the part nationalised status of the bank in 2024/25.

Throughout 2024/25 the County Council continued to make use of an HSBC custodian service provided by King & Shaxson Ltd, thereby diversifying its investment portfolio into financial instruments approved within the annual investment strategy; namely certificate of deposits (CDs), senior unsecured bonds and covered bonds. Additionally, investments in externally managed pooled funds (including multi-asset income and property funds) continued to be approved for County Council investment.

The table below summarises the fair value/amortised cost of the Council's investment portfolio on 31 March 2025 and confirms that all investments were made in line with the Council's approved credit rating criteria:

Counterparty	Credit rating criteria met when investment placed	Credit rating criteria met on 31 March 2025	Up to 1 month £000	>1 month; <6 months £000	>6 month; <1 Year £000	>1 year £000	Total £000
Bank Unsecured ¹							
- UK Bank	YES	YES	5,239	-	-	-	5,239
- Non-UK Bank	YES	YES	10,223	-	-	-	10,223
- MMFs	YES	YES	87,158	-	-	-	87,158
Bank Secured ²	YES	YES	-	-	-	-	-
UK Government	YES	YES	25,003	-	-	-	25,003
Local Authorities	YES	YES	15,249	35,786	30,471	-	81,506
Pooled Funds ³	n/a	n/a	87	9,225	-	32,090	41,402
Other	n/a	n/a	-	-	-	3,708	3,708
			142,959	45,011	30,471	35,798	254,239

¹ Bank Unsecured - The County Council's exposure to credit risk in relation to its unsecured investments in banks and Money Market Funds (MMFs) on 31 March 2025 (£102.6m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sums will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence on 31 March 2025 that such risks were likely to materialise.

² Bank Secured – No investments on 31 March 2025.

³ Pooled Funds - The County Council's investments in multi-asset income and property funds (not subject to minimum credit rating criteria) is approved on the basis of a minimum 5-years (long-term) investment duration. The Council's Lothbury Property Fund investment terminated on 30 May 2024 (£3.5m value based on market valuations at this point in time) and repayments totalling £3.1m were received throughout 2024/25. A final £0.4m repayment (adjusted for fund termination costs) is expected by 30 September 2025 on completion of the asset disposals by the Fund Manager. Additionally, the County Council submitted a redemption notice on its Federated Hermes Property Fund investment in July 2024, with repayment of the £8.5m investment (based on current fund valuations) deferred for a 12-month period. As a result, the County Council's Federated Hermes Property Fund investment has been moved from long-term to short-term on 31 March 2025.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

	2023/24 Long Term £000	2024/25 Long Term £000	2023/24 Short Term £000	2024/25 Short Term £000
AAA (Covered Bonds, Pooled Funds/MMFs)	-	-	97,531	87,158
AA- (Assumed UK Local Authority Rating)	-	-	112,700	116,732
A+	-	-	76,538	5,239
A	-	-	-	-
Edes Estates Ltd (loans)	-	3,706	-	-
Multi-Asset Income Funds	23,303	23,028	135	131
Property Funds	17,281	9,062	3,688	9,181
UK Municipal Bond Agency	2	2	-	-
Total	40,586	35,798	290,592	218,441

Note – Any future bonds issued by the UK Municipal Bond Agency would be expected to receive investment grade credit ratings given that participants (and shareholders of the Agency) are primarily individual local authorities.

(iv) Amounts Arising from Expected Credit Losses

In relation to the County Council's financial investments held at amortised costs, where risk is mitigated through the credit worthiness policies contained within the annually approved Treasury Management Strategy (as summarised above), the Council has applied a 12-month expected credit loss model to its investments (where required by the Code of Practice) thereby reducing the carrying amounts as disclosed in the Balance Sheet.

Additionally, the County Council had third-party loans outstanding with the Littlehampton Harbour Board (considered as low credit risk given that annual repayments continue to be deducted from precepts paid by the Council to the Harbour Board) and Edes Estates Ltd (considered low credit risk as a wholly owned company of the County Council). As a consequence, the County Council has applied a 12-month expected credit loss model to these loans in 2024/25.

Expected Credit Loss Allowance (Trade Debtors): The County Council does not generally allow credit for its trade debtors, however £99.6m of the total £158.5m trade debtor balance is past its due date for payment. The amount overdue on 31 March 2025 can be analysed by age as follows:

Time Period	£000
Up to one month overdue	5,471
Greater than one month up to three months	21,581
Greater than three months up to six months	17,906
Greater than six months up to one year	19,540
Greater than one year up to two years	12,581
Greater than two years up to five years	15,345
More than five years	7,140
Total	99,564

Included within the £99.6m trade debtor balance that is past its due payment date, the County Council has identified that £14.1m is potentially at risk of being irrecoverable and has made an allowance for doubtful debtors accordingly. This is based on an assessment of overdue debt on 31 March 2025 and the likelihood of recovery, reflecting that recovery reduces as the age of the debt increases, with anticipated recovery of 90% of debts aged up to one year old and no expected recovery of debts over six years old. On 31 March 2025, none of this liability has actually been subject to formal write-off due to continued negotiations between the County Council’s Legal Services team and the relevant debtors.

Movement in Expected Credit Loss Allowances	2023/24 £000	2024/25 £000	Movement £000
Financial investments held at amortised cost (12-month ECL)	-25	-1	24
Loans to third parties (12-month ECL)	-4	-22	-18
Provision for bad debts (Lifetime ECL model; detailed above)	-10,427	-14,146	-3,719
Provision for council tax & business rate debts	-21,813	-26,308	-4,495
Total	-32,269	-40,477	-8,208

Collateral (Trade Debtors): The County Council initiates a legal charge on property where, for instance, clients require the assistance of the Council’s Adult Services but cannot afford to pay immediately; the total debt relating to such cases on 31 March 2025 was £15.8m.

(v) Liquidity Risk

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

The County Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loan Board (and other financial institutions) provide 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 currently no significant risk that the County Council will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets (including accrued interest and any expected credit loss adjustments) is as follows:

Time Period	2023/24 £000	2024/25 £000
Less than one year	290,592	218,441
More than one year	40,586	35,798
Financial Assets Total	331,178	254,239

Trade debtors (£158.5m) are not included in the table above.

(vi) Refinancing Risk

The County Council maintains significant debt and investment portfolios and is therefore exposed to the risk that it will need to refinance a proportion of its investments and borrowings at a time of unfavourable interest rates. Whilst the cash flow procedures employed by the County Council are considered against the refinancing risk procedures, 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 long-term financial liabilities and long-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The County Council's approved treasury and investment strategies address the main risks, and the central treasury management team address 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 County Council's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The following table provides a maturity analysis of the County Council's borrowing liabilities (excluding accrued interest) and the associated contractual interest obligations, alongside the maximum limits for financial liabilities maturing in each period:

Time Period	Minimum Approved Limit	Maximum Approved Limit	2023/24 Principal Maturity £000	2024/25 Principal Maturity £000	2023/24 Interest Obligation £000	2024/25 Interest Obligation £000
Less than 1 year	0%	25%	7,567	31,870	19,103	18,876
Between 1 and 5 years	0%	35%	74,898	98,007	67,757	63,893
Over 5 years to 10 years	0%	60%	246,343	199,233	49,706	38,990
Over 10 years to 15 years	0%	50%	15	-	19,988	19,988
Over 15 years to 20 years	0%	25%	15,000	15,000	19,439	18,780
Over 20 years to 25 years	0%	25%	-	-	16,695	16,695
Over 25 years to 30 years	0%	25%	-	15,000	16,695	16,471
More than 30 years	0%	50%	125,000	110,000	35,537	32,422
Borrowing Liabilities Total			468,823	469,110	244,920	226,115

(vii) Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement 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 County Council's balance sheet, so nominal gains and losses on fixed rate debt would not impact the Comprehensive Income and Expenditure Statement. 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.

The County Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure.

The central treasury management team monitor markets and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods where economic circumstances make it favourable (including periods of falling interest rates) fixed rate investments may be taken for longer durations to secure more advantageous returns over a longer-term period; similarly, the drawing of long-term fixed rate borrowings may be postponed.

On 31 March 2025 the County Council held no variable long-term borrowings but held 52% (£131m) of its investment portfolio in variable rate bank accounts, money market funds, loans to third parties, pooled funds (collective investment schemes) and equities.

During 2024/25 total interest of £7.1m has been charged to the Comprehensive Income and Expenditure Statement in respect of all the County Council's variable rate investments, representing a 4.74% rate of return on an average investment portfolio of £148.9m. If all applicable rates had been 1% higher the financial impact would have been a £1.5m increase in interest charged to the Comprehensive Income and Expenditure Statement.

Price Risk

The market prices of the County Council's fixed and variable rate investments held during 2024/25 are governed by prevailing interest rates; the market risk associated with these investments is managed alongside interest rate risk.

On 31 March 2025 the County Council held £41.4m (including accrued income) in multi-asset income and property pooled funds which is subject to price variations. During 2024/25 the underlying asset valuations for these instruments had somewhat stabilised, with small gains in UK commercial property fund portfolios offsetting losses evident in multi-asset income fund portfolios throughout the period. On 31 March 2025 however, the price movements in these funds did not impact the General Fund Balance due to statutory regulations currently in force to ameliorate the impact of fair value movements on existing pooled fund investments. Without these current regulations the County Council would have recognised a net £0.1m gain in the Surplus or Deficit on the Provision of Services in relation to its property fund and multi-asset income fund investments. Following a £1.5m loss being recognised in the Comprehensive Income and Expenditure Statement on the termination of the Lothbury Property Fund in May 2024, the total accumulated loss in the County Council's pooled investment funds adjustment account on 31 March 2025 was £6.3m. The County Council does however hold a separate interest smoothing earmarked reserve totalling £6.3m on 31 March 2025 to mitigate the prior year fair value movements within the Council's pooled fund investments.

Additionally, the County Council held a shareholding in the UK Municipal Bond Agency Plc; currently there is no active trading in these shares and the Council's investment is exposed to the ongoing sustainability of the company.

Inflationary Risk

Inflationary risk relates to the potential diminution of the spending powers of the County Council's cash holdings, or the potential escalation of financial liabilities if linked to inflation indices. Throughout 2024/25 the County Council achieved a 5.02% return on its total investment portfolio as compared against average UK CPI inflation of 2.35% during the same period. Latest Bank of England forecasts report that UK CPI inflation had fallen to 2.6% in the twelve months to March 2025, and whilst likely to temporarily increase to around 3.7% during the second half of 2025, is then forecast to fall back towards the Bank's 2% target rate by the end of 2026. CPI inflation is then projected to remain at the Bank's 2% target throughout 2027. This is supported by an alternative market forecast which indicates CPI inflation temporarily rising in 2025, before falling back to 2.1% by the end of 2026 and then remaining at the 2% target throughout the next three years. The County Council's central treasury management team will continue to monitor investment rates achieved as compared with the prevailing inflation rate and will seek to mitigate any resulting inflationary risks through its prescribed cash flow procedures. The County Council does not currently hold (or is planning to hold) any inflation linked borrowings.

Foreign Exchange Risk

The County Council (excluding the Pension Fund) has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

10. Assets Held for Sale

	2023/24	2024/25
	£000	£000
Balance outstanding 1 April	6,884	10,607
Assets newly classified as held for sale		
Property, Plant and Equipment	8,436	529
Investment Property	-	-
Assets declassified as held for sale		
Property, Plant and Equipment	-	-
Revaluation gains/(losses)	-611	-
Assets sold	-4,102	-8,594
Balance outstanding at 31 March	10,607	2,542

11. Short Term Debtors

	2023/24	2024/25
	£000	£000
Classification		
Central government bodies	34,261	31,339
Other local authorities	24,584	24,620
NHS bodies	15,209	53,302
Other entities and individuals	64,745	67,555
Total	138,799	176,816

12. Cash and Cash Equivalents

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

	2023/24	2024/25
	£000	£000
Classification		
Cash held by the Authority	87,855	87,158
Bank current accounts	-830	-599
Total	87,025	86,559

13. Short Term Creditors

	2023/24	2024/25
	£000	£000
Classification		
Central government bodies	-51,354	-48,784
Other local authorities	-16,970	-15,898
NHS bodies	-8,472	-31,834
Public corporations and trading funds	-2	-2
Other entities and individuals	-150,887	-174,627
Total	-227,685	-271,145

14. Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

	Balance at 1 April 2024 £000	Amounts used in 2024/25 £000	Additional provisions made in 2024/25 £000	Balance at 31 March 2025 £000
<u>Long-Term</u>				
Insurance	-5,761	2,764	-70	-3,067
Teachers' Pension Scheme	-124	12	-9	-121
Total Long-Term Provisions	-5,885	2,776	-79	-3,188
<u>Short-Term</u>				
Insurance	-1,839	2,661	-2,764	-1,942
Loss of Office	-86	86	-71	-71
NNDR Appeals	-2,612	2,612	-2,250	-2,250
Total Short-Term Provisions	-4,537	5,359	-5,085	-4,263
Grand Total Provisions	-10,422	8,135	-5,164	-7,451

Long Term Provisions - Descriptions

The **Insurance** provision is maintained to meet claims relating to the County Council's self-funding insurance scheme, including for property, vehicle and liability risks. The balance on the provision represents the estimated obligation in relation to known claims as at 31 March 2025, adjusted to remove amounts for part-settled claims. The long-term element of the provision represents the value of claims estimated to be settled at various intervals over the next number of years (but not within one year).

The **Teachers' Pension Scheme** provision is for additional employer contributions to the Teachers' Pension Scheme (administered by the Department for Education), which the Authority is obliged to make over a number of years as a result of its restructuring of the Learning Service (and associated redundancies) in 2011.

Short Term Provisions - Descriptions

The **Insurance** provision is maintained to meet claims relating to the County Council's self-funding insurance scheme, including for property, vehicle and liability risks. The balance on the provision represents the estimated obligation in relation to known claims as at 31 March 2025, adjusted to remove amounts for part-settled claims. The short-term element of the provision represents the value of claims estimated to be settled within one year.

The **Loss of Office** provision provides for the cost of redundancies to which the Authority was committed at the balance sheet date. All obligations are expected to be settled in 2025/26.

As part of the introduction of the localised business rates system on 1 April 2013, a liability was assumed by NNDR (National Non-Domestic Rates) billing authorities for refunding ratepayers who successfully appeal against the rateable value of their properties. This includes the liability in respect of appeals against amounts paid to central government prior to that date. As a precepting authority, West Sussex is liable for a share of any successful **NNDR Appeals**, and this provision represents the Authority's estimate of its cumulative liability based upon the total liabilities estimated by its individual billing authorities. In accordance with statutory arrangements, the movement in this provision is mitigated via the Collection Fund Adjustment Account, and so there is no direct impact on Usable Reserves.

15. Private Finance Initiatives and Similar Contracts

Crawley Schools PFI

In January 2004, the County Council entered into a 30 year PFI contract with Crawley Schools Ltd for the provision of three new/replacement secondary schools in Crawley. The contractor is responsible for maintaining and operating the buildings for the duration of the contract. At the end of the contract period the assets will revert to the ownership of the County Council.

The Unitary Charge is net of capital contributions of £28.6m that were paid by the County Council in 2004/05 and 2005/06, and offset by government grant linked to notional credit approvals of £131m, which is payable over the period of the contract. The balance of the Unitary Charge is met by contributions from schools' delegated budgets.

During 2008/09 the facilities at Thomas Bennett (one of the three schools in the original PFI contract) were developed and incorporated into an extension of the PFI agreement with Crawley Schools Ltd. The unitary charge payment increased in 2009/10 to reflect the extended facilities coming into use and will be met by government grant and contributions from the school's delegated budgets.

In September 2012 Thomas Bennett obtained Academy status at which point the building ceased to be a County Council asset (resulting in £19.1m being removed from the Authority's balance sheet). Subsequent to the academisation of Thomas Bennett, the Authority remains the contracted partner and the analysis of PFI liabilities (note ii) and commitments (note iii) below includes amounts payable to the contractor in relation to this school via the unitary charge.

Recycling and Waste Handling PFI

In March 2004 the County Council entered into a 25-year PFI contract with Viridor Waste Management Ltd for recycling and waste handling. The annual charge is offset by government grant linked to notional credit approvals of £25m, with the balance being funded from the Waste Management budget. An initial contract variation was entered into in January 2019, extending the agreement by a further four years. A further contract variation was agreed in May 2019, whereby the monthly gate fee (unitary charge) was reduced in return for an upfront capital repayment of £1.8m made by the Council.

Throughout the contract the contractor is responsible for the replacement of equipment at the facilities. The lifecycle costs incurred to date have been included in the balance sheet on the basis of the actual provision. As at 31 March 2025 £7.9m of lifecycle costs remained to be delivered. The payments to the contractor for the lifecycle costs are on a consistent basis across the life of the contract.

At the end of the contract period all assets will revert to County Council ownership.

Street Lighting PFI

In December 2009 the County Council reached financial close on a 25-year contract with Tay Valley Lighting for the provision and maintenance of streetlights. The contract commenced on 1 April 2010. The annual charge is offset by government grant linked to notional credit approvals of £78.5m, with the balance being funded from the Highways and Transport budget.

The contract initially allowed for a 5-year installation programme ending on 31 March 2015, this however was extended to 31 March 2017 to ensure all the installations were fully complete.

In 2017, the contractor notified the Council of its intention to refinance the scheme via a Deed of Variation in line with the terms and conditions of the Project Agreement. Subsequent to a competitive selection process, financial close on the refinancing was agreed in December 2018. The Authority received a sum of £3.8m by opting to take the refinancing gain as an upfront payment. These funds were allocated to the earmarked Street Lighting PFI Reserve in 2018/19 and are being released to the revenue account over the remaining life of the scheme.

At the end of the contract period all assets revert back to the ownership of the County Council and must have a minimum of 5 years useful life remaining.

Note (i) – Value of Assets held under PFI contract

Scheme/Asset	Adjusted Balance at 1 April 2024 £000	Additions £000	Depreciation £000	Revaluation £000	Closing Balance at 31 March 2025 £000
Crawley Schools PFI					
Ifield Community College	19,494		-475	1,933	20,952
Oriol High School	25,429		-620	2,427	27,236
Recycling & Waste PFI					
Infrastructure	7,214	344	-402		7,156
Land and Buildings	18,662		-216	-976	17,470
Plant and Equipment	8,672	2,476	-1,092		10,056
Street Lighting PFI	67,754		-2,644		65,110
Total PFI Assets	147,225	2,820	-5,449	3,384	147,980

Note (ii) – Value of Liability resulting from PFI Contract

Scheme	Adjusted Balance at 1 April 2024 £000	Increase due to Investment £000	Repayment of Liability £000	Closing Balance at 31 March 2025 £000
Crawley Schools PFI	-21,353	-	926	-20,427
Recycling & Waste PFI	-20,677	-2,803	4,158	-19,322
Street Lighting PFI	-66,892	-	3,204	-63,688
Total Liability	-108,922	-2,803	8,288	-103,437

Note (iii) – Payments due under PFI Contracts

Timeframe	Repayment of Liability £000	Interest £000	Service Charges £000	Total £000
Within one year	6,290	10,395	40,999	57,684
Within two to five years	34,232	34,324	166,178	234,734
Within six to ten years	61,437	19,219	140,660	221,316
Within eleven to fifteen years	1,478	121	3,725	5,324
Total Commitments	103,437	64,059	351,562	519,058

16. Leases

Authority as Lessee

The Council has acquired a number of right of use assets under lease agreements. These assets are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Total £000
Adjusted Balance at 1 April 2024	34,349	2,826	9,462	46,637
Additions	3,344	-	-	3,344
Revaluations	554	-	-	554
Depreciation	-1,936	-1,366	-350	-3,652
Disposals	-60	-	-	-60
Balance at 31 March 2025	36,251	1,460	9,112	46,823

The Authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £000
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	477
Expense relating to short term leases	497
Expense relating to exempt leases of low value	38
Variable payments not included in the measure of lease liabilities	-
Income from subletting right of use assets	-13
Gains or losses arising from sale and leaseback transactions	-
Cash Flow Statement	
Minimum lease payments	2,642

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The lease liabilities are due to be settled over the following time bands:

	Adjusted 1 April 2024 £000	31 March 2025 £000
No later than one year	1,611	1,927
Later than one year and not later than five years	2,818	3,764
Later than five years	2,166	1,810
Total undiscounted liabilities	6,595	7,501

Authority as Lessor

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

	2023/24 £000	2024/25 £000
Finance leases		
Selling (gain) or loss	-	2,663
Finance income on the net investment in the lease	-113	-108
Income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-
Operating leases		
Total lease income	-2,238	-2,190
Share of lease income relating to variable lease payments that do not depend on an index or a rate	-	-

The Authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	2023/24 £000	2024/25 £000
Net Investment in Finance Leases		
Net investment at 1 April	3,120	2,992
New leases entered into	-	-
Payments by lessees	-128	-133
Lease modifications	-	-2,663
Net investment at 31 March	2,992	196

Lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

Maturity Analysis of Lease Receivables	Finance Leases		Operating Leases	
	1 April 2024 £000	31 March 2025 £000	1 April 2024 £000	31 March 2025 £000
Not later than one year	241	11	2,338	2,190
Later than one year and not later than five years	964	44	5,642	5,579
Later than five years	3,176	596	5,501	4,392
Total undiscounted liabilities	4,381	651	13,481	12,161

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	1 April 2024 £000	31 March 2025 £000
Total undiscounted lease receivables	4,381	651
Unearned finance income	-1,389	-455
Discounted amount of unguaranteed residual values	-	-
Net investment in leases	2,992	196

17. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a requirement to disclose these commitments at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- Local Government Pension Scheme – West Sussex County Council participates in the Local Government Pension Scheme, and acts as an administering authority. This is a funded defined benefit career-average salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The scheme is open to all employees of West Sussex County Council, with the exception of firefighters and teachers and Public Health staff who have transferred to the Authority on NHS terms and conditions.
- Uniformed Firefighters – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The scheme is administered by the Home Office, which sets the contribution rate chargeable to the accounts.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits are recognised 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 required to be made 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 (see Note 2). The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year.

	2023/24	2024/25
	£000	£000
Local Government Pension Scheme		
<u>Comprehensive Income and Expenditure Statement</u>		
Cost of Services:		
Current service cost	58,308	55,726
Past service cost (including curtailments)	201	158
(Gain)/loss from settlements	-952	-2,227
Financing and Investment Income and Expenditure:		
Interest cost on defined benefit obligation	87,775	90,951
Interest income on plan assets	-113,207	-125,092
Interest on the effect of the asset ceiling	24,807	16,687
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	56,932	36,203
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement (gains) and losses	-342,054	450,271
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	-285,122	486,474
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-56,932	-36,203
Actual amount charged against the General Fund Balance in the year for employer's contributions payable to the scheme	60,034	61,431

	2023/24	2024/25
	£000	£000
Uniformed Firefighters		
<u>Comprehensive Income and Expenditure Statement</u>		
Cost of Services:		
Current service cost	2,538	2,226
Past service cost (including curtailments)	304	34
(Gain)/loss from settlements	-	-
Financing and Investment Income and Expenditure:		
Interest cost on defined benefit obligation	14,192	14,369
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	17,034	16,629
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement (gains) and losses	-7,555	-25,836
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	9,479	-9,207
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-17,034	-16,629
Actual amount charged against the General Fund Balance in the year for retirement benefits payable to pensioners	10,595	12,716

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Local Government Pension Scheme	2023/24	2024/25
Funded Liabilities:	£000	£000
Opening balance at 1 April	-1,847,815	-1,879,743
Current service cost	-58,308	-55,726
Interest cost	-87,775	-90,951
Contributions by scheme participants	-18,001	-19,307
Remeasurement gains and (losses):		
Actuarial gains/(losses) arising from changes in demographic assumptions	11,986	3,311
Actuarial gains/(losses) arising from changes in financial assumptions	105,772	288,944
Other experience	-61,833	19,503
Past service cost (including curtailments)	-201	-158
Transfers to/(from) other authorities	-	-
Benefits paid	73,962	74,183
Liabilities extinguished on settlements	2,470	8,191
Closing balance at 31 March	<u>-1,879,743</u>	<u>-1,651,753</u>
Uniformed Firefighters	2023/24	2024/25
Unfunded Liabilities:	£000	£000
Opening balance at 1 April	-302,666	-301,550
Current service cost	-2,538	-2,226
Interest cost	-14,192	-14,369
Contributions by scheme participants	-2,125	-2,162
Remeasurement gains and (losses):		
Actuarial gains/(losses) arising from changes in demographic assumptions	113	4,532
Actuarial gains/(losses) arising from changes in financial assumptions	15,102	41,615
Expected pension increase order	-7,660	1,920
Other experience	-	-22,231
Past service cost (including curtailments)	-304	-34
Transfers to/(from) other authorities	-39	-115
Benefits paid	12,759	14,993
Liabilities extinguished on settlements	-	-
Closing balance at 31 March	<u>-301,550</u>	<u>-279,627</u>

Reconciliation of the movements in the fair value of the scheme (plan) assets:

Local Government Pension Scheme	2023/24	2024/25
Scheme Assets:	£000	£000
Opening balance at 1 April	1,859,754	2,236,838
Interest income on plan assets	113,207	125,092
Interest on the effect of the asset ceiling	-24,807	-16,687
Remeasurement gains and (losses):		
Return on plan assets (excluding interest income)	83,358	-72,986
Change in the effect of the asset ceiling	202,771	-689,043
Other experience	-	-
Contributions by scheme participants	18,001	19,307
Employer contributions	60,034	61,431
Benefits paid	-73,962	-74,183
Transfers (to)/from other authorities	-	-
Settlements	-1,518	-5,964
Closing balance at 31 March	<u>2,236,838</u>	<u>1,583,805</u>

Uniformed Firefighters	2023/24	2024/25
Scheme Assets:	£000	£000
Opening balance at 1 April	-	-
Contributions by scheme participants	2,125	2,162
Employer contributions	10,595	12,716
Benefits paid	-12,759	-14,993
Transfers (to)/from other authorities	39	115
Settlements	-	-
Closing balance at 31 March	<u>-</u>	<u>-</u>

Scheme History

	31 March				
	2021	2022	2023	2024	2025
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local Government Pension Scheme	-2,666,205	-2,585,568	-1,847,815	-1,879,743	-1,651,753
Uniformed Firefighters	-447,559	-425,839	-302,666	-301,550	-279,627
Fair value of assets:					
Local Government Pension Scheme	2,447,812	2,436,682	1,859,754	2,236,838	1,583,805
Uniformed Firefighters	-	-	-	-	-
Net defined asset/(liability):					
Local Government Pension Scheme	-218,393	-148,886	11,939	357,095	-67,948
Uniformed Firefighters	-447,559	-425,839	-302,666	-301,550	-279,627
Total	<u>-665,952</u>	<u>-574,725</u>	<u>-290,727</u>	<u>55,545</u>	<u>-347,575</u>

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total net asset/liability has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet.

Whilst the Local Government Pension Scheme is currently reporting a net deficit, this is entirely a result of the application of an asset ceiling in accordance with accounting standard IAS 19 (see Note 38 for a detailed explanation). The net underlying funding position is in surplus. In any event, statutory arrangements ensure that the obligations of the Local Government Pension Scheme are met through variable contributions over the working life of employees (i.e. before payments fall due), as determined by the scheme actuary, Hymans Robertson LLP.

Finance is only required to be raised to cover Uniformed Firefighters' benefits when the pensions are actually paid.

The Council's total contribution to the Local Government Pension Scheme in the year to 31 March 2026 is estimated to be £56.026m. Payments (net of employee contributions) in respect of the Uniformed Firefighters scheme for the year to 31 March 2026 are projected to be £11.564m.

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 Uniformed Firefighters liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The latest triennial actuarial valuation of the West Sussex County Council Local Government Pension Scheme took place as at 31 March 2022.

The principal assumptions used by the actuary for the Local Government Pension Scheme have been:

Mortality assumptions	2023/24	2024/25
Longevity at 65 for current pensioners:		
Men	21.7 years	21.7 years
Women	24.1 years	24.1 years
Longevity at 65 for future pensioners:		
Men	22.1 years	22.0 years
Women	25.5 years	25.5 years
Rate of increase in salaries	4.25%	4.25%
Rate of increase in pensions	2.75%	2.75%
Rate for discounting scheme liabilities	4.85%	5.80%

For the Local Government Pension Scheme, a commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

The principal assumptions used by the actuary for the Uniformed Firefighters have been:

Mortality assumptions	2023/24	2024/25
Longevity at 60 for current pensioners:		
Men	25.8 years	25.6 years
Women	28.7 years	28.5 years
Longevity at 60 for future pensioners:		
Men	27.2 years	27.7 years
Women	30.0 years	30.5 years
Rate of increase in salaries	3.10%	3.15%
Rate of increase in pensions	2.75%	2.80%
Rate for discounting scheme liabilities	4.85%	5.80%

For Uniformed Firefighters, it is assumed that future retirements elect to take 90% of the maximum additional tax-free cash up to HMRC limits.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Asset Category:	31 March 2024	31 March 2025
	%	%
Private Equity	3%	3%
Real Estate	8%	8%
Investment Funds and Unit Trusts	88%	88%
Cash and Cash Equivalents	1%	1%
Total	100%	100%

Further information regarding the composition and measurement of the scheme's assets, and the risks associated with holding those assets, can be found in the West Sussex Pension Fund financial statements at the rear of this document (see notes 14 and 18 respectively).

The Uniformed Firefighters scheme has no assets to cover its liabilities.

18. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25 the County Council paid £48.999m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. Employer contributions of £39.869m were made in 2023/24 (23.68% of pensionable pay).

Allowing for the estimated impact of pay awards and academy conversions, employer contributions to be paid in the 2025/26 financial year are forecasted to be £48.5m.

19. Unusable Reserves

	Adjusted 1 April 2024 £000	31 March 2025 £000
Accumulated Absences Account	12,976	12,732
Capital Adjustment Account	-735,214	-649,915
Collection Fund Adjustment Account	1,591	3,337
Dedicated Schools Grant Adjustment Account	70,534	123,206
Deferred Capital Receipts Reserve	-3,907	-587
Pensions Reserve	-55,545	347,575
Pooled Investment Funds Adjustment Account	7,959	6,329
Revaluation Reserve	-295,848	-385,053
Total Unusable Reserves	-997,454	-542,376

Accumulated Absences Account

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

	2023/24 £000	2024/25 £000
Balance at 1 April	11,726	12,976
Settlement or cancellation of accrual made at end of the preceding year	-11,726	-12,976
Amounts accrued at the end of the current year	12,976	12,732
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,250	-244
Balance at 31 March	12,976	12,732

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023/24	2024/25
	£000	£000
Balance at 1 April	-842,392	-833,749
IFRS 16 transition		98,535
Adjusted balance at 1 April		-735,214
Charges for depreciation of non current assets	75,256	77,205
Charges for amortisation of intangible assets	-	3
Charges for impairment of non current assets	2,258	-
Revaluation (gains) / losses on Property, Plant and Equipment and Assets Held for Sale	-19,474	95,450
Revaluation (gains) / losses on equity investments	-	-
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	22,249	18,950
Amounts written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	27,565	32,363
Release of deferred income from Private Finance Initiatives	-148	-148
Gains from Donated Assets	-	-
Reversal of items relating to capital expenditure debited/credited to the Comprehensive Income and Expenditure Statement	107,706	223,823
Adjusting amounts written out of the Revaluation Reserve	-11,610	-17,072
Net written out amount of the cost of non current assets consumed in the year	96,096	206,751
Use of the Capital Receipts Reserve to finance new capital expenditure	-6,000	-6,873
Application of grants to capital financing from the Capital Grants Unapplied Account	-67,723	-83,136
Capital grants and contributions applied to REFCUS	-6,503	-11,801
Statutory provision for the financing of capital investment charged against the General Fund balance	-18,529	-23,756
Revenue Contribution to Capital Outlay	-3,946	-1,068
Capital financing applied in the year	-102,701	-126,634
Movements in the market value of Investment Properties debited/ credited to the Comprehensive Income & Expenditure Statement	15,248	5,182
Balance at 31 March	-833,749	-649,915

Collection Fund Adjustment Account

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

	2023/24	2024/25
	£000	£000
Balance at 1 April	779	1,591
Settlement or cancellation of accrual made at end of the preceding year	-779	-1,591
Amounts accrued at the end of the current year	1,591	3,337
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	812	1,746
Balance at 31 March	1,591	3,337

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant (DSG) adjustment account holds accumulated deficits relating to the schools budget. Since 1 April 2020 the Local Authorities (Capital Finance and Accounting) Regulations has prescribed that, where an authority incurs an in-year deficit on its schools budget, such amounts may not be included in the General Fund and instead must be held in this adjustment account. Deficits are thereby carried forward to be funded from future DSG income. Government confirmed as part of its 'Fair Funding Review 2.0' consultation (launched in June 2025) that this statutory override will continue to apply until 31 March 2028.

The authority's cumulative DSG deficit at 31 March 2025 is £123.2m. This has accumulated over a number of years, and such deficits are now common amongst upper tier councils responsible for SEND provision. Deficits have typically arisen as a result of national policy decisions such as in relation to Education, Health and Care Plans, for which a [Select Committee Report into Financial Distress in Local Authorities](#) (published in February 2024) concluded that funding was "far from sufficient to meet this demand". The Council awaits further detail from Government on how it intends to address the imbalance in the SEND system nationally as part of its Fair Funding Review and in the 2026/27 (multi-year) Local Government Finance Settlement.

	2023/24	2024/25
	£000	£000
Balance at 1 April	41,855	70,534
School budget deficit transferred from General Fund in accordance with statutory arrangements	28,679	52,672
Balance at 31 March	70,534	123,206

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2023/24	2024/25
	£000	£000
Balance at 1 April	-3,120	-3,907
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-915	2,508
Write down of Finance Lease debtor	128	133
Transfer to the Capital Receipts Reserve upon receipt of cash	-	679
Balance at 31 March	-3,907	-587

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

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

The debit balance on the Pensions Reserve implies a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. This is primarily a result of the application of an asset ceiling; further details are provided in Note 17.

Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24	2024/25
	£000	£000
Balance at 1 April	290,727	-55,545
(Gains)/losses on remeasurement of pension assets/liabilities	-349,609	424,435
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	73,966	52,832
Employer's pensions contributions and direct payments to pensioners payable in the year	-70,629	-74,147
Balance at 31 March	-55,545	347,575

Pooled Investment Funds Adjustment Account

Owing to a temporary statutory override, the Authority has transferred all fair value movements recognised in the Surplus or Deficit on the Provision of Services relating to its pooled investment funds (categorised as fair value through profit or loss) into this reserve.

This override expired on 31 March 2025. However, further transitory provisions permit local authorities to continue to mitigate fair value movements on existing pooled fund investments (arranged before 1 April 2024) until 31 March 2029.

Accumulated gains and losses are written out of the reserve and recognised in the General Fund when the instrument is sold or matures.

	2023/24	2024/25
	£000	£000
Balance at 1 April	6,408	7,959
Upward revaluation of investments	-	-362
Downward revaluation of investments	1,551	275
Net (gain)/loss on revaluation of investments	1,551	-87
Realised accumulated gains and (losses) on assets sold and maturing assets written out to the General Fund	-	-1,543
Balance at 31 March	7,959	6,329

Revaluation Reserve

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

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

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

	2023/24	2024/25
	£000	£000
Balance at 1 April	-309,159	-318,598
IFRS 16 transition		22,750
Adjusted balance at 1 April		-295,848
Upward revaluation of assets	-57,093	-147,377
Downward revaluation of assets and revaluation losses not charged to the Surplus/Deficit on the Provision of Services	34,849	41,100
Impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,195	-
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-21,049	-106,277
Difference between fair value depreciation and historical cost depreciation	6,344	6,142
Accumulated gains on assets sold or scrapped	5,266	10,930
Amount written off to the Capital Adjustment Account	11,610	17,072
Balance at 31 March	-318,598	-385,053

20. Note to the Expenditure and Funding Analysis

1 Adjustments for Capital Purposes

- This column adds in depreciation, impairment, revaluation gains and losses and Revenue Expenditure Funded by Capital Under Statute in the **services line**, and for:
- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets, and for revaluation gains and losses on Assets Held for Sale.
- **Financing and Investment Income and Expenditure** – adjusts for revaluation gains and losses on Investment Property.
- **Taxation and Non-Specific Grant Income** – credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year and for gains on donated assets.

The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are also deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

2 Net Pensions Adjustment

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and Investment Income and Expenditure** the net interest on the defined benefit liability is charged to the CIES

3 Other Differences

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **services** an adjustment for the accumulated absences provision recognised in accordance with proper accounting practices but which is not chargeable under statute.
- For **Financing and Investment Income and Expenditure**, an adjustment for revaluation gains and losses on financial instruments, which are not chargeable to the General Fund.
- The charge under **Taxation and Non-Specific Grant Income** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Collection Fund surpluses and deficits.
- In other income and expenditure, the removal of the transfer into Unusable Reserves of Dedicated Schools Grant deficits, which under proper accounting practices form part of the Surplus or Deficit on Provision of Services.
- All other reclassifications between the Net Cost of Services and Other Income and Expenditure required under proper accounting practices, including the allocation of PFI and Finance Lease interest and income and expenditure relating to Investment Property, are also included in this column.

Adjustments between Funding and Accounting Basis 2024/25

Adjustments from General Fund to Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes ¹ £000	Net Pensions Adjustments ² £000	Other Differences ³ £000	Total Adjustments £000
Adults Services	1,445	-806	-56,379	-55,740
Children and Young People, Learning and Skills	116,677	-3,392	-1,955	111,330
Community Support, Fire and Rescue	2,673	-10,888	-206	-8,421
Environment and Climate Change	4,233	-86	-790	3,357
Finance and Property	3,002	-2,295	-110	597
Highways and Transport	36,867	-262	-6,947	29,658
Leader	601	-40	9	570
Public Health and Wellbeing	-	-72	15	-57
Support Services and Economic Development	5,708	-389	-15	5,304
Net Cost of Services	171,206	-18,230	-66,378	86,598
Other Income and Expenditure	-32,428	-3,085	118,922	83,409
Difference between General Fund Deficit and Comprehensive Income and Expenditure Deficit	138,778	-21,315	52,544	170,007

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from General Fund to Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes ¹ £000	Net Pensions Adjustments ² £000	Other Differences ³ £000	Total Adjustments £000
Adults Services	-12,023	-244	-42,009	-54,276
Children and Young People, Learning and Skills	14,982	-1,030	-942	13,010
Community Support, Fire and Rescue	9,199	-8,176	86	1,109
Environment and Climate Change	5,653	-25	-6	5,622
Finance and Property	6,980	-526	696	7,150
Highways and Transport	35,654	-78	-6,302	29,274
Leader	350	-10	-5	335
Public Health and Wellbeing	-	-18	21	3
Support Services and Economic Development	7,566	-123	14	7,457
Net Cost of Services	68,361	-10,230	-48,447	9,684
Other Income and Expenditure	-64,773	13,567	80,739	29,533
Difference between General Fund Deficit and Comprehensive Income and Expenditure Deficit	3,588	3,337	32,292	39,217

21. Segmental Income

Revenue from external customers can be analysed by portfolio as follows:

Services	2023/24 £000	2024/25 £000
Adults Services	-69,967	-76,798
Children and Young People, Learning and Skills	-5,568	-6,333
Community Support, Fire and Rescue	-4,143	-4,153
Environment and Climate Change	-3,184	-2,690
Finance and Property	-4,014	-3,208
Highways and Transport	-21,346	-21,635
Leader	-6	-10
Public Health and Wellbeing	-136	-4
Support Services and Economic Development	-1,053	-1,084
Total income analysed on a segmental basis	-109,417	-115,915

22. Other Operating Expenditure

	2023/24	2024/25
	£000	£000
Levies	1,428	1,452
Assets Held for Sale (Gains)/Losses on Revaluation (Profit) / loss on sale of assets	611	-
Loss on derecognition of Academy Schools	-1,194	1,825
Loss on derecognition of other assets	12,353	10,806
Assets derecognised under finance leases as lessor	8,169	10,511
	-	2,664
Total	21,367	27,258

23. Financing and Investment Income and Expenditure

	2023/24	2024/25
	£000	£000
Interest payable and similar charges	30,507	31,283
Interest receivable and similar income	-18,860	-17,915
Net interest payable/(receivable)	11,647	13,368
Pensions: interest cost on defined benefit obligation	101,967	105,320
Pensions: interest income on plan assets	-113,207	-125,092
Pensions: interest on the effect of the asset ceiling	24,807	16,687
Net pensions interest cost/(income)	13,567	-3,085
Investment Property: income and expenditure	-4,237	-2,981
Investment Property: (gain)/loss on disposal	145	-
Investment Property: changes in fair value	15,248	5,182
Net Investment Property expenditure/(income)	11,156	2,201
Impairment losses on financial instruments (including allowance for doubtful debtors)	1,819	4,875
Total	38,189	17,359

24. Taxation and Non Specific Grant Income

	2023/24	2024/25
	£000	£000
Council tax income	-566,541	-598,800
Non domestic rates	-99,766	-109,960
Other non-service government grants	-4,284	-3,581
Gains from Donated Assets	-	-
Capital grants and contributions	-82,424	-47,178
Total	-753,015	-759,519

25. Grant Income

The County Council credited the following grants to the Comprehensive Income & Expenditure Statement:

Grants Credited to Services	2023/24 £000	2024/25 £000
<u>Adults Services</u>		
Accelerating Reform Fund (DHSC)	-522	-679
Adult Social Care Discharge Fund (DHSC)	-4,125	-4,817
Changing Futures Programme (MHCLG)	-1,564	-1,790
Domestic Abuse Duties (MHCLG)	-1,532	-1,561
Improved Better Care Fund (MHCLG)	-24,103	-21,063
Market Sustainability and Fair Cost of Care Fund (DHSC)	-12,760	-14,453
Public Health Grant (DHSC)	-	-940
Social Care Support Grant (MHCLG)	-46,447	-60,652
Other	-192	-332
Adults Services Total	-91,245	-106,287
<u>Children and Young People, Learning and Skills</u>		
16 to 19 Education 'Sixth Form' Funding (DfE)	-11,254	-11,536
Adult Education (DfE)	-1,195	-4,215
Adoption and Special Guardianship Support Fund (DfE)	-	-568
Basic Need Capital Grant (DfE) <i>applied to REFCUS</i>	-250	-856
Core Schools Budget Grant (DfE)	-	-8,785
Covid-19 School Led National Tutoring Programme (DfE)	-509	-
Covid-19 Schools Recovery Premium (DfE)	-2,729	-1,439
Dedicated Schools Grant (DfE)	-511,014	-560,202
Delivering Better Value in SEND (DfE)	-517	-483
Early Career Framework Reform Fund (DfE)	-653	-597
Early Years Supplementary Grant (DfE)	-4,350	-
Extended Rights to Free Travel Grant (DfE)	-707	-905
Holiday Activities and Food Programme Grant (DfE)	-1,768	-1,827
Implementation of Supported Accommodation (DfE)	-	-1,189
Mainstream Schools Additional Grant (DfE)	-10,570	-
Multiply: Adult Numeracy Grant (DfE)	-1,172	-853
PE & Sport Premium Grant (DfE)	-3,143	-2,958
Private Finance Initiative (DfE)	-4,532	-4,532
Public Health Grant (DHSC)	-12,858	-13,789
Pupil Premium (DfE)	-14,795	-14,660
School Condition Allocation (DfE) <i>applied to REFCUS</i>	-538	-3,806
SEND and Alternative Provision Improvement Plan (DfE)	-	-576
SEND Special Provision Capital Fund (DfE) <i>applied to REFCUS</i>	-1,493	-499
South East Regional Care Cooperative Grant (DfE)	-	-1,224
Teachers' Pay Additional Grant (DfE)	-3,804	-6,303
Teachers' Pension Employer Contribution Grant (DfE)	-411	-9,021
Troubled Families (DfE)	-1,904	-2,370
Unaccompanied Asylum Seeking Children (HO)	-4,526	-5,171
Unaccompanied Asylum Seeking Children: Leaving Care (HO)	-2,769	-2,880
Universal Infant Free School Meals Grant (DfE)	-5,716	-5,694
Wraparound Childcare Programme (DfE)	-	-3,304
Youth Justice Board Youth Offending Teams (MoJ)	-783	-720
Other	-3,329	-2,020
Children and Young People, Learning and Skills Total	-607,289	-672,982

Grants Credited to Services (continued)	2023/24 £000	2024/25 £000
<u>Community Support, Fire and Rescue</u>		
Afghan Schemes Hotel Wraparound Support (HO)	-9,340	-6,159
Chagossian Resettlement Fund (HO)	-	-1,076
Fire Pensions Top-Up Grant (HO)	-1,724	-1,417
Homes for Ukraine Sponsor Thank You Grant (MHCLG)	-2,475	-1,785
Homes for Ukraine Tariff Grant (MHCLG)	-8,272	-6,111
Household Support Fund (DWP)	-9,795	-9,967
Public Health Grant (DHSC)	-832	-952
Other	-985	-847
Community Support, Fire and Rescue Total	-33,423	-28,314
<u>Environment and Climate Change</u>		
Private Finance Initiative (MHCLG)	-2,124	-2,124
Other	-460	-266
Environment and Climate Change Total	-2,584	-2,390
<u>Finance and Property</u>		
Other	-256	-558
Finance and Property Total	-256	-558
<u>Highways and Transport</u>		
Active Travel Fund (DfT)	-	-609
Bus Service Improvement Plan (DfT)	-3,662	-3,002
Bus Service Operators Grant (DfT)	-436	-436
On-Street Residential Chargepoint Scheme (DfT) <i>applied to REFCUS</i>	-923	-338
Private Finance Initiative (MHCLG)	-6,069	-6,069
Other	-1,578	-1,027
Highways and Transport Total	-12,668	-11,481
<u>Public Health and Wellbeing</u>		
Covid-19 Contain Outbreak Management Fund (DHSC)	-1,874	-
Local Reform and Community Voices Grant (DHSC)	-316	-316
Local Stop Smoking Services and Support (DHSC)	-	-1,075
Public Health Grant (DHSC)	-20,280	-21,491
Rough Sleeping Drug and Alcohol Treatment Grant (MHCLG)	-703	-717
Supplementary Substance Misuse Treatment and Recovery (DHSC)	-619	-1,270
Supplementary Substance Misuse Treatment & Recovery: Housing (DHSC)	-456	-646
Other	-147	-192
Public Health and Wellbeing Total	-24,395	-25,707
<u>Support Services and Economic Development</u>		
5G Innovation Regions Programme Grant (DSIT) <i>applied to REFCUS</i>	-	-2,082
BEACH Worthing Mobile Network Project (DSIT)	-	-1,802
Public Health Grant (DHSC)	-1,336	-2,899
Other	-671	-121
Support Services and Economic Development Total	-2,007	-6,904
Total Grants Credited to Services	-773,867	-854,623

Grants Credited to Taxation and Non Specific Grant Income	2023/24 £000	2024/25 £000
<u>Non Domestic Rates (MHCLG)</u>		
Business Rates Levy Surplus Distribution Grant	-665	-665
Business Rates Tariff	4,899	4,567
Section 31 Business Rates Relief	-19,879	-23,058
Total Non Domestic Rates (MHCLG)	-15,645	-19,156
<u>Other Non-Service Government Grants</u>		
Covid-19 Income Loss Compensation Scheme (MHCLG)	156	-
New Homes Bonus Grant (MHCLG)	-1,200	-1,266
Revenue Support Grant (MHCLG)	-35	-1,762
Services Grant (MHCLG)	-3,205	-553
Total Other Non-Service Government Grants	-4,284	-3,581
<u>Capital Grants and Contributions</u>		
Active Travel Fund (DfT)	-360	-558
Basic Need Grant (DfE)	-19,560	-1,296
Bus Service Improvement Plan Capital Grant (DfT)	-2,448	-5,721
Childcare Expansion Capital Grant (DfE)	-1,875	-
Devolved Formula Capital Grant (DfE)	-1,538	-
Devolved Formula Capital Grant - Energy Efficiency (DfE)	-1,559	-1,504
Highways Maintenance Block Additional Funding (DfT)	-	-2,161
Highways Maintenance Block Incentive Element (DfT)	-1,904	-1,904
Highways Maintenance Block Needs Element (DfT)	-7,616	-7,161
Highways Maintenance: Network North (DfT)	-2,161	-
Integrated Transport Block (DfT)	-3,763	-3,763
Local Authority Major Schemes Grant - A284 (DfT)	-3,714	-
Potholes Fund (DfT)	-10,662	-8,071
Public Sector Decarbonisation Scheme (DESNZ)	-	-1,194
School Conditions Allocation (DfE)	-7,978	-4,695
SEND Special Provision Capital Fund (DfE)	-12,911	-3,500
Section 106 Contributions	-3,424	-4,580
Other Grants and External Contributions	-951	-1,070
Total Capital Grants and Contributions	-82,424	-47,178
Total Grants Credited to Taxation and Non Specific Grant Income	-102,353	-69,915

The County Council has received a number of grants and contributions that have yet to be recognised as income, as they have conditions attached to them which may require the monies to be returned to the giver. The balances at year end are as follows:

Capital Grants Receipts in Advance	2023/24 £000	2024/25 £000
5G Innovation Regions Programme Grant (DSIT)	-	-1,660
Active Travel Fund (DfT)	-1,521	-1,431
ADEPT Live Labs Highways Decarbonisation Programme (DfT)	-	-1,611
Brownfield Land Release Fund (MHCLG)	-987	-631
Bus Service Improvement Plan Capital Grant (DfT)	-2,674	-3,813
Devolved Formula Capital Grant (DfE)	-1,460	-2,231
Devolved Formula Capital Grant - Energy Efficiency (DfE)	-1,504	-
Green Light Fund (DfT)	-500	-500
Homes England Mid Sussex Mobility Corridor (MHCLG)	-588	-
Local Electric Vehicle Infrastructure Fund (DfT)	-1,786	-1,786
Local Full Fibre Networks Challenge Fund (DCMS)	-4,022	-3,739
On-Street Residential Chargepoint Scheme (DfT)	-2,811	-2,473
Section 106 Contributions	-143,137	-173,556
A Place to Live	-650	-650
European Regional Development Fund: LECSEA	-520	-520
Other Grants and External Contributions	-1,260	-1,979
Total Capital Grants Receipts in Advance	-163,420	-196,580

Key to Central Government Departments:

DCMS	Department for Culture, Media and Sport
DESNZ	Department for Energy Security and Net Zero
DfE	Department for Education
DfT	Department for Transport
DHSC	Department of Health and Social Care
DSIT	Department for Science, Innovation and Technology
DWP	Department for Work and Pensions
HO	Home Office
MHCLG	Ministry of Housing, Communities and Local Government
MoJ	Ministry of Justice

26. External Audit Costs

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

	2023/24	2024/25
	£000	£000
Fees payable to EY with regard to external audit services carried out by the appointed auditor for the year	199	360
Fees payable in respect of other services provided by EY during the year	-	-
Total	199	360

Fees payable for 2024/25 comprise the scale fee determined by Public Sector Audit Appointments (PSAA) of £330,633 plus a fee variation of £29,671 determined during the year in relation to the 2022/23 Value for Money audit. Further fee variations are anticipated, such as in respect of the disclaimed audit opinion in 2022/23 and additional procedures undertaken in 2023/24 relating to IFRS 16, ISA 315 and the use of EY's pension and property valuation specialists. These will be accounted for once determined by PSAA.

The Authority has received a 2024/25 grant of £41,964 from the Ministry of Housing, Communities and Local Government in recognition of an increase in audit fees associated with new burdens, including those arising from the 'Redmond Review' into the effectiveness of external audit and transparency of financial reporting in local authorities and the National Audit Office's Code of Audit Practice. An amount of £44,903 was accrued for in 2023/24.

The Authority incurred further costs of £4,750 in 2024/25 (2023/24 £4,650) in relation to grant certification services provided by another audit firm for the Teachers' Pension Scheme. Fees of £4,500 were payable to the same firm in 2024/25 for additional grant certification services in respect of the Local Transport Plan (2023/24 £nil).

27. Members' Allowances

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

	2023/24	2024/25
	£000	£000
Basic Allowances	985	1,011
Other Allowances	381	391
Travel and Subsistence	29	30
Total	1,395	1,432

28. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance and Childcare (Provision of Information About Young Children) Regulations 2024. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/25 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2024/25 before academy and high needs recoupment			-858,126
Academy and high needs figure recouped for 2024/25			297,588
Total DSG after academy and high needs recoupment for 2024/25			-560,538
Plus: Brought forward from 2023/24			-
Less: Carry-forward to 2025/26 agreed in advance			-
Agreed initial budgeted distribution in 2024/25	-121,319	-439,219	-560,538
In year adjustments	-	336	336
Final budget distribution for 2024/25	-121,319	-438,883	-560,202
Less: Actual central expenditure	174,890		174,890
Less: Actual ISB deployed to schools		437,984	437,984
Plus: Local authority contribution for 2024/25	-	-	-
In year carry forward to 2025/26	53,571	-899	52,672
Plus: Carry forward to 2025/26 agreed in advance			-
DSG unusable reserve as at 31 March 2024			70,534
Total deficit balance to be carried forward at 31 March 2025			123,206

29. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2023/24 £000	2024/25 £000
Expenditure		
Employee benefits expenses	669,915	695,861
Other service expenses	1,059,883	1,177,464
Depreciation, amortisation and impairment	73,288	177,840
Interest payments	132,474	136,603
Precepts and levies	1,428	1,452
(Gain)/loss on the disposal of non-current assets	19,473	25,806
Total Expenditure	1,956,461	2,215,026
Income		
Fees, charges and other service income	-251,031	-276,575
Interest and investment income	-109,857	-124,071
Income from Council Tax and Non-Domestic Rates	-666,307	-708,760
Gains from Donated Assets	-	-
Government grants and contributions	-860,575	-905,382
Total Income	-1,887,770	-2,014,788
(Surplus)/Deficit on the Provision of Services	68,691	200,238

In accordance with the requirements of CIPFA's Code of Practice, these single entity financial statements include all income, expenditure, assets and liabilities of the Authority's maintained schools. Consequently, the analysis of income and expenditure presented by this note includes transactions incurred by the Authority's maintained schools as if they were income and expenditure of the Authority itself.

Staff at voluntary aided and foundation schools are not employees of the Authority, as at these schools the governing body is considered to be the employer. For 2024/25, employee expenses of £69.662m (£71.042m in 2023/24) in relation to staff employed at the Authority's voluntary aided and foundation schools are included within Employee benefits expenses above.

30. Officers' Remuneration

Bandings Disclosure

The Authority's employees (including senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Banding	2023/24 Non schools	2023/24 School based	2024/25 Non schools	2024/25 School based
£50,000 - £54,999	240	304	282	349
£55,000 - £59,999	223	190	227	268
£60,000 - £64,999	160	100	184	130
£65,000 - £69,999	57	86	102	84
£70,000 - £74,999	36	41	42	73
£75,000 - £79,999	25	27	37	48
£80,000 - £84,999	7	26	6	24
£85,000 - £89,999	10	11	9	17
£90,000 - £94,999	5	3	9	9
£95,000 - £99,999	2	6	1	9
£100,000 - £104,999	2	5	3	4
£105,000 - £109,999	2	3	-	1
£110,000 - £114,999	2	4	2	5
£115,000 - £119,999	6	5	5	3
£120,000 - £124,999	4	1	5	4
£125,000 - £129,999	1	1	2	3
£130,000 - £134,999	1	-	2	-
£135,000 - £139,999	3	-	-	1
£140,000 - £144,999	-	1	1	-
£145,000 - £149,999	1	-	-	1
£150,000 - £154,999	1	1	1	-
£155,000 - £159,999	1	-	1	-
£160,000 - £164,999	1	-	2	-
£165,000 - £169,999	1	-	1	-
£170,000 - £174,999	-	-	1	-
then				
£290,000 - £294,999	-	1	-	-
Total	791	816	925	1,033

The number of staff with remuneration above £50,000 in 2024/25 was 1,958, an increase from 1,607 in 2023/24. This increase is primarily attributable to the impact of pay awards and pay progression moving existing employees over the threshold during the year.

Senior Officer Disclosure

The remuneration payable to the Authority's senior employees for the period 1 April 2024 - 31 March 2025 was as follows (no bonuses or expense allowances were payable for the year):

Post title (as at 31 March 2025)	Salary, fees and allowances £	Benefits in kind £	Compensation for loss of employment £	Employer's pension contribution £	Total remuneration including pension contributions £
Chief Executive	Post holder not directly employed by West Sussex County Council - please see footnote below				
Chief Executive ^{1a, 2}	168,904	26			168,930
Chief Fire Officer ^{1b}	153,164			57,590	210,754
Executive Director of Adults' Services and Health ^{1c}	161,174	66		31,751	192,991
Interim Executive Director of Children, Young People and Learning	Post holder not directly employed by West Sussex County Council - please see footnote below				
Executive Director of Communities	121,224			23,881	145,105
Director of Finance and Support Services ³	20,978			4,133	25,111
Interim Director of Finance and Support Services	Post holder not directly employed by West Sussex County Council - please see footnote below				
Executive Director of Finance and Support Services ^{1d, 4}	47,581			9,373	56,954
Executive Director of Human Resources, Organisational Development and Communications	124,043			24,436	148,479
Executive Director of Law, Assurance and Insight	129,592			25,530	155,122
Executive Director of Place Services ^{1e}	157,319			30,992	188,311
Head of South East Regional Care Cooperative ^{1f, 5}	163,958	18		32,300	196,276
Senior Coroner ^{1g, 6}	170,386	713		33,566	204,665

Notes to 2024/25 Senior Officer Remuneration Disclosure

1. In accordance with legislation, senior officers are only identified by name where they have an annual salary of £150,000 or greater. The relevant senior officers during 2024/25 were as follows:
 - a. Leigh Whitehouse
 - b. Sabrina Cohen-Hatton
 - c. Alan Sinclair
 - d. Mike Suarez
 - e. Lee Harris
 - f. Lucy Butler
 - g. Penny Schofield
2. Appointed 24 June 2024.
3. Departed 27 May 2024.
4. Appointed 7 December 2024.
5. From September 2024, the post holder was seconded to the South East Regional Care Cooperative. The post is grant funded by the Department for Education.
6. 'Salary, fees and allowances' payable to the Senior Coroner includes an additional responsibility allowance to reflect additional work undertaken for the Brighton & Hove jurisdiction on an interim basis. An allowance of £29,582 was payable for the period. A total of £62,849 is due to be recovered from Brighton & Hove City Council as a contribution towards the Senior Coroner's pay and associated costs in 2024/25.

The following posts formed part of the Authority's senior officer structure for the period, but the post holders were not directly employed by West Sussex County Council and so their costs are not included in the previous table:

- Payments of £38,718 were made to East Sussex County Council for the shared services of Becky Shaw, Chief Executive for the period April to June 2024.
- Payments of £252,398 were made to Matrix for the services of the Interim Executive Director of Children, Young People and Learning for the year.
- Payments of £158,004 were made to Penna for the services of the Interim Director of Finance and Support Services for the period June to December 2024.

The remuneration payable to the Authority's senior employees for the period 1 April 2023 - 31 March 2024 was as follows (no bonuses or expense allowances were payable for the year):

Post title (as at 31 March 2024)	Salary, fees and allowances £	Benefits in kind £	Compensation for loss of employment £	Employer's pension contribution £	Total remuneration including pension contributions £
Chief Executive	Post holder not directly employed by West Sussex County Council - please see footnote below				
Chief Fire Officer	149,428			43,035	192,463
Director of Adults and Health ^{1a}	157,242			32,549	189,791
Director of Children, Young People and Learning ^{1b}	159,959	258		33,112	193,329
Director of Finance and Support Services	134,550			27,852	162,402
Director of Human Resources and Organisational Development	121,017			25,051	146,068
Director of Law and Assurance	126,432			26,171	152,603
Director of Place Services ^{1c}	153,482			31,771	185,253
Senior Coroner ^{1d, 2}	167,982	1,020		34,772	203,774

Notes to 2023/24 Senior Officer Remuneration Disclosure

1. In accordance with legislation, senior officers are only identified by name where they have an annual salary of £150,000 or greater. The relevant senior officers during 2023/24 were as follows:
 - a. Alan Sinclair
 - b. Lucy Butler
 - c. Lee Harris
 - d. Penny Schofield
2. 'Salary, fees and allowances' payable to the Senior Coroner includes an additional responsibility allowance to reflect additional work undertaken for the Brighton & Hove jurisdiction on an interim basis. A total allowance of £28,861 was payable for the period. A total of £81,398 is due to be recovered from Brighton & Hove City Council as a contribution towards the Senior Coroner's pay and associated costs in 2023/24.

The following post formed part of the Authority's senior officer structure for the period, but the post holder was not directly employed by West Sussex County Council and so her costs are not included in the previous table:

- Payments of £169,187 have been made to East Sussex County Council for the shared services of Becky Shaw, Chief Executive.

Exit Packages

The Authority terminated, or made provision to terminate, the contracts of a number of employees in 2024/25. Total liabilities of £0.865m were incurred for the period (£0.862m in 2023/24).

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

2024/25

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band (b + c)	(e) Total cost of exit packages in each band
£0 - £20,000	12	23	35	£286,079
£20,001 - £40,000	2	6	8	£265,319
£40,001 - £60,000	2	3	5	£253,119
£60,001 - £80,000	1	-	1	£60,779
Total	17	32	49	£865,296

2023/24

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band (b + c)	(e) Total cost of exit packages in each band
£0 - £20,000	5	9	14	£113,722
£20,001 - £40,000	1	3	4	£113,412
£40,001 - £60,000	-	-	-	£0
£60,001 - £80,000	2	-	2	£128,677
£80,001 - £100,000	-	-	-	£0
£100,001 - £150,000	-	2	2	£263,227
£150,001 - £200,000	-	-	-	£0
£200,001 - £250,000	-	1	1	£242,766
Total	8	15	23	£861,804

31. Pooled Budgets

The Authority has entered into a number of pooled budget arrangements with the NHS and other local authorities for the provision of integrated health and social care. Memo accounts, demonstrating the funds provided by each partner and expenditure incurred against these funds, are presented below. Detail on the Authority's accounting treatment for each of the arrangements is provided in the summary of accounting policies at Note 37.

Learning Disabilities

An agreement under section 75 of the National Health Service Act 2006, this pooled budget (hosted by West Sussex County Council) seeks to exploit the benefits of Health Act flexibilities by means of integrated provision and lead commissioning. The budget is a means to enhance partnership working under the governance of the West Sussex Partnership Board, merging financial resources between the County Council and NHS Sussex Integrated Care Board.

	2023/24	2024/25
	£000	£000
<u>Funding provided to the pooled budget:</u>		
West Sussex County Council	-103,763	-116,041
NHS Sussex Integrated Care Board	-23,632	-26,428
Total funding provided to the pooled budget	-127,395	-142,469
<u>Expenditure met by the pooled budget:</u>		
West Sussex County Council	114,288	125,265
NHS Sussex Integrated Care Board	26,029	28,529
Total expenditure met by the pooled budget	140,317	153,794
Net (surplus)/deficit arising on the pooled budget during the year	12,922	11,325
Authority's share of the net (surplus)/deficit	10,525	9,224

Mental Health

This Section 75 agreement under the National Health Service Act 2006 provides for a pooled budget. This seeks to exploit the benefits of Health Act flexibilities by means of integrated provision and lead commissioning via the enhancement of joined up working in health and social care. The budget, hosted by the NHS, is a means to achieve partnership working under the governance of the Joint Commissioning Board, merging financial resources between the County Council and NHS Sussex Integrated Care Board.

	2023/24	2024/25
	£000	£000
<u>Funding provided to the pooled budget:</u>		
West Sussex County Council	-10,717	-11,976
NHS Sussex Integrated Care Board	-70,904	-79,237
Total funding provided to the pooled budget	-81,621	-91,213
<u>Expenditure met by the pooled budget:</u>		
West Sussex County Council	11,325	11,867
NHS Sussex Integrated Care Board	74,925	78,518
Total expenditure met by the pooled budget	86,250	90,385
Net (surplus)/deficit arising on the pooled budget during the year	4,629	-828
Authority's share of the net (surplus)/deficit	608	-109

Better Care Fund

The County Council has entered into a pooled budget arrangement with NHS Sussex for the pooling of resources with all commissioning partners to provide a joint programme of work to deliver better outcomes for people and improve services. The Council acts as host and banker in the arrangement but shares control jointly with NHS Sussex.

	2023/24 £000	2024/25 £000
<u>Funding provided to the pooled budget:</u>		
West Sussex County Council	-10,237	-11,682
NHS Sussex Integrated Care Board	-72,219	-82,920
Total funding provided to the pooled budget	-82,456	-94,602
<u>Expenditure met by the pooled budget:</u>		
West Sussex District and Boroughs	10,237	11,682
West Sussex County Council	30,823	33,222
NHS Sussex Integrated Care Board	48,909	49,098
Total expenditure met by the pooled budget	89,969	94,002
Net (surplus)/deficit arising on the pooled budget during the year	7,513	-600
Underspending brought forward	-11,319	-4,253
Underspending returned to partners	-	316
Interest earned on cash balances	-447	-
Balance carried forward	-4,253	-4,537

The use of any underspend on the pooled budget is determined by the Joint Commissioning Strategy Group. Underspends may be returned to partners or reinvested in other schemes.

In addition to the pooled funds disclosed above, the Authority receives the Improved Better Care Fund (iBCF) and Adult Social Care Discharge Fund (ASCDF) directly from central government. Whilst both grants are required to be pooled within the BCF, neither allocation is subject to joint control arrangements, and so the grants are not accounted for as part of the pooled budget.

West Sussex County Council received an iBCF allocation of £20.6m in 2024/25. This has been recognised in full in the Comprehensive Income and Expenditure Statement for the period (as disclosed in Note 25), in addition to £0.5m carried forward from 2023/24.

The Authority's ASCDF allocation for 2024/25 was £4.8m. Per Note 25, this grant has also been recognised in full in the Comprehensive Income and Expenditure Statement for the period.

32. Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant proportion of its funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). The total of grants received from government departments is set out in the subjective analysis of income and expenditure in Note 29. Grants receivable for the period are further detailed in Note 25.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 27.

A survey of the related party interests of Members and their immediate family members was carried out in preparing this Statement of Accounts. Three positive declarations were received from Members where transactions have been identified, as follows:

- One Member serves as Chair on the Executive Board of South East Employers, and as a Director and Trustee of Crawley Open House. In 2024/25 goods and services to the value of £15,200 and £311,015 respectively were commissioned from these organisations. Payments for goods and services to the value of £645 was received from Crawley Open House.
- Another Member acts as Trustee of Littlehampton Harbour Board, to which payments to the value of £329,441 were made in 2024/25 (including precepts and associated contributions of £315,247). The Council received income for goods and services to the value of £1,625 from this organisation in 2024/25. The same member also acts as a Trustee of South Downs Leisure Trust and Governor of Shoreham Academy. In 2024/25 the Council received payments for goods and services to the value of £51,436 and £51,107 respectively from these organisations. Goods and services to the value of £4,076 were commissioned from South Downs Leisure Trust, and payments of £1,166,841 were made to Shoreham Academy, including the pay-over of high needs top-up funding provided by the DfE.
- A third Member acts as a Member of Sussex Inshore Fisheries and Conservation Authority. In 2024/25 payments to the value of £827,800 were made to this organisation, comprising a precept of £537,800 and pay-over of £290,000 of grant funding from DEFRA.

In all cases, contracts were entered into in full compliance with the Authority's standing orders for procurement.

Officers

A survey of the related party interests of Senior Officers and their immediate family members was carried out in preparing this Statement of Accounts. One positive declaration was received for which relevant transactions have been identified as follows:

- One Officer's partner is Manager of Healthwatch West Sussex. In 2024/25 goods and services to the value of £321,417 were commissioned from this organisation.

In all cases, contracts were entered into in full compliance with the Authority's standing orders for procurement.

Other Public Bodies

The West Sussex Pension Fund is administered by West Sussex County Council. Therefore, there is a strong relationship between the Council and the Pension Fund.

During the reporting period, the Council incurred costs of £0.8m (2023/24: £0.8m) in relation to the administration of the Fund, and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund, and contributed £78.1m (including employee contributions) to the Fund in 2024/25 (2023/24: £75.5m). All monies owing to and due from the Fund have been accounted for in the year.

Part of the Pension Fund cash holdings are invested in the money market by the Treasury Management operations at West Sussex County Council, in line with the Fund's Treasury Management Policy. During the year to 31 March 2025 the Fund had a daily average investment balance of £52.9m held in Sterling (31 March 2024: £45.0m), earning interest of £2.62m (2023/24: £2.27m) in these funds at a rate of return of 5.0% (2023/24: 5.0%). Additionally, the Fund has earned interest of £0.40m on investments held in foreign currency (2023/24: £0.19m).

Entities Controlled or Significantly Influenced by the Authority

The Authority has an interest in Edes Estates Ltd (and through it, Kinsted Developments LLP), but has determined not to produce consolidated group accounts for the period. Further detail on the nature of this relationship, and the judgement not to produce group accounts, is provided in Note 38.

West Sussex County Council made two transfers of surplus land to Kinsted Developments during 2024/25: land north of Littlehampton Academy (proceeds £2,184,755), and the former Bartons Infant School site in North Bersted (proceeds £4,963).

The Council made loans to Edes Estates equal to the value of these land transfers. The total value of loan investments with Edes, including for all current and prior year land transfers, top-up facilities and cash management loans (principal and accrued interest), was £3,723,847 at the reporting date.

The Council has recognised income of £162,535 (excluding VAT) for services provided to Edes Estates during 2024/25. This amount had not been settled by Edes at the reporting date and so forms part of short term debtors on the Council's Balance Sheet. The Council also incurred various costs of behalf of Edes Estates during the year, and has accordingly recognised a debtor to recover these costs. The total value of the debtor recognised by the Council in respect of Edes Estates is therefore £265,499 (including VAT) at the reporting date.

In accordance with the requirements of the Code of Practice, these single entity financial statements include all income, expenditure, assets and liabilities of the Authority's maintained schools. Whilst the Authority has responsibility for distributing funding to its maintained schools, under the local management of schools the responsibility for spending this budget is delegated to the governing body of the school concerned. The Authority is therefore restricted in the extent to which it controls the income, expenditure, assets and liabilities included in its financial statements which relate to its maintained schools. At the reporting date, the Authority operated 178 maintained schools (192 at 31 March 2024). Non-current assets with a net book value of £628m (£776m at 31 March 2024) were recognised in relation to these schools.

33. Notes to the Cash Flow Statement

(a) Adjustments to net surplus/deficit on the provision of services for non-cash movements

	2023/24 £000	2024/25 £000
Charges for depreciation of non current assets	-75,256	-77,205
Charges for amortisation of intangible assets	-	-3
Revaluations gains/losses on Property, Plant and Equipment and Assets Held for Sale charged to the Surplus/Deficit on Provision of Services	19,474	-95,450
Impairment of non current assets	-2,258	-
Movements in the market value of Investment Property	-15,248	-5,182
Amount of assets written off on disposal or sale as part of the gain/loss on disposal charged to the Surplus/Deficit on Provision of Services	-27,565	-32,363
Gains upon recognition of Donated Assets	-	-
Net reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-3,337	21,315
Revaluation of financial instruments including expected credit losses	-1,555	136
(Increase) / decrease in creditors	-5,233	-43,449
Increase / (decrease) in debtors	28,154	28,929
Increase / (decrease) in inventories	56	-34
Contributions (to) / from provisions	-1,868	2,971
Net adjustments for non-cash movements	-84,636	-200,335

(b) Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

	2023/24 £000	2024/25 £000
Proceeds from the sale of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets Held for Sale	7,177	9,065
Capital grants and contributions recognised in the Comprehensive Income and Expenditure Statement	82,424	47,178
Adjustments for items that are investing and financing activities	89,601	56,243

(c) Investing Activities

	2023/24	2024/25
	£000	£000
Purchase of Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets	97,024	97,104
Purchase of short-term and long-term investments	518,320	736,140
Proceeds from short-term and long-term investments	-582,667	-809,604
Proceeds from the sale of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets Held for Sale	-7,177	-9,065
Capital grants and contributions recognised in the Comprehensive Income and Expenditure Statement	-82,424	-47,178
Net position on capital grants and contributions receipts in advance	-19,688	-33,160
Net cash flows from investing activities	-76,612	-65,763

(d) Financing Activities

	2023/24	2024/25
	£000	£000
Repayment of PFI and finance lease liabilities	6,752	10,601
Receipts from short and long term borrowing	-	-
Repayment of short and long term borrowing	15	16
Cash held for third parties	-442	-534
Net cash flows from financing activities	6,325	10,083

34. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Executive Director of Finance and Support Services on 3 November 2025. Events taking place after this date are not reflected in the financial statements or notes.

There were no post balance sheet events between the reporting date and the date the accounts were authorised for issue.

35. Contingent Assets

West Sussex County Council currently has no material contingent assets.

36. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

West Sussex County Council recognises the following contingent liabilities:

- (1) A potential liability exists in respect of the insolvency of Independent Insurance Company Ltd, and its failure to enter into a scheme of arrangement with its creditors. This liability is ongoing but cannot be quantified. Known claims are provided for in the Insurance provision (see Note 14), but there is a risk of new claims arising from the period when the Independent Insurance Company provided cover to the Council (September 1992 to September 2000). An Insurance reserve (see Note 3) is maintained to provide for the risk of unknown future claims.
- (2) A potential liability exists in relation to any future costs of maintaining six closed landfill sites in the County. The Authority is responsible for monitoring these sites to ensure that they are being maintained correctly, and that there is no harm being caused to the surrounding environment. No provision has been recognised in the accounts as it is not currently possible to measure the size of any such obligation with sufficient reliability.
- (3) The Council is on notice of the potential for claims associated with the possible exposure of a small number of individuals to harm during some building work undertaken for the Council. An investigation identified a low risk but the likelihood of future claims and any necessary provision for their resolution cannot be assessed at this time.

37. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the end of the reporting period. The Authority is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code') for the relevant reporting period, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

(ii) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority, that the cost of the item can be measured reliably, and that it exceeds the Authority's de minimis threshold. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Authority applies a de minimis level of £10,000 for the capitalisation of expenditure on Property, Plant and Equipment. Items of expenditure below this de minimis level are charged to the relevant service within the Comprehensive Income and Expenditure Statement in the reporting period it is incurred. A lower de minimis of £2,000 applies to expenditure funded by the Devolved Formula Capital Grant, as per the West Sussex Scheme for Financing Schools.

Recognition - Schools

The Code confirms that local authority maintained schools (and the governing bodies thereof) are to be treated as entities for control purposes, and that the transactions of said schools shall be consolidated into the local authority single entity financial statements.

Non-current assets attributed to schools are therefore recognised in the Authority's balance sheet, subject to the Authority (or the school's governing body) having control over the asset and it being probable that future service potential will flow to the Authority (or to the school).

A number of maintained school assets (e.g. at voluntary aided, voluntary controlled and foundation schools) are owned by religious bodies. Under the revised IFRS 16 definition, in order for there to be a lease the school's governing body must have both the rights to obtain substantially all of the economic benefits/service potential from the use of the asset and the right to direct the use of the asset. This latter requirement is not satisfied for assets owned by religious bodies, and therefore there is not a lease under IFRS 16, only a mere/bare license. As such, these assets are not consolidated into the Authority's Balance Sheet. Where the Authority (or the school's governing body) does hold legal title for any land at religious body schools (e.g. playing fields) this is recognised as an asset of the Authority.

A number of schools in the County now hold academy status. Academies are managed completely independently of the Authority, and funding is provided directly by central government. Whilst the Authority retains the freehold of the land, premises are leased to the academy on a finance-lease basis (typically for a 125 year term). Therefore academy buildings are derecognised from the Authority's balance sheet, and land is retained at a nominal value reflecting its restricted use.

Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs.

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

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

- Infrastructure and short-lived assets such as vehicles, plant and equipment – depreciated historical cost
- Assets under construction – historical cost
- Surplus assets – fair value, estimated at the highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

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

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in Balance Sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

The Code requires that assets included in the Balance Sheet at current value are revalued with sufficient regularity to ensure that their carrying amount does not materially differ from their current value at year-end, but as a minimum every five years. The Authority undertook a full revaluation of all its non-current assets at 1 April 2013, and has subsequently adopted a rolling approach to revaluations to ensure that all assets are subject to revaluation at least once every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Surplus or Deficit on Provision of Services where they arise from the reversal of a loss previously charged to that service).

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction). New assets are depreciated from 1 April of the year that follows the date of initial recognition. Depreciation is calculated on the following bases:

- Buildings – on a straight line basis over the remaining useful life of the property as estimated by the external valuer (initially 60 years)
- Vehicles, plant, furniture and equipment – individual useful life on a straight line basis as estimated by a suitably qualified officer
- Infrastructure – straight line basis over a period of 25 years for major road developments and 15 years for structural maintenance of carriageways and bridges (useful lives for other infrastructure assets to be estimated by a suitably qualified officer).

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately (subject to this having a material impact on in-year or cumulative depreciation charges).

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs of sale. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If an asset no longer meets the criteria to be classified as an Asset Held for Sale, it is reclassified back to non-current assets and valued at the lower of the carrying amount before it was classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale, and the recoverable amount at the date of the decision not to sell.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts, while amounts below this are credited to revenue. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow i.e. the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

Statutory arrangements allow costs of disposals to be financed by capital receipts, capped to 4% of the capital receipt. Costs incurred prior to the sale are carried forward and offset in the year of disposal.

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

The Code requires that, where expenditure is capitalised in relation to the replacement of a component of an item of Property, Plant and Equipment, the carrying amount of the replaced component shall be written out of the balance sheet as a disposal. For infrastructure assets, the Authority has determined the carrying value of any components replaced during the accounting period to be nil, in accordance with the provisions of the Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2022. This amendment to the Regulations is set to expire on 1 April 2025, although Government has confirmed its intention to issue a further amendment extending these provisions until 1 April 2029 to allow time for system partners to develop a long-term solution. Further detail regarding the accounting arrangements for infrastructure assets is provided at Note 4 Property, Plant and Equipment.

A direction provided in April 2022 by the Secretary of State for Levelling Up, Housing and Communities under the Local Government Act 2003 provides for additional flexibility on the use of capital receipts until March 2025. Under this direction, authorities may apply capital receipts received in the years to which the direction applies to meet the revenue costs of transformation projects which are designed to deliver ongoing savings and/or reduce costs or demand. The Authority's Flexible Use of Capital Receipts Strategy is subject to annual approval by full Council. Where this flexibility is applied, capital receipts are transferred out of the Capital Receipts Reserve to finance qualifying expenditure in accordance with the Code's requirements for the accounting of Revenue Expenditure Funded from Capital Under Statute (REFCUS).

(iii) Investment Property

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

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

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rentals received in relation to Investment Properties are credited to the Financing and Investment income line and result in a gain for the General Fund balance.

(iv) Charges to Revenue for Non-Current Assets

Services are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. These transactions are therefore reversed out from the General Fund Balance via the Movement in Reserves Statement to the Capital Adjustment Account.

The Authority is however required by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) to make a prudent annual contribution from revenue towards the reduction in its overall borrowing requirement, the CFR (Capital Financing Requirement). This contribution is referred to as the Minimum Revenue Provision (MRP).

In accordance with revised statutory guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) (now the Ministry of Housing, Communities and Local Government) in April 2024, the Authority adopts separate calculations for borrowing that was supported by central government and for unsupported, "self-financed" borrowing. The respective methodologies are as follows:

Supported Borrowing

The Authority adopted a revised MRP calculation for its supported borrowing (including pre-April 2008 unsupported borrowing) effective 1 April 2016. MRP is made on all such outstanding borrowing as at 31 March 2016 on a 2% annuity basis over a repayment period of 40 years from that date.

Unsupported Borrowing

The Authority has adopted the Asset Life (Annuity) Method (DLUHC guidance option 3b) for the repayment of unsupported borrowing undertaken since 1 April 2008. This method provides MRP on an annuity basis over a repayment period equal to the estimated life of the asset for which the borrowing was undertaken, up to a maximum of 50 years. The annuity rates applied are based upon the average Public Works Loan Board rates (for a loan duration equal to the asset life) in the year the borrowing was undertaken.

MRP – Leases and PFI

Where right-of-use and PFI assets are recognised on the Authority's Balance Sheet, it is the policy of West Sussex County Council to make an annual MRP charge equal to the portion of the payment taken to the Balance Sheet to reduce the liability. This is consistent with the statutory DLUHC guidance and also has the effect of mitigating the impact on the Council's revenue account. However, where a lease premium is made (and immediately taken to write down the Balance Sheet liability), the Council spreads the MRP charge over the useful life of the asset.

(v) Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Authority where there is reasonable assurance that:

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Grants Unapplied Account via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have applied to fund capital expenditure.

(vi) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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.

(vii) Leases

The Authority as Lessee

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

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, 1 April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

Lease expenditure

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

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

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over an item of property, plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and a long-term debtor representing the Authority's net investment in the lease is recognised.

As a disposal, the writing out of the asset and the recognition of the long-term debtor is accounted for as part of the gain or loss on disposal of non-current assets within Other Operating Expenditure in the Comprehensive Income and Expenditure Statement with the debtor representing the sale proceeds.

Under statute, the gain or loss recognised in the Comprehensive Income and Expenditure Statement is reversed out of the General Fund balance and posted to the Deferred Capital Receipts Reserve (proceeds) and Capital Adjustment Account (disposal) via the Movement in Reserves Statement. Deferred capital receipts are released to the Capital Receipts Reserve as the lease debtor is settled.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Operating Leases

Where the Authority grants an operating lease over an item of property, plant or equipment, the asset is retained in the Balance Sheet and 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).

IFRS Transitional Rules

In accordance with transitional arrangements upon the implementation of IFRS, amounts receivable under leases that changed from operating leases to finance leases (or vice versa) are accounted for as if the status of the lease had not changed, in that:

- Amounts receivable under operating leases that became finance leases on transition to IFRS continue to be credited to the General Fund balance as revenue income
- Amounts receivable for principal payments under finance leases that became operating leases on transition to IFRS continue to be treated as capital receipts.

In both cases, the leases are accounted for in accordance with the current provisions of the Code, with adjustments to the General Fund balance being made in the Movement in Reserves Statement.

(viii) Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor.

As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The Authority has three PFI schemes on its Balance Sheet - Crawley Schools, Recycling and Waste Handling and Street Lighting.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority. The amounts payable to the PFI operators each year are analysed into four elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement
- Payments towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Prior to the adoption of IFRS 16, increases in the amount to be paid for the property arising during the contract (such as for indexation of the unitary charge) were expensed as contingent rent. In accordance with the requirements of IFRS 16, such variations now result in a remeasurement of the lease liability, and future payments applied to write down this liability on the Balance Sheet are adjusted accordingly.

(ix) Accruals of Income and Expenditure

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

In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet at the lower of cost and net realisable value
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

Where income or expenditure is to be recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The Council has applied a de minimis threshold of £10,000 for all manual accruals of income and expenditure, except for the accrual of expenditure relating to termination benefits (no de minimis has been applied to these payments).

Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. An examination of debtors outstanding at 31 March has been undertaken and an allowance for doubtful debts has been made.

Under local management arrangements, school accounts have been closed shortly before the end of the reporting period. Consequently, school income, expenditure, debtors and creditors are shown on an estimated basis.

(x) Overheads and Support Services

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

(xi) Reserves

The County Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund via the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

(xii) Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority recognises the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

(xiii) Contingent Liabilities

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

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

(xiv) 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 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.

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) - the Authority has currently not designated any financial asset into this category.

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

Financial Assets Measured at Amortised Cost:

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Code includes a number of provisions for the accounting of soft loans (loans made to voluntary organisations at below market rates), primarily relating to the recognition of foregone interest. The Authority's policy is to apply the materiality concept of the Code, and so has decided not to adopt any of these provisions for soft loans below £500,000. Any such loans are therefore accounted for as per other assets measured at amortised cost as set out in the previous paragraph.

Expected Credit Loss Model:

The Authority recognises expected credit losses on all of its financial assets held at amortised cost (or FVOCI when applicable), 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 held by the Authority.

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. No loss allowance is recognised for assets where the counterparty is central government or a local authority whereby relevant statutory provisions prevent default.

In addition to financial investments, whereby risk is mitigated through the creditworthiness policy contained within the annually approved Treasury Management Strategy, the Authority may agree loans to third parties (organisations or individuals) when considered to be of an economic or social benefit to the local area. The Authority will assess the expected credit loss by loan (or group of loans where considered to be of similar nature) on a 12-month or lifetime loss model dependent on the risk level applied to the loan(s).

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 Authority 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 the Surplus or Deficit on the Provision of Services.

In November 2018 the Ministry of Housing, Communities and Local Government announced a statutory override applicable to English local authorities regarding fair value movements on pooled investments funds, initially covering a five-year period commencing 1 April 2018. This override was subsequently extended in January 2023 for a further two years, now expiring 31 March 2025. During the period of the statutory override, the Authority will transfer all fair value movements recognised in the Surplus or Deficit on the Provision of Services relating to pooled investment funds to the unusable Pooled Investment Funds Adjustment Account (or, for equity investments, to the Capital Adjustment Account). As a transitory measure, Government has confirmed its intention to legislate such that fair value gains and losses on pooled investments entered into prior to 1 April 2024 can continue to be deferred via unusable reserves until 1 April 2029. Fair value movements on pooled investments made since 1 April 2024 must be recognised immediately in the General Fund from 2025/26.

Fair Value Measurements 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 Authority'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 derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(xv) Cash and Cash Equivalents

Cash and Cash Equivalents represents cash in hand and cash equivalents, 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 changes in value. Cash equivalents are not held for the purposes of an investment gain, but rather are retained so that the Authority has monies available to settle its liabilities. The Authority therefore recognises as cash equivalents only those deposits held for the purposes of cash management and repayable without penalty on notice of not more than 24 hours.

Deposits made for the purposes of securing an investment gain are classified as Short Term Investments.

Bank overdrafts form an integral part of the Authority's cash management and are therefore consolidated within net Cash and Cash Equivalents as presented in the Authority's core financial statements.

(xvi) Schools

The Code confirms that the balance of control for local authority maintained schools (as identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority single entity financial statements (and not the group accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority.

(xvii) Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

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

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

(xviii) Value Added Tax

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

(xix) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

(xx) Post-employment Benefits

Employees of the council may be members of four separate pension schemes:

- the Local Government Pension Scheme, administered by West Sussex County Council;
- the Firefighters' Pension Scheme, administered by West Sussex County Council;
- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- the National Health Service (NHS) Pension Scheme, administered by the NHS.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

However, the arrangements for the Teachers' and NHS Pension Schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The schemes are therefore accounted for as if they were defined contribution schemes, and therefore no liability for future payments of benefits is recognised in the Balance Sheet. The employer contributions payable to the respective scheme administrators is recognised as an in-year expense against the appropriate service line in the Comprehensive Income and Expenditure Statement.

The Local Government Pension Scheme and The Firefighters' Pension Scheme

The Local Government and Firefighters' Pension Schemes are accounted for as defined benefit schemes:

- The liabilities of the respective schemes attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees).
- Liabilities are discounted to their value at current prices, using an appropriate discount rate.

The assets of the Local Government Pension Scheme attributable to the Authority are included in the Balance Sheet at their fair value:

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

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

Service cost, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Net interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Remeasurements, comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund to be charged with the amount payable by the Authority 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 benefits earned by employees. Conversely, a positive Pensions Reserve balance reflects an asset surplus position which may be realised in cash terms through a reduction in future contributions to the scheme.

(xxi) Early Retirement Costs

The County Council’s policy is to charge the full costs of early retirement to the relevant service at the earliest date. The Local Government Pension Scheme allows authorities to spread these costs over three years, but in keeping with the policy aim, these are recognised in full in the year they are incurred. This discretion does not exist for the Firefighters’ Pension Scheme, where regulation requires that the costs are spread over three years to smooth the volatility of variable numbers of ill-health retirements.

(xxii) Senior Officer Remuneration

The Code contains requirements for the disclosure of the remuneration of higher paid officers. However, these requirements are derived from (and supplemented by) the overarching requirements of the Accounts and Audit Regulations:

- For England – regulation 7 of the Accounts and Audit Regulations 2015 (as specified in Schedule 1 SI 2015/234)

There are two related disclosures required by the regulations:

- Figures for the number of officers whose remuneration was £50,000 or more, grouped in £5,000 bands (starting at £50,000)
- The individual remuneration of senior employees.

Disclosure of senior officers’ remuneration is made on an accruals (rather than cash) basis in line with the definition of remuneration provided by the regulations, which states that remuneration is to include "all amounts paid to or receivable by a person..."

The regulations dictate that the disclosure of remuneration by category must be made by reference to individuals, with the following proviso:

- Where the senior employee or relevant police officer's salary is £150,000 or more per year, they must be identified by name and job title
- Where the senior employee's salary is less than £150,000, only their job title must be disclosed.

(xxiii) 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 Authority'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.

(xxiv) Fair Value Measurement of Non-Financial Assets

The Authority measures some of its non-financial assets (such as Surplus Assets and Investment Property) and some of its financial instruments (such as equity shareholdings) at fair value at each reporting date. Fair value 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 measurement assumes that the transaction to sell the asset takes place either:

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

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, 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 benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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 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, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

(xxv) Joint Operations and Other Pooled Budgets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

In April 2015 the West Sussex Better Care Fund was established. This is a joint operation between the Authority and the NHS Sussex Integrated Care Board to provide integrated health and social care support within the area. West Sussex County Council acts as host in the arrangement, but shares control with its partner and as such accounts only for its share of the Fund's income, expenditure, assets and liabilities in its accounts.

The Authority is also part of three other pooled budget arrangements with NHS bodies to provide services in the local area. In two of these partnerships, established for the provision of services relating to Learning Disabilities and Telecare, the Authority acts as lead commissioner, and has control of the decisions of how the pooled funds are applied. As such, the Authority accounts for all of the expenditure of these funds in its financial statements. Funding contributed by partners is recognised as revenue in the Authority's accounts. The third agreement, for the provision of Mental Health services, is hosted by the NHS, and as such the Authority accounts only for its contribution to the pooled budget.

(xxvi) Events After the Reporting Period

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

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

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

(xxvii) Going Concern

These financial statements have been prepared on a going concern basis. Assets and liabilities are therefore reported on the assumption of continuing operations for the foreseeable future.

This approach is prescribed by the CIPFA Code of Practice on Local Authority Accounting. The Code confirms that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on the going concern basis of accounting.

The potential for abolition of an authority (or the transfer of its functions) by statute is not taken as negating the presumption of going concern. Even though assets may be taken from the authority, perhaps without compensation, the continued use of those assets for public benefit means that an individual authority does not need to consider the restriction on its own ability to make use of those assets from a going concern perspective.

An authority experiencing significant resource pressures does not therefore negate the presumption of going concern, because if an authority were in financial difficulty the prospects are that alternative arrangements might be made by central government for the continuation of services. However, references to such issues affecting financial resilience and sustainability will be made in other sections of the financial statements as appropriate, for example in Note 38 Critical Judgements in Applying Accounting Policies.

Considering the above, and the critical judgements made in applying the Council's policy on going concern as set out in Note 38, the Council is satisfied that the financial statements should be prepared on a going concern basis.

38. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 37, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Going Concern Impact Assessment

Between 2013 and 2023, the West Sussex population increased by 9.2% to 900,900, higher than the average increase for the South East region at 7.6% and for England at 7.0%. Our population is forecast to grow further to 973,900 over the period 2025 to 2043, an additional 8% increase. West Sussex is also projected to experience a notable increase (79%) in its population aged 90 and over between the period 2025 and 2043. Population growth and inflation places significant pressure on the County Council's finances, as well as on residents, businesses and the local economy.

The budget for 2024/25 was set in February 2024. Outturn net revenue expenditure on portfolio budgets was £828.5m, representing a £32.9m overspend. There were a number of pressures within all individual portfolios, but overall overspendings within the Adults Services (£19.7m), Children and Young People, Learning and Skills (£13.1m), Finance and Property (£1.8m) and Highways and Transport (£0.4m) portfolios were partially offset by underspendings within Support Services and Economic Development (£1.1m), Leader (£0.5m), Community Support, Fire and Rescue (£0.3m) and Environment and Climate Change (£0.2m).

In addition, a further £4.9m was added to the allowance for doubtful debtors, and there was an overspending on the capital financing budget (£0.5m), increasing the total overspend to £38.3m. This was financed from the contingency budget (£23.4m), additional investment income (£3.0m), additional government funding from the Business Rates Retention Scheme (£1.1m) and Business Rates Levy (£0.7m), with the overspend balance (£10.1m) funded from the Budget Management Reserve.

The most significant cause of the County Council's overspend position in 2024/25 related to social care demand. Adults Services continues to endure workforce and market-related cost pressures which are affecting the sector, whilst Children and Young People Services has seen the number of children's placements substantially increase in the second half of 2024/25, alongside the continued complexity of cases and high placement costs which remains a national issue.

Throughout the year, the Council continued to closely monitor its cashflow position to ensure that there were sufficient funds available to meet its financial obligations and remain financially solvent. During 2024/25 the Council held a balance of short- and long-term investments to ensure cash was available, should it be required, to meet the rising demand and cost of living pressures.

The budget gap for 2026/27, as reported at County Council in February 2025, was £59.3m (net of proposed savings of £4.6m). This assumes no increase to council tax, since this remains a decision for County Council and will be taken in February 2026. Every 1% increase in council tax generates approximately £6.4m of additional income. The gap excludes the impact of the Fair Funding Review or other policy changes that Government may introduce in the future, and the funding of the DSG deficit (beyond the forecasted loss of investment income).

Work is underway with the Executive Leadership Team and Cabinet Members to review this position, and in July 2025 the Cabinet will consider the Medium-Term Financial Strategy which, during a period of significant uncertainty, will provide the latest update on the financial position and budget gap across the next four years. This will set the foundations for the 2026/27 budget planning process.

At 31 March 2025 the Council held earmarked reserves of £137.8m (excluding School Balances), with a further £36.3m held in the General Fund. In the short term, and with the need to replenish or re-profile costs to a later period, the Council could draw on some of these reserves to balance the budget if required. However, the current level of reserves is considered prudent for the management of risk and uncertainty, and therefore the working assumption is that any use of the 'risk and uncertainty' reserves should be replenished over the medium term. For that reason, reserves are not intended to be used to balance the budget and are held instead to manage the County Council's risk strategy.

A potential added pressure is the DSG Reserve, which holds a deficit balance of £123.2m at 31 March 2025, an increase of £52.7m from the previously reported March 2024 balance. The DSG deficit is classified as an unusable reserve in line with regulatory changes which came into force during 2020/21 and were initially due to expire at the end of March 2023, but then extended for three years until March 2026. The temporary legislation states that any DSG deficits are to be recovered from future DSG income over time rather than from local authority General Funds. Government has recently announced a further two-year extension of the current arrangement to March 2028, and has recognised the pressures local authorities are facing because of their Dedicated School Grant deficits. The Spending Review confirmed funding to reform the Special Educational Needs and Disabilities (SEND) system, and Government will commence a phased transition process which will include working with local authorities to manage their SEND system, including deficits. More detail is expected as part of the provisional Local Government Finance Settlement in late Autumn 2025. The County Council is part of the second tranche of the Delivering Best Value initiative with the DfE, seeking opportunities to mitigate pressures on the SEND budget. However, it is unlikely that these new initiatives will entirely resolve the financial pressures on the DSG, and the County Council continues to lobby Government for a long-term solution to the increasing number of children with education, health and care plans.

The Council has produced a cashflow to 31 March 2027 and modelled the impact of two scenarios to ensure the budget is balanced for both 2025/26 and 2026/27. Both scenarios are underpinned by the Council's latest forecasts for known demand pressures within social care, beyond those already included in the approved budget. For 2025/26, these total £141.1m and comprise pressures arising from increased demand (£30.0m), a continuation of the annual DSG deficit (£91.7m) as set out in the approved Treasury Management Strategy 2025/26, non-delivered savings from 2024/25 (£7.1m) and savings for 2025/26 (£12.3m). The more optimistic scenario assumes that only 50% of these demand pressures materialise, and demonstrates that a balanced budget can be set for 2026/27 through a combination of base funding and reserves in 2025/26. The more pessimistic scenario assumes that all of the demand pressures materialise in 2025/26, followed by an additional funding shortfall of £151.5m in 2026/27 (which includes a further DSG deficit of £111.8m, as set out in the approved Treasury Management Strategy 2025/26). Whilst the 2025/26 pressures can be mitigated within existing reserves, this modelling demonstrates that the Council's current level of earmarked reserves would become exhausted in 2026/27, resulting in a cashflow issue which would be managed through external cashflow borrowing.

On the basis of this modelling, the Council is satisfied that there is no material uncertainty relating to the Council's cashflow position to 31 March 2027.

Local Government Funding Arrangements

There is a high degree of uncertainty about future levels of funding for local government. Recent Local Government Finance Settlements have been for one year only, although Government has committed to three-year settlement commencing 2026/27 as part of its revamped 'Fair Funding Review 2.0' consultation (launched in June 2025). Government announced a series of potentially fundamental reforms as part of this Review, including in relation to a reset of the business rates baseline, the consolidation of grants and revised distribution methodology, and addressing DSG deficits through reform of the SEND system. This, taken along with the Council's participation in the Devolution Priority Programme and ongoing planning for Local Government Reorganisation, creates a very uncertain funding environment in the medium term.

Additionally, there continues to be a high degree of uncertainty around the council tax and business rates base. The uncertain economic environment and high levels of inflation has seen a number of households fall into council tax support, which may impact on the amount of council tax receivable. The requirement for business premises may also reduce, decreasing the amount of business rates collectable.

However, given its cashflow and reserves projections and access to borrowing (see Going Concern Impact Assessment above), the Authority has determined that this uncertainty is not yet sufficient to provide an indication that its assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

Defined Benefit Pension Schemes

The Authority accounts for its assets and liabilities under the Local Government Pension Scheme in accordance with the requirements of IAS 19, as detailed in Note 17. The value of these assets and liabilities as at 31 March 2025 has been estimated by the Authority's actuary, Hymans Robertson LLP. Under IAS 19, the Authority is required to apply an 'asset ceiling', which limits the extent to which a net pension asset can be recognised to the present value of any economic benefits available in the form of refunds and/or reductions in future contributions to the plan.

The Authority, through liaison with its actuary, has judged that the Local Government Pension Scheme operates a 'minimum funding requirement' for the purposes of IFRIC 14, thereby limiting the ability of the Authority to realise economic benefits through reducing future contributions to the plan. This minimum funding requirement is represented by the present value of future service contributions (i.e. based upon the primary employer contribution rate), plus the present value of past service contributions where these give rise to a future surplus (i.e. where the secondary employer contribution rate is positive to recover historic deficits). The asset ceiling is thereby calculated by deducting the present value of future contributions from the present value of future service costs on an annuity basis in perpetuity, and then adjusting for the present value of past service contributions.

In their IAS 19 report, the actuary has calculated the unadjusted value of the Local Government Pension Scheme's net asset at 31 March 2025 to be £982.078m. However, in accordance with the methodology described above, the actuary has determined that the asset ceiling is nil. This is because the present value of future service costs is projected to be lower than the present value of future contributions, and therefore the Authority is not able to realise its surplus via an economic benefit in the form of service costs exceeding contributions.

Allowing for the present value of past service contributions and unfunded obligations, the effect of the asset ceiling is therefore to reduce the net asset realisable by the Authority by £1,050.026m. The Authority has accordingly recognised a net liability for its Local Government Pension Scheme at 31 March 2025 of £67.948m, as detailed in Note 17.

An alternative methodology for determining realisable economic benefits, such as not deducting employer contributions from future service costs (i.e. if it had determined that there was no minimum funding requirement), could have resulted in a higher asset ceiling. This in turn may have allowed for a greater net asset to be recognised on the Authority's balance sheet, up to the £982.078m unadjusted value in the actuary's IAS 19 report.

Interests in Other Entities

The Authority has an interest in Edes Estates Ltd, a wholly owned subsidiary of West Sussex County Council. Through Edes Estates, the Authority has entered into a joint venture (Kinsted Developments LLP) with Lovell Partnerships for the purposes of developing (typically operationally surplus) land owned by the Council.

The Council estimates that, as at 31 March 2025, Edes Estates has accumulated losses of £1,239,447. This represents the accumulated loss reported in Edes' draft 31 December 2024 financial statements, adjusted for its share of the losses reported in the Kinsted management accounts for the period January to March 2025. The Council has judged that this loss is not sufficiently material to warrant consolidation into group accounts as a wholly owned subsidiary.

In making this judgement, the Council has considered the effect of consolidation on its transactions and balances with both Edes Estates and Kinsted Developments, as disclosed in Note 32 Related Parties. The Council holds investments totalling £3,723,847 with Edes Estates at the reporting date, which would theoretically be eliminated upon consolidation. However, the vast majority of this balance is mirrored by a loan made by Edes Estates to Kinsted. Upon consolidation the loan to Edes in the Council's single entity accounts would be replaced with a loan to Kinsted in the group accounts, and therefore in this respect the impact of consolidation is trivial.

The only other transactions of significance in this arrangement are the transfers of land from the Council to Kinsted. The effect of consolidation would be to eliminate half of the Council's 'loss on disposal' (the difference between the carrying value and the transfer value) from the group accounts (as half of the loss is retained within the group boundary). To date, the Council has recognised a cumulative loss on disposal of £6,662,988 for the three sites transferred into the joint venture. Again, the Council has judged that the effect of eliminating half of this loss is not sufficiently material to warrant the preparation of group accounts. It is also notable that the impact of the reduced loss on disposal on the theoretical group reserves position would be partially mitigated by the consolidation of Edes' retained loss in full.

It is noted that work-in-progress of £15,658,247 has been recorded in Kinsted Developments' management accounts at 31 March 2025. Whilst this includes some costs related to the appraisal of sites for development (such as feasibility, architecture and design works associated with the planning application process), which are at the risk of Lovell Partnerships until such time that the Authority approves a business case for the transfer of land into the joint venture, the majority of this total relates to the development of sites which have transferred into the joint venture. As work-in-progress, these costs are not recognised by Edes Estates under the equity method of consolidation, and so are outside the scope of recognition by West Sussex County Council at this time.

Schools' Non-Current Assets

As disclosed in Note 1 Prior Period Adjustment, the Authority has revised its accounting policy in relation to the recognition of school non-current assets following the implementation of IFRS 16 Leases. In accordance with the Code's definition under the new standard, in order to be considered a lease, an arrangement must convey not only the right to obtain substantially all of the service potential from the use of an identified asset, but also the right to direct the use of that asset.

The Authority has judged that, for assets owned by religious bodies and used by schools, the governing body of the school does not have the right to direct the use of the asset. This is consistent with the conclusions of CIPFA Bulletin 11 released in September 2022. The right to direct use of the asset resides with the religious body, who could at any time exercise the decision to take the property out of the education sector, subject only to the right to give reasonable notice. As such, there is no lease under the IFRS 16 definition, and therefore no basis upon which to recognise these assets on the Authority's Balance Sheet.

Prior to the implementation of IFRS 16, the Council's policy was to recognise maintained school assets in accordance with the control provisions of IAS 16 Property, Plant and Equipment. Namely, where substantive control to direct future economic benefit resided with the Authority or the school's governing body, the Council's policy was to recognise these assets on its balance sheet. The Council judged that the balance of control resided with the Authority or the school's governing body for voluntary controlled schools, and for land at voluntary aided schools, and so recognised these assets on its Balance Sheet.

In accordance with the judgement made following the implementation of IFRS 16, the Authority has therefore derecognised all school assets owned by religious bodies from its Balance Sheet effective 1 April 2024. Assets with a net carrying value of £123.9m across 82 voluntary aided and controlled school sites have been derecognised. Where the Authority (or the school's governing body) does hold legal title for any land at religious body schools (e.g. playing fields) these continue to be recognised as assets of the Authority on its Balance Sheet.

Provisions and Contingent Liabilities

The Authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision, or whether it should be disclosed as a contingent liability. This judgement requires the Authority to assess the likelihood of the obligation arising. In calculating the level of any provisions, the Authority also exercises judgement; they are measured at the Authority's best estimate at the balance sheet date of the costs required to settle the obligation. The level of the Authority's provisions and details of its contingent liabilities are set out in Notes 14 and 36 respectively.

39. Assumptions made about the Future and Other Sources of Estimation Uncertainty

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

Property, Plant and Equipment – Depreciation

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate could impact upon the Authority's ability to sustain its current spending on repairs and maintenance, which would have implications for the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls. Had the estimated remaining useful lives at 1 April 2024 of all of the Authority's Property, Plant and Equipment assets subject to depreciation been decreased by one year, the effect would have been to increase the 2024/25 depreciation charge by £11.3m. Given the requirement to revalue land and building assets at least once every five years (as detailed in Note 37 Accounting Policies), this in-year depreciation increase may be extrapolated to indicate the cumulative impact on the carrying value of assets on the balance sheet between formal valuations. However, it is emphasised that the Authority's sampling approach, including more frequent revaluations for high-value assets (and annual revaluation of Surplus Assets), means that in reality the scope for this variation in carrying value is significantly reduced. In any event, a variation of this scale is not considered to be material in the context of the Authority's £1.7billion long-term asset base. It should also be noted that, in accordance with statutory requirements, the annual depreciation charge is diverted into the Capital Adjustment Account. Whilst depreciation therefore impacts expenditure in the Comprehensive Income and Expenditure Statement and the carrying value of assets on the Balance Sheet, there are no funding implications or impact on Usable Reserves.

Private Finance Initiatives

The Authority is currently entered into three Private Finance Initiative (PFI) arrangements, as detailed in Note 15 to these accounts. There is a high degree of certainty in relation to the Authority's contractual commitments under these contracts, as disclosed in Note 15 (iii) and subject to contractual variations relating to volumes, performance and indexation. However, the accounting models relating to these schemes which determine a number of material entries in these financial statements are necessarily underpinned by a series of assumptions. This includes the basis upon which the unitary charge is notionally split between its service, interest, and capital components, which impacts on how these costs are reported within the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, and also the rate at which the PFI liability on the Balance Sheet is shown to be repaid. In accordance with statutory requirements, the accounting entries generated by these models are all mitigated via the Capital Adjustment Account. Therefore, whilst a change in the underpinning assumptions may have a material impact on the financial statements, there are no funding implications or impact on Usable Reserves.

Defined Benefit Pension Schemes

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 and pensions are projected to increase and mortality rates. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Local Government

Change in assumptions at 31 March 2025	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	28,002
1 year increase in member life expectancy	4%	66,070
0.1% increase in the Salary Increase Rate	0%	856
0.1% increase in the Pension Increase Rate	2%	27,929

Firefighters

Change in assumptions at 31 March 2025	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	8%	22,100
1 year increase in member life expectancy	3%	8,390
0.5% increase in the Salary Increase Rate	<1%	480
0.5% increase in the Pension Increase Rate	7%	19,530

40. Accounting Standards that have been Issued but have not yet been Adopted

The Authority is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting (the 'Code'). For 2024/25, this requirement is limited to the standards listed in Appendix C of the 2025/26 Code, which (as per CIPFA Bulletin 19 – Closure of the 2024/25 Financial Statements) are as follows:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- Adoption of IFRS 17 Insurance Contracts
- Changes to the Code's adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the disclosures to provide. This requirement is not expected to be applicable to local authorities, and so no change to the 2025/26 Code is anticipated, and therefore the amendments will not impact the financial statements of West Sussex County Council.

IFRS 17 Insurance Contracts supersedes IFRS 4 Insurance Contracts, and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 is only applicable to local authorities in limited circumstances, as it applies to contracts which are generally not written outside of companies in the insurance industry. As such, the Code does not include detailed accounting requirements for this standard. Its adoption is not expected to have any impact on the financial statements of West Sussex County Council.

The changes to the Code's adaptations and interpretations of IAS 16 Property, Plant and Equipment will require operational property, plant and equipment that is presently measured at current value to be revalued either collectively quinquennially or on a rolling five-year basis, supported by annual indexation in the intervening years. This is a change from the Code's current requirements for assets to be revalued which sufficient regularity such that the carrying value at the reporting date is not materially misstated (and at least once every five years), with no provision for indexation. Additionally, the 2025/26 Code introduces an adaptation of IAS 38 Intangible Assets such that intangible assets are to be measured at historical cost only (consistent with the Authority's current policy).

The Code's changes in relation to IAS 16 and IAS 38 are being introduced prospectively. As such, authorities will not be required to follow the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) following the change in accounting policy – i.e. there will be no restatement of opening balances or prior year comparators. As such, there are no implications for the figures reported in these financial statements. Future revaluations (including indexation) will be performed in accordance with the requirements of the revised Code.

41. Firefighters' Pension Scheme

Fund Account	2023/24 £000	2024/25 £000
<u>Contributions receivable</u>		
Employers		
Normal	-4,712	-6,216
Early retirements	-	-
Total Employer Contributions	-4,712	-6,216
Employees	-2,132	-2,162
Transfer values from employers of contributors joining the fund	-39	-115
Charges in respect of ill-health early retirements	-	-
Total contributions receivable	-6,883	-8,493
<u>Benefits payable</u>		
Lump sum benefits		
Commutations	1,178	2,029
Death benefits	-	-
Total Lump sum benefits	1,178	2,029
Pensions	10,710	11,712
Transfer values to employers of contributors leaving the fund	-	-
Refund of contributions	-	23
Total benefits payable	11,888	13,764
Other miscellaneous expenditure	54	149
Net amount payable for the year before top up grant from the Home Office	5,059	5,420
Top up grant received from the Home Office	-4,432	-13,536
Top up grant receivable from the Home Office	-627	-
Top up grant repayable to the Home Office	-	8,116
Net amount payable/receivable for the year	-	-
Net Assets Statement	31 March 2024 £000	31 March 2025 £000
Current Assets		
Pension top up grant receivable from the Home Office	627	-
Debtors	-	8,116
Current Liabilities		
Pension top up grant repayable to the Home Office	-	-8,116
Creditors	-627	-
Net Assets - Scheme Balance	-	-

Glossary of Financial Terms

Accounting Policies	The specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its financial statements.
Accruals	An accounting concept that recognises income when it is earned and expenditure when it is incurred, and not when cash is transferred. The inclusion of debtors and creditors are examples of accruals.
Actuarial Gains and Losses	Changes in the net pension liability (or asset) that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the Actuary has updated their assumptions.
Actuarial Valuation	The Actuary reviews the assets and liabilities of the pension fund every three years.
Actuary	An independent professional who analyses the assets and liabilities of a pension fund and calculates the level of contributions required to keep the fund solvent.
Amortisation	The reduction in value of an intangible asset to spread its cost over its useful life. The equivalent of depreciation for intangible assets.
Asset	A resource controlled by the Authority as a result of past events and from which future economic or service potential is expected to flow to the Authority.
Asset Ceiling	The extent to which the net pension asset can be recognised on the Balance Sheet is limited to the present value of any economic benefits available in the form of refunds and/or reductions in future contributions to the plan.
Assets Held for Sale	Assets that the Council intends to sell within the next year and are actively marketed as such.
Balance Sheet	A statement of recorded assets and liabilities as at the end of an accounting period.
Billing Authority	The district and borough councils which are responsible for the billing and collection of council tax and non-domestic rates. There are seven billing authorities in West Sussex – Adur, Arun, Chichester, Crawley, Horsham, Mid-Sussex and Worthing.
Capital Adjustment Account	Absorbs the timing differences arising from the various arrangements for accounting for the consumption of non-current assets (e.g. depreciation, revaluations, disposals) and the financing of the acquisition/enhancement of those assets (e.g. through grants, revenue contributions or MRP).
Capital Expenditure	Expenditure on the acquisition or construction of new assets, or the enhancement of existing assets, that have a long-term value to the Authority e.g. land and buildings.
Capital Financing Requirement (CFR)	This represents the Council's underlying need to borrow for capital purposes. A measure of capital expenditure incurred historically by the Authority that has yet to be financed, and therefore representing borrowing (internal or external) which has yet to be repaid via MRP.
Capital Grants Unapplied Account	This reserve holds grants and contributions received towards capital projects, for which the Council has met any conditions that would otherwise require the repayment of the monies, but which have yet to be applied to meet expenditure.
Capital Programme	The Authority's plan of capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees, and the acquisition of vehicles and major items of equipment.

Capital Receipts	The proceeds from the sale of a non-current asset, which may only be used for capital purposes, and not to support the revenue budget.
Capital Receipts Reserve	Holds accumulated capital receipts which have yet to be applied to finance the capital programme.
Cash Flow Statement	Shows the movement in cash and cash equivalents of the Authority during the reporting period.
Chartered Institute of Public Finance and Accountancy (CIPFA)	The professional accountancy institute that sets the standards for the public sector. CIPFA publishes the accounting codes of practice for local government.
Code of Practice on Local Authority Accounting ('the Code')	Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code. The Code is reviewed continuously and is normally updated annually.
Collection Fund	Each billing authority maintains a separate collection fund for council tax and non-domestic rates. Monies are paid into the funds by taxpayers and ratepayers, and are distributed to preceptors.
Componentisation	The Code requires that Property, Plant and Equipment assets be separated into their significant components (e.g. roof, mechanicals, electricals etc), each with its own estimated useful life, where this has a material impact on depreciation.
Comprehensive Income and Expenditure Statement	A statement which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded by taxation.
Concessionary Lease	A lease which does not have commercial payment terms, such as where rents are set at a peppercorn or where there is no consideration or nominal lease payments.
Contingent Asset	Arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Authority's control.
Contingent Liability	Arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.
Council Tax	A domestic property tax set by local authorities to finance revenue expenditure. Each dwelling is allocated to one of eight tax bands based on its capital value.
Creditors	Amounts owed by the Authority for goods and services received where payment has not been made as at the Balance Sheet date.
Current Asset	Assets which are either cash (or an equivalent), held for trading, or expected to be realised within the next financial year.
Current Liability	An amount which will become payable within 12 months of the reporting date.

Current Service Cost	An increase in the present value of liabilities in a defined benefit pension scheme, arising from employee service in the current period.
Debtors	Amounts owed to the Authority for goods and services provided but are unpaid as at the Balance Sheet date.
Dedicated Schools Grant (DSG)	The County Council's expenditure on schools is funded by grant monies issued by the Department for Education. DSG is ringfenced and can only be applied to meet expenditure included in the Schools Budget, or central expenditure as agreed by the Schools Forum.
Depreciated Replacement Cost (DRC)	A method of asset valuation, used where there is insufficient market-based evidence of current value because an item Property, Plant and Equipment is specialised and/or rarely sold (e.g. a school), or as a proxy for current value for non-property assets that have short useful lives and/or low values.
Depreciation	A charge to the revenue account to reflect the consumption of a tangible non-current asset in service delivery. There is a corresponding reduction in the value of the non-current asset on the Balance Sheet.
Earmarked Reserves	Usable reserves which have been set aside for a specific purpose.
Events after the Balance Sheet Date	Events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.
Exceptional Items	Material items which deviate from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Existing Use Value	A valuation method that estimates the amount for which an asset or liability should exchange on the valuation date between a willing buyer and seller in an arm's length transaction and disregarding potential alternative uses for the asset.
Expected Credit Loss	An impairment allowance applied to certain categories of financial assets, calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations.
Expenditure and Funding Analysis	An analysis of the income and expenditure of the Authority chargeable to the General Fund under statute, and a reconciliation of these sums to that presented in the Comprehensive Income and Expenditure Statement under proper accounting practices.
Fair Value	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.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Consequently the non-current asset is included within the Balance Sheet of the lessee, even though the lessor retains the legal title of the asset.
Financial Assets Measured at Amortised Cost	Financial assets whereby the Council's business model is to collect contractual cash flows with intention of holding to maturity; such cash flows being solely payments of principal and interest. Includes cash and cash equivalents, fixed-term deposits and trade debtors.

Financial Assets Measured at Fair Value through Profit or Loss	Financial assets whose contractual payments are not solely payments of principal and interest; such assets incurring fair value gains and/or losses over the lifetime of the investment). Includes pooled funds and equity investments.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Examples include the borrowing or lending of money and the making of investments.
General Fund	A statutory fund which holds the accumulated surplus of income over expenditure in the revenue account. The balance on the General Fund forms part of the County Council's Usable Reserves.
Going Concern	The fundamental assumption that an entity is sufficiently solvent to continue to operate for the foreseeable future.
Gross Expenditure	Total expenditure before deducting income.
Heritage Assets	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge or culture.
Impairment	Recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment may be physical in nature (such as damage caused by fire or flood), or may arise from a general or specific reduction in prices during the financial year.
Income	Inflow of economic benefits or service potential during the reporting period, when such inflows or enhancements of assets or decreases of liabilities result in an increase in reserves.
Intangible Assets	Intangible assets yield benefits to Council for more than one year, but are without physical form, such as software licences. Intangible assets are recorded at cost and are amortised over their estimated useful economic life.
International Accounting Standards (IAS)	Standards for the preparation and presentation of financial statements as issued by the International Accounting Standards Committee (IASC) from 1973 to 2001.
International Accounting Standards Board (IASB)	Independent body with responsibility for developing and approving International Financial Reporting Standards (IFRSs). Successor to the International Accounting Standards Committee (IASC).
IFRIC	Interpretations developed by the IFRS Interpretations Committee (previously the International Financial Reporting Interpretations Committee), issued upon approval by the International Accounting Standards Board (IASB).
International Financial Reporting Standards (IFRS)	Standards for the preparation and presentation of financial statements as issued by the International Accounting Standards Board (IASB) since 2001.

Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of operations.
Joint Venture	A legal entity in which two or more parties have contractually agreed to share control.
Lease	A lease is an agreement whereby the lessor conveys to the lessee (in return for a payment or series of payments) the right to use an asset for an agreed period of time.
Liability	A present obligation of the Authority arising from past events, the settlement of which is expected to result in an outflow from the Authority of resources embodying economic benefits or service potential.
Long Term Assets	Non-current assets that do not meet the definition of a current asset and provide benefits to the Council which are realisable over a period greater than 12 months.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement, judged in the context of the information being considered.
Minimum Revenue Provision (MRP)	An amount chargeable to the General Fund annually to provide for the repayment of debt. The provision of MRP reduces the Council's Capital Financing Requirement, which may be met by internal or external borrowing.
Modern Equivalent Asset (MEA)	Used in DRC valuations, where the replacement cost of an existing asset is determined using a modern equivalent which provides the current level of service or output.
Movement in Reserves Statement	Shows the movement in the year on the various reserves held by the Authority, analysed into usable and unusable reserves.
National Non-Domestic Rates (NNDR)	A charge on commercial and industrial premises based on the rateable value of the property multiplied by a national rate set by central government. The means by which local businesses contribute towards the provision of local authority services.
Operating Lease	A lease arrangement where the risks and rewards of ownership of the asset have not been transferred to the lessee. The annual rentals are therefore charged directly to the Income and Expenditure Account and the asset remains on the balance sheet of the lessor.
Outturn	The actual level of income and expenditure for the financial year.
Past Service Cost	The change in the present value of the defined benefit obligation relating to employee service in prior periods, arising from amendments to retirement benefits.
Pooled Budgets	A partnership arrangement whereby NHS organisations and local authorities contribute an agreed level of resource into a pooled fund which is then used to commission or deliver health and social care services.
Precept	The County Council precepts on (makes demands upon) the billing authorities' collection funds for its net expenditure requirements to be met by council tax.
Prior Period Adjustments	Material adjustments which are applicable to prior years and which arise from changes in accounting policy or the correction of material errors. They do not include immaterial adjustments or changes to accounting estimates.

Private Finance Initiative (PFI)	A long-term contractual public private partnership, which typically involves a private sector entity (the operator) constructing or enhancing infrastructure used in the provision of a public service, and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement.
Provisions	Provisions are raised to recognise liabilities which exist at the balance sheet date, where settlement is probable and can be reliably quantified but the exact amount and the date on which it will arise is uncertain.
Prudential Code	Issued by CIPFA, the Prudential Code supports local authorities in taking capital investment decisions. The Prudential Code requires local authorities to set their own borrowing limits based upon affordability, sustainability and prudence.
Public Works Loan Board (PWLB)	A central government agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.
Related Party	An individual or organisation that has the potential to control or significantly influence the Council, or to be controlled or significantly influenced by the Council.
Remuneration	Remuneration includes all amounts paid to or receivable by a person, including sums due by way of expense allowances (so far as these are chargeable to tax) and the estimated monetary value of any other benefits received by an employee.
Residual Value	The estimated amount that the Authority would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
Revaluation Reserve	Records the unrealised revaluation gains arising from increases in the value of non-current assets. The reserve increases when assets are revalued upwards, and decreases when assets are revalued downwards or disposed of or as assets are depreciated.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of the County Council's policies and the basis of the annual precept to be levied on collection funds.
Revenue Contribution to Capital Outlay (RCCO)	The amount of capital expenditure to be financed directly from the annual revenue budget.
Revenue Expenditure	The operating costs incurred by the Council in providing its day-to-day services, such as salaries, supplies and services.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Expenditure that is classified as capital under statutory provisions, but which does not result in the creation or enhancement of non-current assets owned by the Council. Such expenditure is treated as revenue expenditure under proper accounting practices and is charged to the relevant service in the Comprehensive Income and Expenditure Statement.
Right of Use (ROU) Asset	Recognised by a lessee where the right to use an asset (such as an item of property, plant or equipment) is conveyed by a lease or similar agreement.

Section 106 Contributions	Payments made by developers as part of a planning agreement entered into under the Town and Country Planning Act 1990, as a contribution towards infrastructure costs (highways, schools etc) to mitigate the impacts of a development proposal.
Specific Grants	Represents central government financial support towards particular local authority services, which the government wishes to target.
Subsidiary	An entity which is subject to the control of the parent or holding organisation.
Surplus Assets	Non-current assets that are surplus to service needs but that do not meet the recognition criteria for Investment Property or Assets Held for Sale.
Unusable Reserves	Reserves that the Council is not able to use to provide services. This includes unrealised gains and losses in relation to asset revaluations and accounts that absorb the timing differences between transactions under proper accounting practices and statutory arrangements.
Usable Reserves	Reserves that can be used to meet future expenditure, subject to the requirement to maintain a prudent level of reserves and any statutory limitations on their use.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST SUSSEX COUNTY COUNCIL

Qualified Opinion

We have audited the financial statements of West Sussex County Council ('the Council') for the year ended 31 March 2025. The financial statements comprise the:

- Movement in Reserves Statement,
- Balance Sheet,
- Comprehensive Income and Expenditure Statement,
- Cash Flow Statement,
- the related notes 1 to 40 including material accounting policy information and including the Expenditure and Funding Analysis,
- and include the firefighters' pension fund financial statements comprising the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial position of West Sussex County Council as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

Basis for qualified opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

As a result of the disclaimers of opinion on the financial statements for the years ended 31 March 2023 and 31 March 2024, we do not have sufficient appropriate audit evidence over:

- the valuation of property, plant and equipment that were last revalued in the financial year 2022/23, amounting to £359.353 million as at 31 March 2025 and additions of £42.255 million made in the financial year 2022/23 that are held at cost, and the consequential impact of these on the Comprehensive Income and Expenditure Statement; and
- the classification of reserves between useable and unusable including the:
 - General Fund;
 - Earmarked General Fund;
 - Capital Receipts Reserve;
 - Capital Grants Unapplied Accounts;
 - Accumulated Absences Account;
 - Capital Adjustment Account;
 - Collection Fund Adjustment Account;
 - Dedicated Schools Grant Adjustment Account;
 - Deferred Capital Receipts Reserve;

- Pooled Investment Funds Adjustment Account; and
- Revaluation Reserve.

Our inability to audit the classification is a consequence of the disclaimer of opinion on the reserve balances as at 31 March 2023. We have obtained assurance over the in-year movements in reserves for the year ended 31 March 2025 and the comparative year.

Our opinion on the current period's financial statements is also modified because of the possible effect of the disclaimers of opinion on the financial statements for the years ended 31 March 2023 and 31 March 2024 on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The audit of the financial statements for the year ended 31 March 2023 and 31 March 2024 for West Sussex County Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 25 November 2024 and 21 February 2025 respectively.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Finance and Support Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period to 31 March 2027 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Finance and Support Services with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2024/25, other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Support Services is responsible for the other information contained within the Statement of Accounts 2024/25.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified due to a lack of assurance over Property, Plant and Equipment valuations and additions not subsequently revalued after the 2022/23 financial year, the classification of reserves, and comparative values.

Information on the Council's reserves is included in the Narrative Report and accordingly we have concluded that the other information may be materially misstated for the same reason.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in these respects.

Responsibility of the Executive Director of Finance and Support Services

As explained more fully in the Statement of Responsibilities, set out on page 26, the Executive Director of Finance and Support Services is responsible for the preparation of the Statement of Accounts 2024/25, which includes the Council financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Executive Director of Finance and Support Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Support Services is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- Local Government Act 1972,
- School Standards and Framework Act 1998,
- Transport Act 2000,
- Education Act 2002 and school Standards and Framework Act 1998 (England),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- Waste and Emissions Trading Act 2003 ,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how West Sussex County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit and Those Charged With Governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Council policies, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws

and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified management override and inappropriate capitalisation of revenue expenditure to be our fraud risks.

To address our fraud risk of inappropriate capitalization of revenue expenditure, we tested a sample of Property, Plant and Equipment and Investment Property additions to ensure that the capitalisation criteria were properly met, and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also reviewed the Council's accounting estimates for evidence of management bias, and considered whether there were any significant or unusual transactions outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether West Sussex County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether West Sussex County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether West Sussex County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

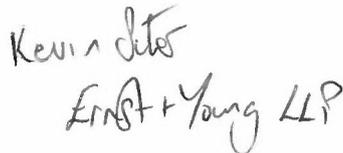
Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of West Sussex County Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of West Sussex County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Kevin Suter and Ernst & Young LLP. The signature is written in black ink and consists of two lines: "Kevin Suter" on the top line and "Ernst & Young LLP" on the bottom line.

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
30 January 2026

West Sussex Pension Fund Statement Of Accounts 2024/25

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THE LOCAL GOVERNMENT PENSION SCHEME PENSION FUND ACCOUNT

Fund Account	Note	2023/24 £000	2024/25 £000
Dealings with members, employers and others directly involved in the scheme			
Contributions received	7	160,480	166,175
Transfers in from other Pension Funds	8	12,917	17,870
Amount received		173,397	184,045
Benefits paid	9	(146,344)	(163,409)
Payments to and on account of leavers	10	(16,257)	(32,791)
Amount paid		(162,601)	(196,200)
Net additions/(withdrawals) from dealings with members		10,796	(12,155)
Management expenses	11	(30,271)	(33,019)
Net additions/(withdrawals) including Fund management expenses		(19,475)	(45,173)
Returns on investments			
Investment income	12	137,314	171,280
Other income		4	68
Profit and (losses) on disposal of investments and changes in the market value of investments	14A	332,050	(52,135)
Net return on investments		469,368	119,213
Net increase in net assets available for benefits during the year		449,893	74,040
Add opening net assets of the scheme		5,343,924	5,793,818
Closing net assets of the scheme		5,793,818	5,867,858

NET ASSET STATEMENT

Assets and Liabilities	Note	At 31 March 2024 £000	At 31 March 2025 £000
Investment assets	14	5,785,424	5,847,650
Investment liabilities	14	(855)	(300)
Net investment assets / (liabilities)		5,784,568	5,847,351
Current assets	21	21,297	24,916
Current liabilities	22	(12,047)	(4,408)
Net assets of the scheme available to fund benefits at the end of the reporting period		5,793,818	5,867,858

Note: The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2025. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Individual totals may be +/- £1,000 due to rounding.

NOTES

Note 1: Description of the Pension Fund

The West Sussex Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by West Sussex County Council.

GENERAL

The LGPS is a national defined benefit funded pension scheme governed by the Public Service Pensions Act 2013 and is administered by West Sussex County Council in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund provides pensions and other benefits for pensionable employees of West Sussex County Council, the District and Borough Councils in West Sussex and a range of other bodies described below.

<p>Scheduled Bodies, Resolution Bodies and Academies</p>	<p>Regulations allow employees of certain specified bodies to join the Scheme including the County Council, District and Borough Councils, non-uniformed personnel employed by the Chief Constable and the Sussex Police & Crime Commissioner,, employees within Town and Parish Councils as well as non-teaching staff employed by Colleges and Academies.</p>
<p>Admitted Bodies</p>	<p>Admitted bodies include voluntary, charitable and similar bodies or private contractors following outsourcing to the private sector.</p>

Police officers, teachers and fire-fighters have their own unfunded statutory arrangements.

MEMBERSHIP

The membership details by employer group and member category are set out below:

Membership Type	31 March 2024	31 March 2025
Number of Employers with Active Members	219	239
Active members		
West Sussex County Council	13,419	13,358
Other employers	13,461	13,830
Total	26,880	27,188
Pensioner members		
West Sussex County Council	12,672	13,265
Other employers	11,518	12,040
Total	24,190	25,305
Deferred pensioner members		
West Sussex County Council	21,184	21,352
Other employers	16,998	17,608
Total	38,182	38,960
Total number of members in scheme	89,252	91,453

FUNDING

Benefits are funded by contributions and investments. Normal contributions are made by:

- Active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025.
- Employers in accordance with the minimum rate calculated by the Fund Actuary at the triennial valuation exercise, or on joining the Scheme between valuations. The minimum employer contribution rates range from 0.0% to 43.6% of pensionable pay for the financial year ending 31 March 2025.

BENEFITS

Since 2014 The Local Government Pension Scheme (LGPS) has been a Career Average Revaluation Earnings (CARE) scheme. However:

- Members in the Scheme before 1 April 2014 will also have benefits based on final pensionable pay and length of pensionable service (the final salary scheme).
- The LGPS rules changed from 1 October 2023 because of the McCloud remedy. This means certain members will have the career average pension they built up before age 65 compared with the pension they would have built up in the final salary scheme. Pensions built up from 1 April 2022 onwards are not protected by the underpin.

A range of other benefits are also provided including early retirement, ill health and death benefits.

Note 2: Basis of Preparation

The accounts have been prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 24/25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK Public Sector and Guidance on Investment Valuations issued by the Pensions Research Accountants Group (PRAG).

The accounts summarise the transactions and net assets of the Fund and have been prepared on a going concern basis.

The below are considered relevant in arriving at this assessment:

- The Fund remains a statutory open scheme with a strong covenant from the participating employers and is therefore able to take a long-term outlook when considering the general investment and funding implications of external events.
- The Fund remains a long-term investor and has a strategic asset allocation which invests money in a wide variety of investments and is based on professional advice. The Fund will continue to monitor all risks on an ongoing basis and take appropriate actions where necessary.
- The most recent full valuation was completed based on 31 March 2022 data. This showed the Fund to be 125% funded and set employer contributions from 1 April 2023 to 31 March 2026.
- The next valuation is based on 31 March 2025 data and will review the Fund's funding position and set employer contributions for 1 April 2026 onwards. It is estimated that the Fund remains fully funded.
- The Fund takes a prudent approach when setting employer contributions and its contribution strategy is considered against detailed scenario testing by the Fund Actuary. It is not expected that any contribution rates will be reviewed or revised prior to the outcome of the next triennial valuation (31 March 2025).
- Management is not aware of any other significant planned changes to its main receipts and payments up to March 2026.

A cashflow forecast has also been produced to consider all significant receipts and payments up to March 2027. The Fund has based this assessment on:

- Contributions based on actual March 2025 pensionable pay data, known employer contribution rates to 31 March 2026 and projected rates to 31 March 2027 (subject to finalisation of the triennial valuation).
- 2024/25 outturn values for property rental income, pension benefits, death benefits and lump sum payments.

Appropriate stress testing has been applied to the above projections as follows:

- Pensionable pay reduces by 10% annually
- Pension benefits increase by 10% annually; and
- Death benefits and lump sum payments each increase by 10% annually.

After the application of these stress tests the forecasting shows that the Fund would still have sufficient annual cash flows to cover benefit payments without needing to sell investment assets.

In the unlikely event that the stress tests applied are not sufficiently pessimistic the Fund holds in excess of £4.6 billion of assets in liquid form which could be realised within 3 months in a managed way to cover all benefits paid for a period of greater than 12 months from the reporting date should the need arise.

Note 3: Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

Contribution Income

Normal contributions, both from members and employers, are accounted for on an accruals basis. Member contributions are accrued at the percentage rate in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013. Employer contributions are accrued at the percentage rate certified by the Fund Actuary in the payroll period to which they relate.

Pension strain contributions are accounted for when received. Any amount due in year but unpaid will be classed as a current financial asset.

Transfers to and from other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the reporting period and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out are accounted for when received/paid which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their Additional Voluntary Contributions to purchase LGPS benefits are accounted for on a receipts basis and are included in transfers in.

Fund Account – Expense items

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due at the end of the reporting period.

Any amounts due but unpaid are accrued for and disclosed in the Net Asset Statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold.

Income and expenditure exclude VAT as all VAT is either payable to or recoverable from HM Revenue and Customs (HMRC). The net position is recognised in current assets (Note 21) or current liabilities (Note 22).

Management Expenses

The Fund discloses its Fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016) as set out below.

Administrative

All administrative expenses are accounted for on an accruals basis representing the annual charge relating to the pensions administration and relevant staff costs. Associated management, accommodation and other overheads are also apportioned to this activity.

Oversight and Governance

All oversight and governance expenses are accounted for on an accruals basis representing the Fund's external advisors, audit and actuary fees and relevant staff costs. Associated management, accommodation and other overheads are also apportioned to this activity.

Investment Management

All management expenses are accounted for on an accruals basis. Fees of the external managers and custodian are agreed in the respective mandates governing their appointment and are mainly based on the market value of the investments under management.

The cost of the County Council's in-house treasury management team is charged to the Fund based on a proportion of time spend by officers on treasury management. Associated management, accommodation and other overheads are also apportioned to this activity.

Fund Account – Returns on Investments

Investment Income

Investment income is received in both GBP and foreign currency. Investment income falls under the following classifications.

- i. Pooled Fund income is automatically reinvested to purchase units in the relevant pooled vehicle. Any income due at the end of the accounting period is accrued for within the net asset value.
- ii. Private Equity income is recognised on the date paid. Any income outstanding at the end of the reporting period will be accounted for on an accruals basis.
- iii. Private Debt income is recognised on the date paid. Any income outstanding at the end of the reporting period will be accounted for on an accruals basis.
- iv. Infrastructure income is recognised on the date paid. Any income due at the end of the accounting period is accrued for within the net asset value.
- v. Property income consists of rental income and is accounted for on an accruals basis.

Income in foreign currency is recorded at the spot exchange rate and translated into sterling on the date of the transaction.

Profit and losses on disposal of investments and changes in the market value of investments

Any change in the value of investments (including investment properties and foreign currency) are recognised as income or expense and reported as a realised gain/loss.

Net Asset Statement

Investment Assets

Financial Assets

Financial assets include pooled funds, private equity, private debt and infrastructure. These are valued at the reporting date at fair value in accordance with the requirements of the Code and IFRS13.

Assets are recognised on the date the Fund becomes party to the contractual acquisition of the asset.

Foreign currency assets have been translated to sterling by applying the spot market exchange rates at the reporting dates.

The classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016) have been applied to determine levels of fair value hierarchy.

Foreign Currency Balances

Foreign currency cash balances have been translated to sterling by applying the spot market exchange rates at the reporting date.

Cash and cash equivalents

Cash comprises of cash in hand and instant access deposits.

Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of change in value.

Investment Income Due

Investment income due is made up of tax reclaims (where withholding tax suffered in the country of origin is recoverable by the Fund) and interest on cash balances accrued at the end of the reporting period.

Non-Financial Assets

Freehold and leasehold properties

Properties have been valued at the reporting date at fair value in accordance with the International Financial Reporting Standards (IFRS).

Investment liabilities

Investment liabilities are recognised at the reporting date at fair value when the Fund becomes party to the liability. These predominately comprise of property rental income received in advance.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund Actuary in accordance with the requirements of International Accounting Standards 19 (IAS19) and relevant actuarial standards. This is shown as a note to the Net Asset Statement.

Current Assets

Current Assets reflect income due to the Fund as at the reporting date and include contributions due, prepayments, debtors and working cash balances.

Current Liabilities

Current liabilities reflect any pension benefits due to be paid and other creditors where the amount due is known but not paid at the reporting date.

Additional Voluntary Contributions

Additional voluntary contributions are invested separately in funds and therefore disclosed as a note included in the fund accounts. Further detail is set out within Note 23.

Note 4: Critical Judgements in Applying Accounting Policies

Pension Fund liability

The net Fund liability is recalculated every three years by the Fund Actuary, with annual estimates in the intervening years. The methodology used is in line with accepted guidelines. The purpose of the triennial valuation is to assess the financial position of the Fund and to determine each participating employer's contribution rates, certified for a three-year period. The aim is to ensure that each employer's share of the Fund's assets and future expected investment returns and as far as possible that contributions will be sufficient to meet future benefit payments from the Fund.

Direct property holdings

The Fund's property portfolio comprises directly owned properties which are leased commercially to various tenants with remaining lease terms of between one and 25 years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by International Accounting Standard 17 (IAS 17) and the Code, therefore the properties are retained on the Net Asset Statement at fair value.

Unquoted Level 3 Investments

The fair value of Level 3 assets (private equity, private debt and infrastructure) is subjective. These assets are not listed and are inherently based on forward-looking estimates and judgements involving many factors. Therefore, there is a degree of estimation involved in the valuation. Unquoted private equity and infrastructure investments are valued by the investment manager in line with industry guidelines. This considers observable and non-observable pricing inputs including public market developments (industry sector and peers), private market transactions, company specific considerations, public indices and cashflows.

Note 5: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The table below describes items for which there is a significant risk of material adjustment in the following year.

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on several assumptions relating to the discount rate used, salary and pension increases, retirement age, longevity rates and investment returns.	<p>The effect will depend on actual experience relative to the assumptions. For example:</p> <p>A 0.1% decrease in discount rate at year ended 31 March 2025 would result in an approximate 2% increase to employers' liabilities (£61m).</p> <p>A one-year increase in member life expectancy at year ended 31 March 2025 would result in an approximate increase in employers' liabilities of 4% (£141m).</p> <p>A 0.1% increase in the salary increase rate at year ended 31 March 2025 would result in an approximate increase in employers' liabilities of less than 0% (£2m).</p> <p>A 0.1% increase in the pension increase rate at year ended 31 March 2025 would result in an approximate 2% increase in employers' liabilities (£59m).</p> <p>However, the Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2025.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Private Equity	These investments are not publicly listed and as such there is a degree of estimation involved in the fund manager valuation at the end of the reporting period.	The total private equity investment in the financial statements is £193m (3.3% of net assets). There is a risk that this investment may be under or overstated in the accounts.
Private Debt	These investments are not publicly listed and as such there is a degree of estimation involved in the fund manager valuation.	The total private debt investment in the financial statements is £231m (3.9% of net assets). There is a risk that this investment could be under or overstated in the accounts.
Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. These valuations are validated by third party independent appraisal firms.	The total infrastructure investment in the financial statements is £278m (4.7% of net assets). There is a risk that this investment could be under or overstated in the accounts.
Direct Property Holdings	<p>Independent valuation for freehold and leasehold investment property has been provided in accordance with Royal Institution of Chartered Surveyors (RICS) "Red Book".</p> <p>This takes into account observable and unobservable pricing inputs including existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels and estimated rental growth.</p>	Changes in rental growth, void levels and general changes in property market prices could affect the valuation. The total property investment in the financial statements is £496m (8.5% of net assets). There is a risk that this investment may be under or overstated in the accounts.

Note 6: Events After the Balance Sheet Date

There have been no material events occurring after the balance sheet date.

Note 7: Contributions Received

By Category	2023/24 £000	2024/25 £000
Employers	122,318	125,571
Members	38,163	40,603
Total	160,480	166,175

By Authority	2023/24 £000	2024/25 £000
West Sussex County Council	75,500	78,138
Scheduled bodies	80,190	81,962
Admitted bodies	4,791	6,074
Total	160,480	166,175

Note 8: Transfers In From Other Pension Funds

By Category	2023/24 £000	2024/25 £000
Individual transfers	12,917	17,870
Total	12,917	17,870

Note 9: Benefits Paid

By Category	2023/24 £000	2024/25 £000
Pensions	121,692	135,178
Lump sum retirement benefit	19,729	24,512
Lump sum death benefit	4,923	3,719
Total	146,344	163,409

By Authority	2023/24 £000	2024/25 £000
West Sussex County Council	67,081	74,156
Scheduled bodies	67,778	76,057
Admitted bodies	11,485	13,196
Total	146,344	163,409

Note 10: Payments To and On Account of Leavers

Payment Type	2023/24 £000	2024/25 £000
Refunds of contributions	612	860
Exit payments made to employers	-	9,472
Individual transfers	15,645	22,459
Total	16,257	32,791

Note 11: Management Expenses

Expense Type	2023/24 £000	2024/25 £000
Administrative	1,364	1,357
Oversight and governance	1,423	2,052
Investment management	27,485	29,609
Total	30,271	33,019

Note 11a: Investment Management Expenses

2024/25 Expense Type	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled equity & bond funds	11,543	-	136	11,679
Private equity	3,378	867	3,006	7,251
Private debt	2,192	2,445	2,178	6,815
Infrastructure	1,484	1,187	-	2,671
Property	1,168	-	-	1,168
Cash & FX contracts	4	-	-	4
Sub total	19,770	4,499	5,320	29,589
Custody fees				20
Total				29,609

2023/24 Expense Type	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled equity & bond funds	10,751	-	-	10,751
Private equity	3,596	774	2,433	6,804
Private debt	1,554	2,144	650	4,347
Infrastructure	1,481	1,350	1,545	4,376
Property	1,189	-	-	1,189
Cash & FX contracts	3	-	-	3
Sub total	18,573	4,268	4,628	27,470
Custody fees				15
Total				27,485

Note 12: Investment Income

Type of Income	2023/24 £000	2024/25 £000
Pooled equity fund income	35,171	33,831
Pooled bond fund income	52,628	82,423
Private equity income	620	1,500
Private debt income	10,637	12,545
Infrastructure income	13,657	17,001
Property income	22,088	21,440
Interest on cash deposits and cash balances	2,514	2,540
Total	137,314	171,280

Note 12a: Property Income

Type of Income	2023/24 £000	2024/25 £000
Rental income	22,826	22,579
Direct operating expenses	(737)	(1,139)
Total	22,088	21,440

No contingent rents have been recognised as income during the period.

Note 13: Other Fund Account Disclosures

Type of Expense	2023/24 £000	2024/25 £000
Pension Advisory Board	30	31
ACCESS pool	146	225
Total	176	255

The ACCESS pool costs incurred for 2024/25 reflect the Fund's contribution towards the pool's activities outside of investment management costs. These costs are included within oversight and governance costs in Note 11.

Note 13a: Taxes on Income

The Pension Fund no longer directly suffers withholding tax on income received on overseas investments. However, reclaims of £0.930m have been accrued at 31 March 2025 (£1.552m at 31 March 2024) and shown in Note 14 as investment income due.

Note 13b: External Audit Costs

Type of Expense	2023/24 £000	2024/25 £000
Payable in respect of external audit	109	106
Grant & distribution received	(13)	(13)
Total	96	92

The external audit fee payable in 2024/25 was offset by a grant received by Department for Levelling Up, Housing and Communities in response to the Redmond Review and to provide funding to local bodies to meet increased audit costs. This is reflected in the table above. These costs are included within oversight and governance costs in Note 11.

Note 14: Investments

Investments	Market Value 2023/24 £000	Market Value 2024/25 £000
Investment Assets		
Equities	2,981,012	2,868,365
Bonds	1,615,248	1,746,653
Private equity	178,075	192,744
Private debt	236,453	230,683
Infrastructure	267,835	277,720
Property	455,700	495,785
Investment Assets	5,734,323	5,811,950
Cash deposits	49,544	34,769
Investment income due	1,556	932
Amounts receivable for sales	-	-
Other Investment Assets	51,100	35,701
Total Investment Assets	5,785,424	5,847,650
Investment Liabilities		
Amounts payable for purchases	-	-
Property income received in advance	(855)	(300)
Total Investment Liabilities	(855)	(300)
Net Investment Assets	5,784,568	5,847,351

Note 14a: Reconciliation of Movements in Investments

2024/25

Investments	Market Value at 1 April 2024	Purchases during the year	Sales during the year	Change in market value during the year	Market Value at 31 March 2025
	£000	£000	£000	£000	£000
Investment Assets					
Equities	2,981,012	33,831	(77,675)	(68,803)	2,868,365
Bonds	1,615,248	150,375	(1,957)	(17,014)	1,746,653
Private equity	178,075	24,188	(15,998)	6,479	192,744
Private debt	236,453	53,055	(71,174)	12,349	230,683
Infrastructure	267,835	-	-	9,885	277,720
Property	455,700	38,983	(991)	2,094	495,785
Sub Total	5,734,323	300,432	(167,795)	(55,011)	5,811,950
Other Investment Balances					
Cash deposits	49,544			2,876	34,769
Amount receivable for sales	-				-
Investment income due	1,556				932
Amount payable for purchases	-				-
Property income received in advance	(855)				(300)
Total Assets	5,784,568			(52,135)	5,847,351

2023/24

Investments	Market Value at 1 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market Value at 31 March 2024
	£000	£000	£000	£000	£000
Investment Assets					
Equities	2,701,753	35,171	-	244,089	2,981,012
Bonds	1,508,459	52,628	-	54,161	1,615,248
Private equity	146,714	42,267	(18,463)	7,558	178,075
Private debt	199,066	40,317	(17,084)	14,154	236,453
Infrastructure	259,276	13,284	(28,876)	24,151	267,835
Property	490,475	712	(19,535)	(15,952)	455,700
Sub Total	5,305,743	184,378	(83,958)	328,161	5,734,323
Other Investment Balances					
Cash deposits	24,041			3,889	49,544
Amount receivable for sales	-				-
Investment income due	1,964				1,556
Amount payable for purchases	-				-
Property income received in advance	(342)				(855)
Total Assets	5,331,406			332,050	5,784,568

Note 14b: Investments Analysed by Fund Manager

Fund Manager	31 March 2024 £000	% of Fund Value	31 March 2025 £000	% of Fund Value
Investments Managed in the ACCESS Asset Pool				
Waystone Management (UK) Ltd. (Equities and Bonds)	4,596,260	79.5	4,615,018	78.9
JP Morgan (Infrastructure)	-	-	277,720	4.7
Investments Managed outside ACCESS Asset Pool				
Pantheon Ventures (Private Equity)	34,772	0.6	38,485	0.7
Partners Group (Private Equity)	143,304	2.5	154,259	2.6
Abrdn (Property)	455,700	7.9	495,785	8.5
Goldman Sachs (Private Debt)	109,101	1.9	86,836	1.5
Pantheon Ventures (Private Debt)	2,344	0.0	43,045	0.7
ICG (Private Debt)	125,008	2.2	100,801	1.7
JP Morgan (Infrastructure)	267,835	4.6	-	-
Other investment balances	50,245	0.9	35,401	0.6
Total	5,784,568	100.0	5,847,351	100.0

The investment in JP Morgan (Infrastructure) was reclassified as a pooled aligned vehicle from 2024/25.

Other investment balances include cash deposits, investment income due and property income received in advance.

Single Investments Exceeding 5% of Net Investment Assets

Fund Information	31 March 2024 £000	% of Fund Value	31 March 2025 £000	% of Fund Value
Investments Managed in the ACCESS Pool				
WS ACCESS Global Alpha Paris-Aligned Equity Fund	1,671,713	28.9	1,588,134	27.1
WS ACCESS Global Equity Fund	1,309,298	22.6	1,280,231	21.9
WS ACCESS Investment Grade Bond Fund	831,195	14.4	940,084	16.1
WS ACCESS Sterling Investment Grade Credit Fund	784,054	13.6	806,569	13.8
Total	4,596,260	79.5	4,615,018	78.9

Note 14c: Stock Lending

The Fund has previously participated in a stock lending programme, but as at 31 March 2025 it had no assets on loan and held no collateral. (31 March 2024: one residual holding on loan with £0.06m collateral).

Note 14d Direct Property Holdings

The Fund's investment property portfolio comprises directly owned properties which are leased commercially to tenants. Property transactions during the year are summarised below.

Property Transactions	31 March 2024 £000	31 March 2025 £000
Opening balance	490,475	455,700
Additions:		
Purchase of existing property	-	38,709
New construction	-	-
Subsequent expenditure	712	274
Disposals	(19,535)	(991)
Net increase/(decrease) in market value	(15,952)	2,094
Closing Balance	455,700	495,785

The future minimum lease payments receivable by the Fund under existing contracts are as follows:

Time Period	31 March 2024 £000	31 March 2025 £000
Within one year	21,434	23,266
Between one and five years	67,764	70,567
Later than five years	104,015	121,058
Total Future Lease Payments Due Under Existing Contracts	193,213	214,890

Note 15: Analysis of Derivatives

The Fund does not invest directly in derivatives.

Note 16: Fair Value – Basis of Valuation

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

CASH (LEVEL 1)

Cash is considered a level 1 asset because its value is easily determined by the actual amount held.

POOLED INVESTMENT FUND (LEVEL 2)

The investments managed in the ACCESS Pool have been classified as level 2 as the pricing is not published on exchanges. These valuations adhere to industry guidelines and standards set in the prospectus documents and agreements of the pool.

DIRECT PROPERTY HOLDINGS (LEVEL 2)

Freehold and leasehold properties are included on the basis of fair value. A full independent valuation of the Fund's direct property portfolio was carried out by Savills (UK) Ltd, Chartered Surveyors, in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2025 together with the UK National Supplement effective 14 January 2019, together the "Red Book".

The observable inputs include the existing lease terms and rentals; the nature of the tenancies; assumed vacancy levels and estimated rental growth.

Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices (see Note 5).

PRIVATE EQUITY (LEVEL 3)

Private equity investments are recorded as detailed below. Because of the uncertainty associated with the valuation of such investments and the absence of a liquid market, the fair value of these assets may differ from their reported values.

- The valuation of Partners Group portfolio is taken from the unaudited 31 March 2025 fund-of-fund reports.
 1. Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with IFRS and United States Generally Accepted Accounting Principles (US GAAP). This process was implemented in 2003 and has been refined based on feedback received from PricewaterhouseCoopers (PwC), the auditor of most of the firm's programmes and mandates. On an annual basis, the monitoring and valuation process based on fair valuation principles (sample

selection, valuation methodologies, etc.) is discussed and approved by the auditors of the programs managed by Partners Group.

2. Partners Group complies with the defined process and applies it as the basis for the year end valuation and subsequent quarterly Net Asset Value determinations of the programs they manage. Partners Group gather the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.
 3. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for Partners Group have been given an unqualified opinion.
- The valuation of Pantheon's portfolio is taken from the unaudited 31 March 2025 fund-of-fund reports.
 1. Pantheon's quarterly valuation is produced in accordance with the relevant accounting standards (US GAAP, United Kingdom Generally Accepted Accounting Principles (UK GAAP), and IFRS) and the IPEV Guidelines. Fund investments are carried at "fair value". Pantheon reviews all quarterly and annual reports from the underlying GPs to ensure they are using a fair valuation policy that is consistent with both industry standards and Pantheon's valuation policy.
 2. The Fund monitors all valuations received at each quarter end, as well as the audited year-end valuations, on the basis of which annual back-testing analysis is performed. To date, the audited accounts for Pantheon Ventures were prepared under fair valuation guidelines with clean audit opinions.

PRIVATE DEBT (LEVEL 3)

- The valuation for private debt investments with Goldman Sachs is taken from the unaudited 31 March 2025 fund manager reports.
 1. Goldman Sachs quarterly valuation is calculated in accordance with the fair value assessment described in Accounting Standards Codification 820 (Fair Value Measurements and Disclosures) and in accordance with US GAAP.
 2. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for Goldman Sachs have been given an unqualified opinion.
- The valuation for private debt investments with ICG is taken from the unaudited 31 March 2025 fund manager reports.
 1. The Financial Assets are designated as Financial Assets at Amortised Cost and are held at principal plus accrued interest which is deemed to represent fair value in accordance with IFRS.

2. The Fund monitors audited year end to unaudited quarterly valuations to check the consistency of the unaudited and audited information. To date, the audited accounts for ICG have been given an unqualified opinion.
- The valuation of private debt investments with Pantheon is taken from the unaudited 31 March 2025 fund-of-fund reports.
 1. Pantheon’s quarterly valuation is produced in accordance with the relevant accounting standards (IFRS, as adopted by the European Union) and the IPEV Guidelines. Fund investments are carried at “fair value”. Pantheon reviews all quarterly and annual reports from the underlying GPs to ensure they are using a fair valuation policy that is consistent with both industry standards and Pantheon’s valuation policy.
 2. The Fund monitors all valuations received at each quarter end, as well as the audited year-end valuations, on the basis of which annual back-testing analysis is performed. To date, the audited accounts for Pantheon Ventures were prepared under fair valuation guidelines with clean audit opinions.

INFRASTRUCTURE (LEVEL 3)

- The valuation of Infrastructure assets is taken from the unaudited 31 March 2025 fund manager report.
 1. The assets are valued using best practices prevailing within the investment management industry to determine each underlying investment’s fair market value. This is done with consideration of relevant US GAAP valuation guidelines, particularly Accounting Standards Codification (ASC) 820. Valuations are externally appraised in accordance with the Uniform Standards of Professional Appraisal Practices (“USPAP”) and International Valuation Standard (“IVS”).
 2. The Fund monitors the audited year end to the unaudited quarterly valuations to check the consistency of the unaudited information. To date, the audited accounts for JP Morgan have been given an unqualified opinion.

SENSITIVITY OF ASSETS VALUED AT LEVEL 3

The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

Assets	Assessed valuation range (+/-)	Value at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Private equity	15%	192,744	221,656	163,833
Private debt	15%	230,683	265,285	196,080
Infrastructure	15%	277,720	319,378	236,062
Total		701,147	806,319	595,975

Note 16a: Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

LEVEL 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise cash, quoted equities, quoted bonds, quoted index linked securities and unit trusts. Listed investments are shown at bid price. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

LEVEL 2

Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based largely on observable market data.

LEVEL 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require professional judgement in determining appropriate assumptions.

The valuation of private equity, private debt and infrastructure portfolios have been prepared in accordance with industry guidelines.

The table on the following page provides an analysis of the financial assets and liabilities of the Fund grouped by and based on the level at which the fair value is observable.

Values at 31 March 2025

Financial Assets	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £000	Level 2 £000	Level 3 £000	
Financial Assets at Fair Value Through Profit and Loss				
Pooled equity funds	-	2,868,365	-	2,868,365
Pooled bond funds	-	1,746,653	-	1,746,653
Private equity	-	-	192,744	192,744
Private debt	-	-	230,683	230,683
Infrastructure	-	-	277,720	277,720
Cash deposits	34,769	-	-	34,769
Investment income due	-	932	-	932
Amounts receivable for sales	-	-	-	-
Net Investment Assets	34,769	4,615,950	701,147	5,351,865
Non-Financial Assets at Fair Value Through Profit and Loss				
Property	-	495,785	-	495,785
Financial Liabilities at Fair Value Through Profit and Loss				
Property income received in advance	-	(300)	-	(300)
Payable for investment purchases	-	-	-	-
Total	34,769	5,111,435	701,147	5,847,351

Values at 31 March 2024

Financial Assets	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial Assets at Fair Value Through Profit and Loss				
Pooled equity funds	2,981,012	-	-	2,981,012
Pooled bond funds	784,053	831,195	-	1,615,248
Private equity	-	-	178,075	178,075
Private debt	-	-	236,453	236,453
Infrastructure	-	-	267,835	267,835
Cash deposits	49,544	-	-	49,544
Investment income due	-	1,556	-	1,556
Amounts receivable for sales	-	-	-	-
Net Investment Assets	3,814,609	832,751	682,363	5,329,724
Non-Financial Assets at Fair Value Through Profit and Loss				
Property	-	455,700	-	455,700
Financial Liabilities at Fair Value Through Profit and Loss				
Property income received in advance	-	(855)	-	(855)
Payable for investment purchases	-	-	-	-
Total	3,814,609	1,287,596	682,363	5,784,568

Note 16b: Transfer Between Levels 1 And 2

The WS ACCESS Global Alpha Paris-Aligned Equity Fund, WS ACCESS Global Equity Fund and the WS ACCESS Sterling Investment Grade Credit Fund have been reclassified as level 2 as the pricing is no longer available on a public exchange. There has been no prior year adjustment as prices were available in the previous year.

Note 16c: Reconciliation of Fair Value Measurements Within Level 3

Assets	Private Equity	Private Debt	Infrastructure	Total
	£000	£000	£000	£000
Market Value 31 March 2024	178,075	236,453	267,835	682,363
Transfers into / (out of) Level 3	-	-	-	-
Net purchases / (sales) during the year	8,190	(18,119)	-	(9,928)
Unrealised gains / (losses)	1,470	1,912	9,885	13,267
Realised gains / (losses)	5,009	10,436	-	15,445
Market Value 31 March 2025	192,744	230,683	277,720	701,147

Note 17: Financial Instruments

Note 17a: Classification of Financial Instruments

The following tables analyse the carrying amounts of financial assets and liabilities by category and net asset statement headings. No financial assets were reclassified during the accounting period.

31 March 2025 Classification	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets			
Pooled equity funds	2,868,365		
Pooled bond funds	1,746,653		
Private equity	192,744		
Private debt	230,683		
Infrastructure	277,720		
Cash		42,512	
Investment balances		932	
Debtors		17,172	
Sub Total	5,316,164	60,616	-
Financial Liabilities			
Investment balances			(300)
Other current liabilities			(4,408)
Total	5,316,164	60,616	(4,708)

31 March 2024 Classification	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets			
Pooled equity funds	2,981,012		
Pooled bond funds	1,615,248		
Private equity	178,075		
Private debt	236,453		
Infrastructure	267,835		
Cash		53,070	
Investment balances		1,556	
Debtors		17,772	
Sub Total	5,278,623	72,397	-
Financial Liabilities			
Investment balances			(855)
Other current liabilities			(12,047)
Total	5,278,623	72,397	(12,902)

Note 17b: Net Gains and Losses on Financial Instruments

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Classification	31 March 2024 £000	31 March 2025 £000
Financial Assets		
Fair value through profit and loss	328,161	(55,011)
Amortised cost - unrealised gains	3,889	2,876
Financial Liabilities		
Fair value through profit and loss	-	-
Total	332,050	(52,135)

Note 18: Nature and Extent of Risks Arising From Financial Instruments and Other Assets

RISK AND RISK MANAGEMENT

The primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through diversification of assets and fund managers, to reduce exposure to market risk (price risk, currency risk and interest rate risk). In addition, the Fund manages its liquidity risk to ensure there are sufficient resources to meet the forecast cash requirement. The Pensions Committee reviews the Fund's funding strategy in consultation with the Fund Actuary and Investment Adviser, based on the Fund's funding position and performance objective and taking into consideration factors including interest rates, inflation, liquidity and collateral. Prudent assumptions are used both in the strategy modelling work and when setting employer contribution rates. Performance is monitored by the Pensions Committee.

The Fund's Investment Strategy Statement (ISS) identifies the risks managed by its investment managers, sets appropriate risk limits and monitors adherence to those limits. The ISS is reviewed regularly to reflect changes in approaches to the Fund's activities.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. The Committee receives regular reports from each of the managers on the nature of the investments made on the Fund's behalf and the associated risks. Divergence from benchmark asset allocations and the composition of each portfolio is monitored by the Committee. Consideration of the Fund's investment strategy is on-going.

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Fund's income or the value of its assets.

The object of market risk management is to identify, manage and control market risk exposures within acceptable parameters while optimising returns.

Market risk is inherent in the investments that the Fund makes, particularly through its equity holdings, and is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. A customised benchmark has been adopted which includes exposures to individual investments, and risk associated with the strategy and investment return are regularly monitored and reviewed by the Pensions Committee.

Each manager must adhere to investment guidelines that specify the managers' investment powers and restrictions.

OTHER PRICE RISKS

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk and derivative price risk during periods of transition. This arises from investments held by the Fund for which the future price is uncertain. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate price risk through diversification and the selection of securities. Exposure is monitored to ensure it is within limits specified in the Fund's investment strategy.

OTHER PRICE RISKS – SENSITIVITY ANALYSIS

The Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period. This data has been provided by the Fund's actuary, Hymans Robertson, and is based on historical data.

Had the market price of the Fund investments increased/decreased as per the table below, the change in the net assets available to pay benefits in the market price would have been as follows. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. (The prior year comparator is also shown).

2024/25

Asset type	Value at 31 March 2025 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Pooled equity & bond funds	4,615,018	13.3%	5,228,815	4,001,220
Cash	34,769	0.3%	34,873	34,664
Property	495,785	15.2%	571,144	420,426
Private equity	192,744	26.6%	244,014	141,474
Private debt	230,683	7.6%	248,215	213,151
Infrastructure	277,720	8.8%	302,159	253,281
Total	5,846,719		6,629,220	5,064,216

2023/24

Asset type	Value at 31 March 2024 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Pooled equity & bond funds	4,596,260	12.7%	5,179,985	4,012,535
Cash	49,544	0.3%	49,693	49,396
Property	455,700	15.6%	526,789	384,611
Private equity	178,075	31.2%	233,635	122,516
Private debt	236,453	8.8%	257,261	215,645
Infrastructure	267,835	9.1%	292,208	243,462
Total	5,783,868		6,539,571	5,028,165

INTEREST RATE RISK – SENSITIVITY ANALYSIS

Interest rate risk is monitored by the investment managers and the County Council's treasury management team.

The Fund recognises that interest rates vary and can affect both income and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy and is equivalent to 1%.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out in the following table. These disclosures present interest rate risk based on the underlying financial assets at fair value. The analysis in the table assumes that all other

variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

ASSETS EXPOSED TO INTEREST RATE RISK

2024/25

Asset type	Value at 31 March 2025	Change in year in net assets available to pay benefits +100 BPS	Change in year in net assets available to pay benefits -100 BPS
	£000	£000	£000
Cash and cash equivalents	34,769	348	(348)
Cash balances	7,743	77	(77)
Total	42,512	425	(425)

2023/24

Asset type	Value at 31 March 2024	Change in year in net assets available to pay benefits +100 BPS	Change in year in net assets available to pay benefits -100 BPS
	£000	£000	£000
Cash and cash equivalents	49,544	495	(495)
Cash balances	3,525	35	(35)
Total	53,070	531	(531)

CURRENCY RISK

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than GBP. The Fund holds monetary and non-monetary assets issued in currencies other than GBP.

Fund managers monitor the currency risk and this is considered by the Pensions Committee when making strategic asset allocation decisions.

CURRENCY RISK – SENSITIVITY ANALYSIS

Following analysis of historical data in consultation with the Hymans Robertson, the Fund considers the likely volatility associated with foreign exchange rate movements to be 9.1% (prior year 9.3%).

The analysis assumes that all other variables, in particular interest rates, remain constant. If GBP strengthens/weakens against other currencies in which the Fund holds investments, it would increase/decrease the net assets available to pay benefits as follows:

ASSETS EXPOSED TO CURRENCY RISK

2024/25

Asset type	Value at 31 March 2025 £000	Change %	Value on increase £000	Value on decrease £000
Overseas private equity	192,744	9.1	210,284	175,204
Overseas private debt	230,683	9.1	251,675	209,691
Overseas infrastructure	277,720	9.1	302,992	252,447
Total	701,147		764,951	637,342

2023/24

Asset type	Value at 31 March 2024 £000	Change %	Value on increase £000	Value on decrease £000
Overseas private equity	178,075	9.3	194,636	161,514
Overseas private debt	236,453	9.3	258,443	214,463
Overseas infrastructure	267,835	9.3	292,744	242,927
Total	682,363		745,823	618,904

CREDIT RISK

Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Credit risk is related to the potential return of any investment, the most obvious being that the yields on bonds are strongly correlated to the perceived credit risk. Therefore, the risk of loss is implicit in the carrying value of the Fund's financial assets and liabilities.

The Fund is exposed to credit risk. However, this risk is minimised by selecting high quality counterparties, brokers, and financial institutions.

Deposits are made only with banks and financial institutions that are rated independently and meet the Fund's credit criteria. The Fund has also set out in its Treasury Management Policy the limits of exposure to any one financial institution.

The Fund has not had any experience of default or uncollectable deposits. As at 31 March 2025, the Fund held £1.77m cash with the custodian (31 March 2024: £1.54m) and cash internally managed by WSCC was £38.30m (31 March 2024: £51.53m). This was held by institutions with the following credit ratings:

Rating	Nominal amount	Nominal amount
	31 March 2024	31 March 2025
	£000	£000
AAA rated counterparties	48,000	33,000
A-1+ rated counterparties	1,544	1,769
A+ rated counterparties	3,525	7,743
TOTAL	53,070	42,512

The Fund's total exposure to credit risk cannot be assessed generally as the risks of default will be specific to each financial institution. At 31 March 2025, there was no evidence that such risks were likely to materialise.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due, without incurring unacceptable losses or risking damage to the Fund's reputation. Cash is required to pay benefits, fund acquisitions and settle various other commitments. The Fund maintains a working cash balance held in instant access money market and bank accounts. A cash flow forecast is maintained to ensure sufficient funds are available. The Fund manages liquidity risk by:

- giving careful consideration to the anticipated income and expenditure required for the administration of the Fund and the payment of benefits and by maintaining in-house managed cash balances sufficient to meet day-to-day cash flows.
- keeping a significant proportion of the Fund's assets in highly liquid investments such as actively traded equities, bonds and unit trusts.

The Fund is currently cash flow positive.

The Fund's strategic allocation to property, private debt, infrastructure and private equity, which are relatively illiquid, is limited to 25% of the total portfolio. As the Fund does not currently need to sell assets in order to pay benefits, it is considered appropriate to hold such investments to increase diversification, minimise risk and improve long-term investment performance.

Under the regulations, the Fund is authorised to borrow in its own right to fund cash flow deficits on a short-term basis.

REFINANCING RISK

The key refinancing risk is that the Fund is bound to replenish its investments at a time of unfavourable interest rates. The Fund does not hold any financial instruments that have a refinancing risk as part of its treasury management or investment strategies.

Note 19: Funding Arrangements – Actuarial Statement

Description of funding policy

In line with the Local Government Pension Scheme Regulations 2013, the Fund's Actuary undertakes a funding valuation every three years for the purposes of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

The key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long-term view. This will help ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The Funding Strategy Statement (FSS) sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £5,501 million, were sufficient to meet 125% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £1,099 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure in accordance with the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal actuarial assumptions and method used to value the liabilities

METHOD

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

ASSUMPTIONS

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Assumption	31 March 2022
Discount rate	3.5% p.a.
Salary increase assumption	4.3% p.a.
Benefit increase assumption	2.7% p.a.

DEMOGRAPHIC ASSUMPTIONS

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and a long-term rate of 1.75% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Pensioner Type	Males	Females
Current Pensioners	22.3 years	24.7 years
Future Pensioners	23.2 years	26.5 years

Copies of the 2022 valuation report and FSS are available on the Fund's website or on request from West Sussex County Council.

EXPERIENCE OVER THE PERIOD SINCE 31 MARCH 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced

immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

Note 20: Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (Note 19). The actuary has also valued ill health and death benefits in line with IAS 19.

Liability	31 March 2024 £m	31 March 2025 £m
Active members	(1,522)	(1,376)
Deferred pensioners	(940)	(785)
Pensioners	(1,558)	(1,361)
Present Value of Promised Retirement Benefits	(4,020)	(3,522)
Fair value of scheme assets	5,794	5,873
Net Asset/(Liability)	1,774	2,351

As noted above, the liabilities above are calculated on an IAS 19 basis and will therefore differ from the results of the 2022 triennial funding valuation (Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, the aggregate liability appears to be a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. No allowance has been made for unfunded benefits.

It should be noted the above figures are appropriate for the administering authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e., comparing against liability measures on a funding basis or a cessation basis).

ASSUMPTIONS

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2025 and 31 March 2024.

The Fund Actuary estimates that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £633m. The Fund actuary estimates the impact of the change in demographic and longevity assumptions is to decrease the actuarial present value by £8m.

Assumption	31 March 2024 % per annum	31 March 2025 % per annum
Inflation/pensions increase rate	2.75	2.75
Salary increase rate	4.25	4.25
Discount rate	4.85	5.80

DEMOGRAPHIC ASSUMPTIONS

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Type of Pensioner	Males	Females
Current Pensioners	21.6 years	24.1 years
Future Pensioners*	22.0 years	25.5 years

* Future pensioners are assumed to be currently aged 45 at the latest formal valuation

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

COMMUTATION ASSUMPTION

A commutation allowance is included for future retirements to take 50% of the maximum additional tax-free cash up to HMRC limits.

Note 21: Current Assets

Classification	31 March 2024 £000	31 March 2025 £000
Debtors		
Contributions due - members	3,227	3,375
Contributions due - employers	10,026	10,107
Prepayments	1,043	825
Other debtors	2,995	2,380
Taxation	482	485
Sub Total	17,772	17,172
Cash balances	3,525	7,743
Total	21,297	24,916

ANALYSIS OF DEBTORS

Classification	31 March 2024 £000	31 March 2025 £000
Central government bodies	3,438	1,418
Other local authorities	9,893	11,526
Educational establishments	2,425	2,560
Other entities and individuals	2,015	1,668
Total	17,772	17,172

Note 22: Current Liabilities

Classification	31 March 2024	31 March 2025
	£000	£000
Benefits payable	1,825	2,198
Other current liabilities	10,223	2,211
Total	12,047	4,408

ANALYSIS OF CREDITORS

Classification	31 March 2024	31 March 2025
	£000	£000
Central government bodies	10,857	2,557
Other local authorities	8	674
Educational establishments	3	7
Other entities and individuals	1,180	1,171
Total	12,047	4,408

Note 23: Additional Voluntary Contributions

Some members of the Scheme have made additional voluntary contributions (AVC) to increase the value of their pensions. Legal & General are the appointed AVC provider for members in the West Sussex Local Government Pension Scheme. Some residual funds remain with the previous AVC provider (Standard Life)

AVC contributions of £3.8m were paid directly to Legal & General during the year (2023/24: £3.3m). AVCs are separately invested and are therefore not included in the Pension Fund accounts in accordance with regulations 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) regulations 2016.

AVC Provider	Market Value	Market Value
	31 March 2024	31 March 2025
	£000	£000
Standard Life	14	15
Legal & General	9,387	12,259
Total	9,401	12,274

Note 24: Related Party Transactions

WEST SUSSEX COUNTY COUNCIL

The West Sussex Pension Fund is administered by West Sussex County Council. Therefore, there is a strong relationship between the Council and the Pension Fund.

During the reporting period, the Council incurred costs of £0.8m (2023/24: £0.8m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £78.1m to the Fund in 2024/25 (2023/24: £75.5m). All monies owing to and due from the Fund have been accounted for in the year.

Part of the Pension Fund cash holdings are invested in the money market by the Treasury Management operations at West Sussex County Council, in line with the Fund's Treasury Management Policy. During the year to 31 March 2025, the Fund had a daily average investment balance of £52.9m held in GBP (31 March 2024: £45.0m) earning interest of £2.619m (2023/24: £2.270m) in these funds at a rate of return of 4.95% (2023/24: 5.0%). Additionally, the Fund has earned interest of £0.40m on investments held in foreign currency (2023/24: £0.19m).

GOVERNANCE

Each member of the Pensions Committee and Pension Advisory Board is required to declare their interests at each meeting.

Note 24a: Key Management Personnel

The Executive Director of Finance and Support Services and S151 officer has responsibility for the proper financial administration of the Fund under the Local Government Act 1972. This Officer is employed by the Administering Authority but spent a proportion of time on the financial management of the Fund. The total Pension Fund expense relating to apportioned remuneration for Key Management Personnel is £21.5k in 2024/25 (2023/24: £20.1k).

Note 25: Contingent Liabilities and Contractual Commitments

A contingent liability arises where an event has taken place that gives the Fund a possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the accounts.

Estimates provided to members indicate that at year-end there are potential liabilities of £0.188m in respect of members who have enquired about transferring benefits out of the scheme and from whom the Fund is awaiting a final decision.

There are further outstanding commitments in investment assets as at 31 March 2025 as follows:

- Private Equity of £220.1m (31 March 2024 £250.1m)
- Private Debt of £171.9m (31 March 2024 £223.7m)

These commitments relate to outstanding call payments due on unquoted investments. The amounts 'called' by these funds are irregular in both size and timing over the period of investment.

Note 26: Contingent Assets

There were no contingent assets at the period end.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST SUSSEX COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2025 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2025 and the amount and disposition at that date of its assets and liabilities as at 31 March 2025; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Finance and Support Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period to March 2027.

Our responsibilities and the responsibilities of the Executive Director of Finance and Support Services with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2024/25, other than the financial statements and our auditor's report thereon. The Executive Director of Finance and Support Services is responsible for the other information contained within the Statement of Accounts 2024/25.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

Responsibility of the Executive Director of Finance and Support Services

As explained more fully in the Statement of Responsibilities set out on page 26, the Executive Director of Finance and Support Services is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Executive Director of Finance and Support Services is also responsible for such internal control as the Executive Director of Finance and Support Services determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Support Services is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Executive Director of Finance and Support Services.

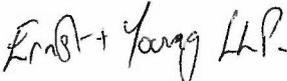
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Committee and Pension Advisory Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- As part of our work on journals, we also evaluated all year-end and post-year-end journals, with a particular focus on those where management override could potentially occur, such as investment valuations. For all journals identified, we reviewed the entries and supporting evidence to identify any unusual postings made by management. Based on our review, we found no evidence of management override.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of West Sussex County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the West Sussex County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
30 January 2026