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West Sussex County Council

Unaudited Statement of Accounts 2025/26

west sussex county council

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Narrative Report

West Sussex County Council

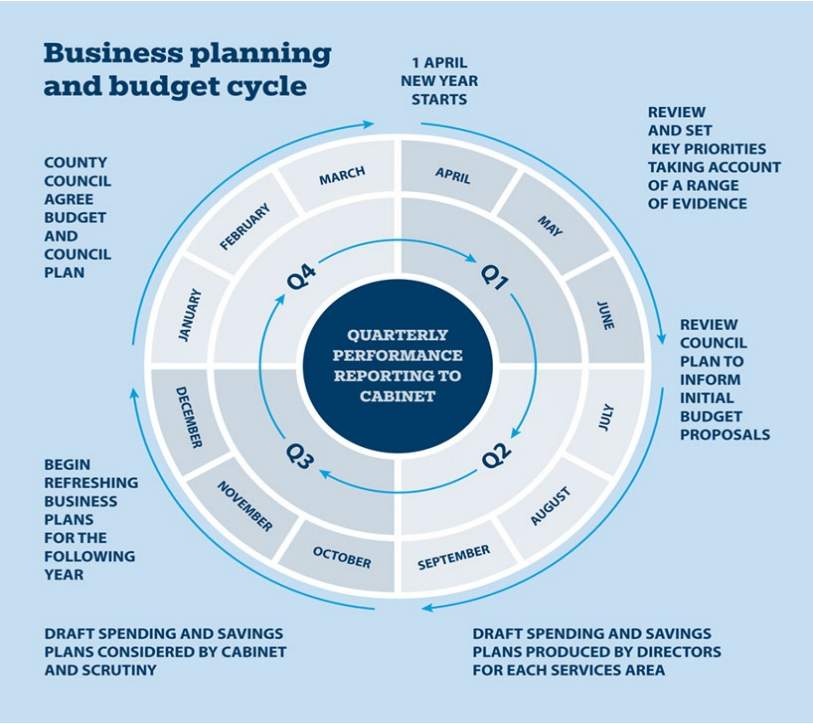
About West Sussex

West Sussex County Council (WSCC) covers an area of around 769 square miles, with a population of around 915,000, 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, as at March 2026, 157 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 2021-2028 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
- Maximising the benefits of devolution and local government reorganisation for our residents

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

Political and Democratic Structures

Whilst there were elections in May 2026 with a new administration appointed, at the end of March 2026 the County Council was made up of 70 councillors (known as members), controlled by the Conservatives. The political composition was:

- Conservative: 38
- Liberal Democrat: 10
- Labour: 8
- Green and Independent Alliance: 5
- Reform UK: 4
- Independent: 4
- 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 following the May 2026 elections 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, Leigh Whitehouse. 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 2026, 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 2026, the Council employed 6,727 people (6,106 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, 71.6% of employees are female and 28.4% 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 27.2% of employees aged 55+, and those aged 16–24 are particularly under-represented at only 2.5% of the workforce.
- Ethnicity – 6.3% of the workforce are recorded as belonging to black and global majority ethnic groups. However, 23.5% of employees are of unknown ethnicity, so the actual proportion could be higher.

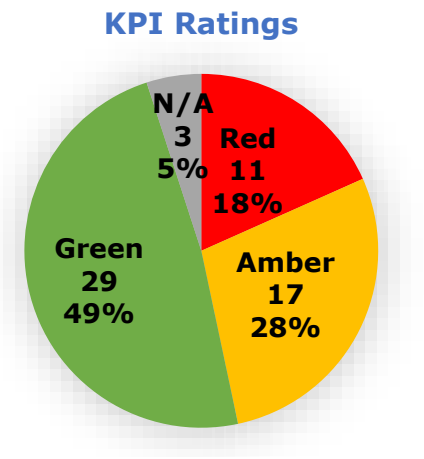
Sickness levels for the year are higher than the Council's target, with 12 working days lost due to sickness absence per FTE compared to the target of 10 working days. In its 'Health and Wellbeing at Work 2025' report, the CIPD (Chartered Institute of Personnel and Development) published that the average sickness absence per employee in the public sector is 13.3 days, 1.3 days higher than the Council's sickness absence per FTE. Further details on sickness absence are reported in the outturn Performance and Resources Report (PRR), which was reported to Cabinet on 30 June 2026.

Our Council Plan Performance for 2025/26

The Council Plan sets out our strategic priorities and includes a set of 60 key performance indicators each with targets against which we measure our 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 2025/26. Some measures have data lags and will continue to be monitored in 2026/27.

In summary, at the end of March 2026, we had met or exceeded our targets on 29 of 60 measures (49%), with a further 17 measures (28%) close to meeting their target. This provides an overall position where 77% of measures were exceeded, met, or nearly met.

Full details of the County Council's performance during the year are set out in the outturn Performance & Resources Report that was considered by Cabinet on 30 June 2026. 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.

Performance across safeguarding and prevention remains both numerically strong and operationally well-evidenced. Example from our KPIs include:

- Re-referrals to Children's Social Care ended the financial year at 16% against a 22% target, with performance that remained consistently below both local and national benchmarks. The service has worked on stabilising demand management and effective case handling across the year.
- Fire Safety Audits completed exceeded their target (1,068 vs 1,000), despite service capacity being partially diverted to regulatory development and legal casework. This result underscores strong productivity alongside increased professional maturity within the fire service.
- Safe and Well Visits delivered totalled 5,518 against a 5,500 target, this outcome was supported by strong partnership referral pathways and targeted use of risk data. Effective joint working between prevention and operational teams helped ensure those most at risk were prioritised.
- Adult Social Care front-door effectiveness remained high (18.99% vs ≤25% target), with successful diversion into advice, guidance, and preventative services, reducing unnecessary escalation into formal care pathways.
- Safeguarding outcomes ended the year exceeding the target (90.6% vs 89%), supported by improved practitioner understanding and stronger application of guidance, leading to better quality and consistency in risk resolution.
- Care leavers in higher education sustained performance above the 6% target, through targeted financial support, strong partnerships (e.g. Chichester University), and dedicated leadership. This demonstrated a proactive, systemic approach to improving outcomes for care leavers.

Challenges to WSCC on this Strategic Aim were often complex and system-driven rather than purely performance-related. Examples from our KPIs include:

- Our Children Looked After placement stability ended the year at 12% vs 9% target. Many placement moves were planned and positive (e.g. adoption, supported accommodation, sibling reunification), which reflected that some instability of placements was purposeful practice. Nonetheless, demand pressures remain significant.
- Our Repeat Child Protection Plans KPI improved to 28% but the outcome is above 23% target. The service has sought to strengthen management scrutiny in place and believe there is better oversight and challenge to practice, but ongoing variability indicates a need for sustained long-term outcomes.
- Chlamydia screening remains below target (15.9% vs 18%), although it can be noted that this screening has seen a national decline, and complexity in campaigns and service redesign.

A Sustainable and Prosperous Economy

Economic performance was supported by delivery, innovation, and partnership working. Examples from our KPIs include:

- Enterprises supported to sustain, innovate, and grow significantly exceeded target (2,909 vs 2,177), with commentary pointing to a broad range of support programmes (Growth Hub, Creative Digital Hub, Skills Bootcamps).
- 'Social value' in procurement evaluation was achieved for 88% of contracts (against an 80% target). This reflects consistent embedding of policy into practice.
- Highway defects repaired within required time scale met annual target, despite exceptionally high winter demand (c.21,000 defects), reflecting resilience under pressure.
- Growth deals remain stable (in place for all 7 districts), with ongoing refresh and pipeline progression, reflecting effective strategic collaboration with districts and boroughs.

Some of WSCC's KPIs reflected long-term challenges:

- Gigabit connectivity reached 84.2% just shy of the 85% target, with plans indicating a strong future trajectory, and continued commercial partnerships.
- Carbon emissions exceeded target (26,826 provisionally vs 23,931 tonnes target), though this is a reduction of -14.5% on the previous year and reflective of a positive trajectory despite missing target.
- Education, Health and Care Plan (EHCP) completion timeliness remained low (13.3% vs 49% target). WSCC experienced capacity constraints, process complexity, and national demand pressures impacting this KPI, with improvement plans underway.
- Performance on the classified road network condition is slightly below target, with A roads at 64.7% (target 67.7%) and B & C roads at 67.5% (target 69%). However, underlying data shows a reduction in roads in poor ('red') condition across all classes, indicating that maintenance activity is influencing the network, despite fewer roads meeting the "good" standard.

Helping People and Communities Fulfil Their Potential

KPIs aligned to this aim demonstrate strong results and evidence of service impact:

- Key Stage 2 attainment in reading, writing and maths combined reached 60.4% vs 59% target, with significant improvement across all subject areas, evidencing effective school improvement activity within West Sussex.
- Adult employment outcomes exceeded expectations (8.6% which is above the 7.7–8.1% range targeted), assisted by recommissioned services improving pathways into employment.
- Community Hub provides positive outcomes for residents at first point of contact performance achieved 99% success, reflecting an improving customer journey.
- Fire Service response performance exceeded targets on both the average duration and % of incidents attended within target time. This was supported by dynamic deployment tools and risk-based resource allocation, demonstrating operational optimisation.
- Independent living outcomes for those on long-term support was within the target range, reflecting sustained focus on independence and prevention.
- EHCP mainstream education inclusion remained above target (52.1% against a 50% target), although the service notes likely capacity pressures.

The challenges for this strategic aim were reflected with the following KPIs performances:

- The Attainment gap at Key Stage 2 reduced but remains above target (25.5% while aiming for 23%), with this showing an improvement on reducing the gap between disadvantaged pupils but the area requiring continued focus to reach target.
- Improved tracking and engagement with 16-17 years olds has reduced our not known Not in Education, Employment or Training rate from 9.3% down to 6.7%, with the 2.7% target remaining the ambition. Where 16–17-year olds' status is known, the rate is just above the target (3% vs 2.7%).
- Children and young people with Education, Health and Care Plans (EHCPs) accessing Independent and Non-Maintained Special Schools (INMSS) was over target (16.9% vs 7.5% target) with our service noting a lack of maintained capacity, and national SEND pressures.

Making the Best Use of Resources

Our KPIs have indicated an organisation with strong internal health and customer focus, examples are:

- Employee positive response to WSCC being a good place to work was 83% against an 82% target, WSCC have targeted organisational initiatives (career development, workload, communications) that has maintained strong staff sentiment.
- Our KPI surveying staff views on dignity and respect at work met its 90% target, with the organisation having continued investment in inclusion and workplace improvements, sustaining a positive culture.
- Customer satisfaction with our Customer Service Centre exceeded expectations (86.9% satisfaction against an 80% target), reflecting consistent service quality and effective customer handling.

Challenges to WSCC on this Strategic Aim include:

- Commercial collaboration & networking informing tenders in procurement achieved 61.9% while the target was 80%. The service noted that alternative routes (frameworks, mini-competitions) were appropriate but not captured by the metric, indicating a measurement limitation as much as a performance issue.

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 February 2025, the Council was inspected by the Care Quality Commission (CQC). The purpose of the visit was to assess how we are meeting our obligations under the Care Act 2014. The outcome was that the Council was rated 'good'. While further improvements to address gaps in service are needed, the findings evidenced strong leadership within adult social care teams and effective support that enables people to live healthier lives.

Children's Services

The Children Young People and Learning (CYPL) directorate has continued its improvement journey at pace this year. This was clearly evidenced in November 2025's Ofsted focused visit on help and protection to the Council. Inspectors told us they could see clear evidence of significant improvements and progress since our 2023 ILACS inspection. They acknowledged the positive cultural shift which is helping retain and attract staff back to the organisation. Inspectors also highlighted key strengths including child-focused practice with an emphasis on children's individual needs; an accessible management and leadership team and purposeful, well-coordinated work that is leading to positive outcomes for West Sussex children.

Leaders of the local area partnership have remained focused on delivering sustained progress against the five areas for improvement identified in the 2023 Joint Area SEND Inspection. During this period, strengthened governance, clearer accountability, and a more impact-focused approach to reporting have become firmly embedded across the partnership. At the December 2025 six-month Strategic Plan Review, the Department for Education and NHS England acknowledged the positive impact of these developments, highlighting the effectiveness of the SEND and Alternative Provision Board in driving challenge, oversight and shared responsibility.

The launch of our SEND Strategy 2026-2030 this year details our commitment to improving the experiences and outcomes for children and young people with SEND in West Sussex. This strategy was co-produced and jointly developed over an 18-month period with children, young people, parent carers and professionals from across the West Sussex local area partnership and sets out our shared ambition for every child and young person with Special Educational Needs and/or Disabilities (SEND) to be supported, included, and able to thrive. Families told us clearer communication, earlier support, better access to services, and a more joined-up approach across education, health and social care are most important to them.

Quality assurance activity continues to provide a window into the quality of our practice and the impact of our intervention in families' lives. This quarter we shared the findings of our first observation cycle. In the fostering and kinship service, practitioners were observed during visits to foster carers, at annual review meetings and in supervision. Areas of positive practice observed included practitioners adopting a relational approach to their practice, good use of engagement and listening skills and positive use of strengths-based practice.

The addition of families' voices to our audit cycle has been a significant development in our practice improvement journey and we have introduced gathering feedback from children and families as part of our quality assurance work.

Assuring ourselves that we are continuing to achieve and improve quality has remained a key focus and our learning audit outcomes across the year evidenced a continuously improving trajectory. Team managers across early help and social care have now been fully phased into the learning audit cycle, supporting the ongoing development of their quality assurance skills.

A continued focus on reunification has included the launch of the returning home framework and services are working together as a whole system to identify children who could safely return home and to progress those plans. A coordinated multi-disciplinary effort across corporate parenting and transformation colleagues was also behind the launch of the Psychological Hub, which will provide a range of psychology-led and specialist social care services under one roof.

The Children First transformation programme of activity saw the launch of the Families First Partnership Board and exciting initial steps to develop our CYPL Digital Strategy, developing technology to make our services easier to access and more efficient.

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. A further inspection is expected during 2026/27.

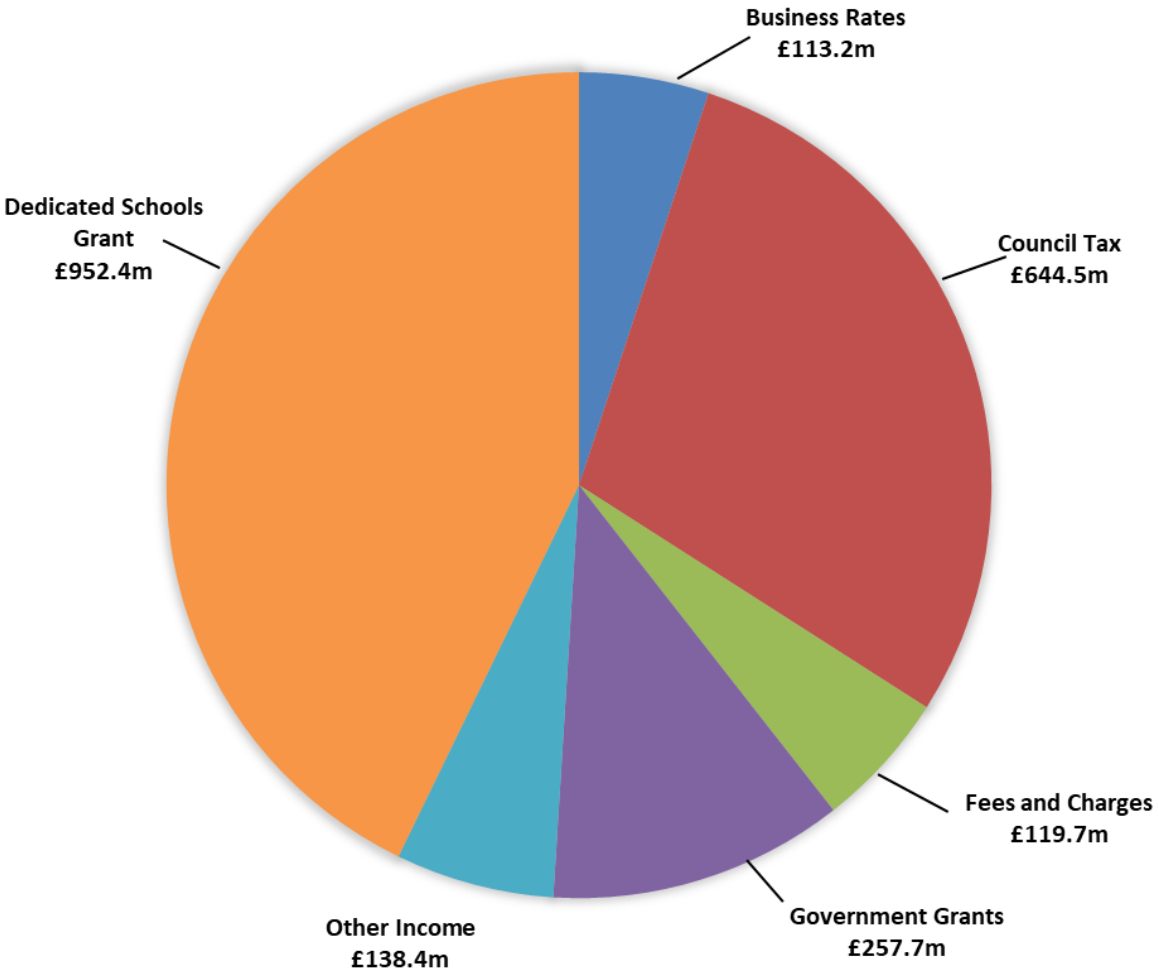
Financial Performance

Revenue

The budget for 2025/26, agreed by County Council in February 2025, 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 2025/26 and 2026/27 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 2025/26 assumed savings of £12.3m. In addition to these planned savings, £8.3m of savings from previous years were reprofiled to be delivered in 2025/26. Therefore the overall savings to be achieved in 2025/26 was £20.6m, and by the year end £12.5m (61%) was achieved as originally envisaged or delivered by other means. The balance, £8.1m (39%), was not delivered in the financial year and is reflected in the outturn position for 2025/26. These savings are expected to be delivered in full in 2026/27.

In total, we planned to spend a gross budget of £2,225.9m on the provision of services (including schools) during 2025/26, delivering services to the 915,000 residents and 36,700 businesses across the County and supporting an estimated 24.2m trips by 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 2025/26 budget would be financed from the following income sources:



Council Tax was increased by 4.99% in 2025/26, 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 £1,800.54 (compared with £1,714.95 in 2024/25).

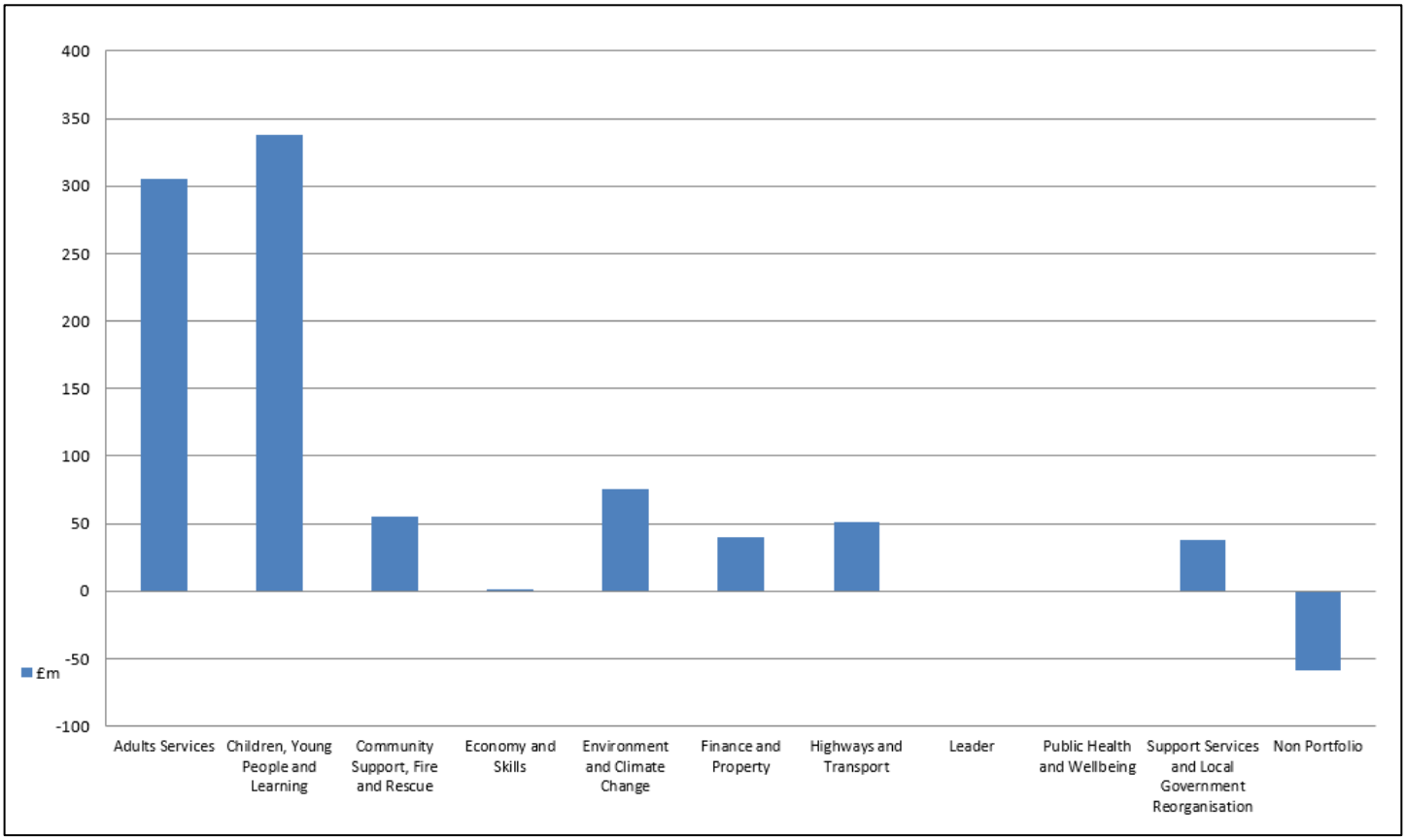
As part of the budget approved in February 2025, the County Council approved the use of up to £20.0m of capital receipts in 2025/26 to fund qualifying transformational expenditure in line with the government's statutory Flexible Use of Capital Receipts guidance. This figure was then updated to £12.0m as part of the budget approved in February 2026 to fund specific transformation projects. Within the 2025/26 outturn £7.3m of transformational spend meeting the eligibility criteria was identified, and this was capitalised accordingly.

Overall, the net overspend for 2025/26 is £13.0m, following the use of the central general contingency of £10.0m. Net revenue expenditure for 2025/26 on portfolio budgets is £903.8m, representing a £30.2m overspend. There are a number of pressures within all individual portfolios, but overall overspendings within the Children, Young People and Learning (£19.2m), Adults Services (£13.6m) and Finance and Property (£1.3m) portfolios were partially offset by underspendings within Environment and Climate Change (£1.8m), Support Services and Local Government Reorganisation (£0.7m), Leader (£0.6m), Community Support, Fire and Rescue (£0.5m) and Economy and Skills (£0.3m) portfolios. In addition, £5.5m has been added to the allowance for doubtful debtors, increasing the total overspend to £35.5m.

This has been financed from the contingency budget (£10.0m as referenced above), additional investment income (£4.2m), an underspend on capital financing (£3.4m), additional government funding from the Employer National Insurance Contributions Grant (£3.1m), Collection Fund Net Surplus (£1.1m) and Business Rates Retention Scheme (£1.0m), with the overspend balance (£13.0m) funded from the Social Care Reserve (£6.0m) and the Budget Management Reserve (£7.0m).

Full details are set out in the outturn Performance and Resources Report (PRR) which went to Cabinet on 30 June 2026 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 29 June 2026.

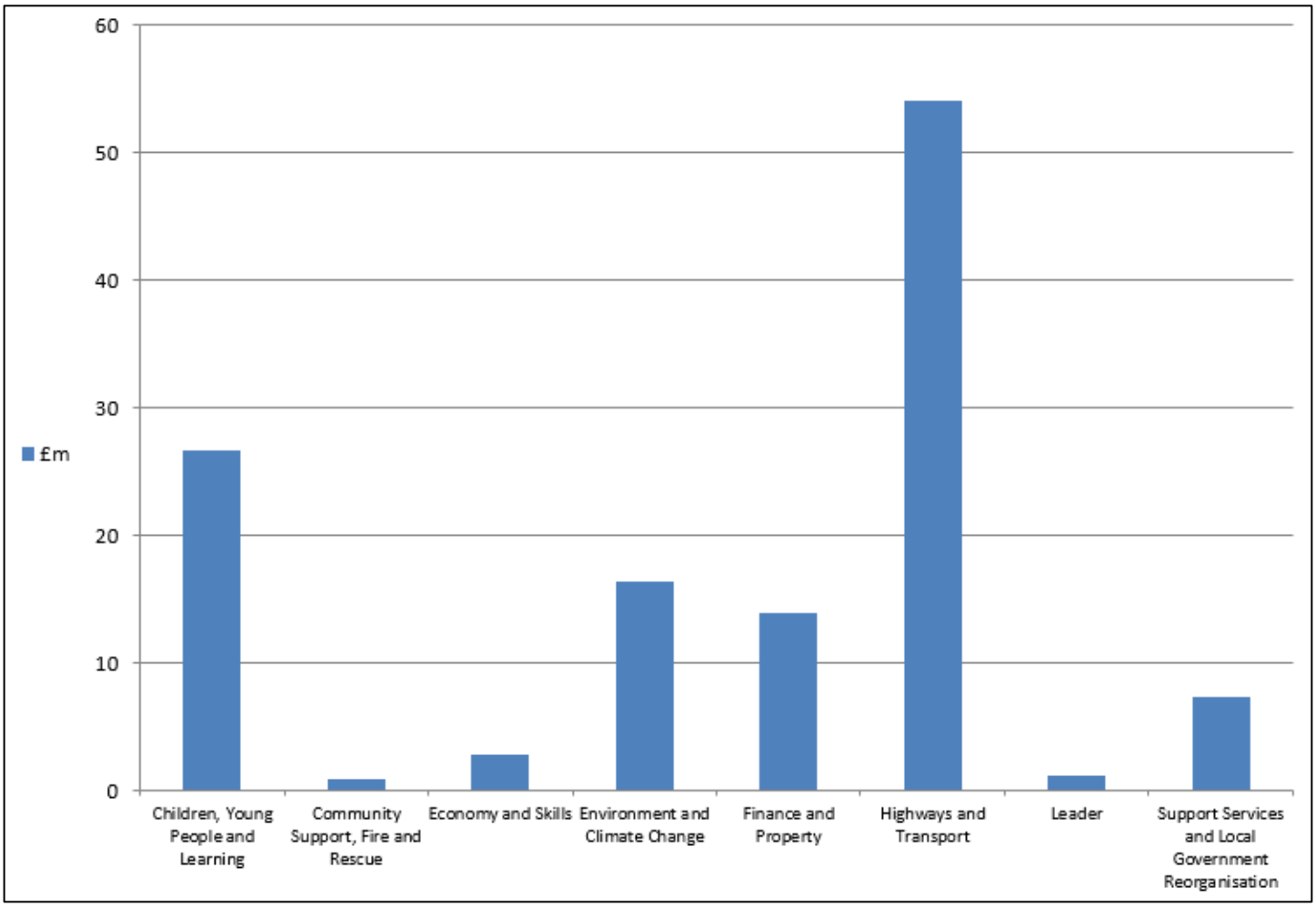
Graph 1 below illustrates the net outturn spend for the year by portfolio:



Capital

County Council, in February 2025, agreed a capital programme totalling £118.6m for 2025/26. In addition, £7.4m was transferred to other years, reducing the capital programme to £111.2m. The actual spend for the year is £123.5m. Full details are set out in the Outturn PRR.

Graph 2 below sets out the capital outturn for 2025/26 by portfolio:



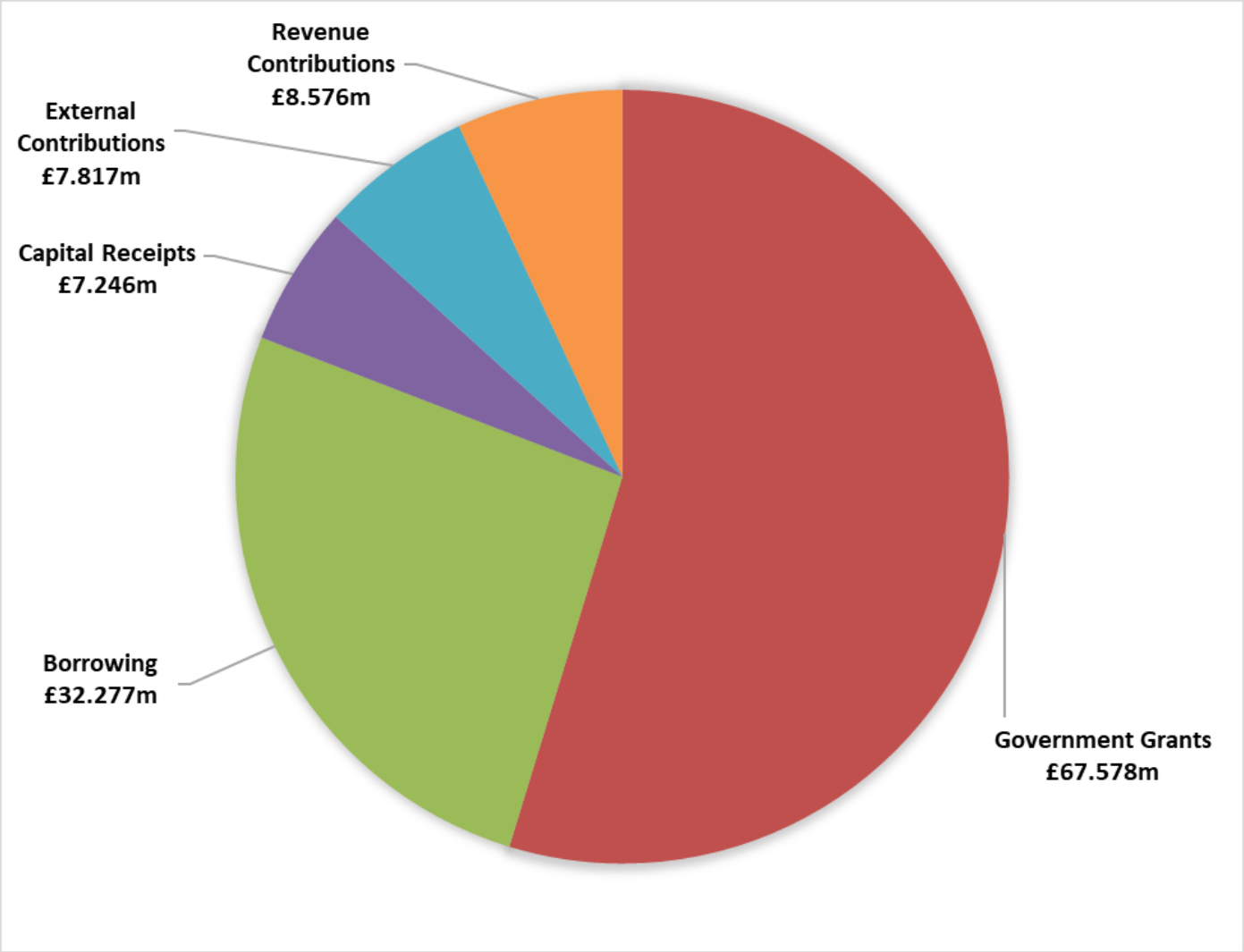
The main areas of investment for the year include:

Portfolio	Programme/Project	£000
Children, Young People and Learning	Children's Homes, SEND Programme, Basic Need Programme, Community School Capital Maintenance	26,692
Community Support, Fire and Rescue	Fire and Rescue Estates Improvement Works, Fleet and Fire Equipment Replacement Block Programme, Libraries Improvements	949
Economy and Skills	Adur, Arun, Chichester and Worthing Growth Programmes, Digital Infrastructure	2,795
Environment and Climate Change	Property Maintenance – Carbon Net Zero, Waste Site Adaptions, Solar PV and Battery Storage	16,389
Finance and Property	Facilities Management – Structural Maintenance, Staff Capitalisation – Property, Joint Venture	13,956
Highways and Transport	Highways Annual Works Programme, A284 Lyminster Bypass, A259 Corridor Capacity Enhancement, Bus Services Improvement Works, Halogen Bulb Replacement Programme, Active Travel, EV Chargepoints	54,146
Leader	Burgess Hill and Crawley Growth Programmes	1,204
Support Services and Local Government Reorganisation	Oracle Implementation Programme (financed by flexible use of capital receipts), Investment in Technology	7,363
Total spend in 2025/26		**123,494**

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

Month of completion	Project	District	Description
April	West Green Family Hub	Crawley	Provide a permanent, fit-for-purpose contact centre for children in care and their families
April	Midhurst Rother College Changing Rooms	Chichester	Increase changing rooms provision to enable the school to accommodate an increase in pupils in each year group
April	UK Gigabit Vouchers	Various	Enable communities to connect with suppliers to accelerate the roll out of gigabit-capable broadband to hard to reach and rural communities
September	Vale Primary School	Worthing	Improvements to drainage and install a new artificial turf playing field
December	Arun House	Horsham	Creation of a satellite site to provide 60 pupil places for children with Special Educational and Disabilities (SEND) needs for secondary aged young people
January	Libraries - Self-Service Payment	Various	Upgrade of Library Self-Service Kiosks to ensure continued compliance
January	Bartons Primary School	Arun	Defects project to remedy drainage issues
February	Woodlands Meed School	Mid Sussex	Defects work to ground floor, drainage and lift shaft
March	Assistive Technology Lending Library	Chichester and Crawley	Grant funding from DfE to purchase assistive technology and create a lending library for schools in the pilot Local Inclusion Support Offer areas
March	Libraries Digital - Virtual Walkthrough	Various	Creation of a virtual walkthrough of West Sussex libraries

The main sources of funding used to finance the 2025/26 capital programme are:



The actual borrowing needed to fund the capital programme for 2025/26 was £32.3m less than the amount approved in February 2025. This was due to a variety of reasons, including the application of all non-ringed fenced grants to finance spend in 2025/26, an increase in other external sources of funding and reprofiling of major schemes such as A284 Lyminster Bypass and Fire & Rescue Fleet.

During 2025/26 a further ten schools obtained Academy status. Of these, three had land and building assets on the Balance Sheet. The other seven are schools which are owned by religious bodies, which means the Council's Balance Sheet only holds value for any part of the asset which is owned by the Council. Of these seven, two of the schools are fully owned by a religious body, therefore no value is included in the Council's Balance Sheet. Of the remaining five, the Council owns the playing fields, albeit the value of one of these already reflected the restricted use to the Council.

The impact of the three building assets being removed from the Balance Sheet is a reduction of £34.2m. Furthermore, the Council has revalued the land of the seven schools which were included on the Balance Sheet, to reflect the restricted use to the Council (resulting in a further reduction of £3m to the Balance Sheet). As of March 2026, there are 116 schools with Academy status in the County. Two schools have amalgamated, meaning a further 167 schools remain under local authority control. As of March 2026, it is expected that a further two Academy transfers will take place during 2026/27.

Reserves and Balances

The Balance Sheet distinguishes between "usable" and "unusable" reserves. An analysis of the movement in reserve balances during 2025/26 is provided by the Movement in Reserves Statement, and is summarised below:

Reserves	Balance at 1 April 2025 £000	2025/26 Movement £000	Balance at 31 March 2026 £000
General Fund	36,286	0	36,286
Earmarked Reserves	152,828	-31,030	121,798
Capital Grants Unapplied Account	89	112	201
Capital Receipts Reserve	10,068	-4,182	5,886
Total Usable Reserves	**199,271**	**-35,100**	**164,171**
Unusable Reserves	542,376	-24,688	517,688
Total Authority Reserves	**741,647**	**-59,788**	**681,859**

The General Fund balance as at 31 March 2026 is £36.3m, which is considered to be a prudent buffer against the significant financial pressures affecting the Council. This represents 4.1% of net expenditure for 2026/27. In addition, within the earmarked reserves of £121.8m is £12.1m for the budget management reserve (set out below), which provides further resilience and when combined with the general fund balance represents 5.5% of net revenue spend. Taken together these two reserves provide additional means for the County Council to protect itself from future demand pressures that could adversely impact its financial position, and thereby strengthen the Council's financial resilience.

As at 31 March 2026, earmarked reserves totalling £121.8m are held across the following categories:

	Balance at 31 March 2026 £000
Reserves to Fund Contractual Commitments, including long term contracts and PFI schemes	36,478
Reserves to Fund Service Commitments, which are expected to be spent over the next two years, including £9.4m for the Digital Infrastructure Project, £6.6m for Highways Commuted Sums, £5.6m for Highways Maintenance and £3.4m for Connection Council (Transformation)	33,602
Reserves for Government Grants, including £2.5m for the Bus Service Improvement Plan Grant, £1.9m for the Wraparound Childcare Programme, £1.0m for LEP Support for Economic Growth and £0.8m for the Active Travel Fund	7,468
Reserves to Manage Risk and Uncertainty, which includes £12.1m in the Budget Management Reserve and £6.2m in the Business Rates and Collection Fund Smoothing Reserve	24,864
Held for Other Bodies or with Shared Responsibility which includes £13.1m for School Balances, £5.6m for the Lane Rental Scheme and £0.7m for the Accelerating Reform Fund	19,386
Total Earmarked Reserves as at 31 March 2026	**121,798**

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 2031, the balance on usable reserves is forecast to be £116.3m. 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 £6.1m 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 £203.0m as at 31 March 2026, which represents an annual deficit for 2025/26 of £79.8m. 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, has been extended to March 2028.

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 £296.8m 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 2026) 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 2026/27 to 2030/31 capital programme is £842.1m.

The Authority borrows prudentially for capital investment purposes. The Council did not undertake any external borrowing during 2025/26. Outstanding Public Works Loans Board borrowing as at 31 March 2026 was £437.2m (excluding accrued interest), with an average interest rate of 4.0%. This borrowing should be seen in the context of the long-term assets valued at £1.8billion 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 2026/27 and the integrated business and financial planning process and was approved by full County Council in February 2026.

Local Government Reorganisation (LGR) is expected to come into effect in April 2028 which falls within the timeframe of the current Medium Term Financial Strategy (MTFS) and while in its early stages, the Authority will continue the financial plans on a five-year horizon and the budget report approved in February included an update of the five-year MTFS.

The Council's ambitions continue to be captured each year through the Council Plan, and detailed priorities, outcomes and key performance measures for 2026/27 are 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.

The Council Plan for 2026/27 and 2027/28 includes an additional priority reflecting the importance of maximising benefits from devolution and local government re-organisation.

Financial Outlook

In accordance with statutory responsibilities, a programme of work was undertaken throughout 2025/26 to set a balanced budget for 2026/27 and to review the medium-term financial position. Planning for 2026/27 was particularly challenging with significant uncertainty around the impacts on funding from the Fair Funding Review 2.0 (FFR 2.0). The provisional Local Government Finance Settlement published on 17 December was the first set of numbers confirming the County Council's funding allocations. The government's intent was to "introduce a fairer, evidence-based funding system where funding goes where it is needed most". As a result, government funding moved from authorities with strong taxbases and relatively low levels of deprivation to those with weaker taxbases and higher deprivation levels. Overall, the settlement confirmed our early estimates of the impact with a loss in funding to the County Council of around £30m across the three-year period of the settlement. This comes at a time when 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.

Balancing the budget for 2026/27 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 efficiency savings of £30.4m across services. Detailed work has been undertaken to anticipate and model expected budget pressures, with a £34.7m increase in expenditure in order to meet increasing demand pressures and the increasing cost of services, particularly in social care and homes to school transport.

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 2026 the County Council's total earmarked reserves (excluding reserves held for other bodies or with shared responsibilities) is £102.4m, 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 in to.

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 Connected Council (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 £24.9m at the end of March 2026. This is in addition to the General Fund of £36.3m. 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.

Although the three-year settlement provides further certainty of future funding, the medium-term outlook remains a challenge. In February 2026 the County Council considered the latest position, and for 2026/27 to 2029/30 there remains a budget gap of between £72.5m to £222m depending on the level of council tax increase in these years. The position is based on best estimates of demographic growth and budget pressures and the latest forecast of economic conditions but does not include any impact from the DSG deficit, any impact of transition costs LGR or any other policy changes.

The impact of the DSG deficit from 2028 remains a significant concern for the County Council. As part of the Local Government Financial Settlement for 2026/27 to 2028/29, the Government announced that local authorities with DSG deficits will be eligible in 2026/27 to receive a High Needs Stability Grant, covering up to 90% of their High Needs related DSG deficit accrued to the end of 2025/26 which could equate to approximately £182.7m for West Sussex. However, payment is contingent upon the Council's Local SEND Reform Plan being approved by the Department for Education and even with the payment, still leaves the County Council to fund the remaining 10% (£20.3m). Furthermore, the level of funding available and any conditions attached to funding deficits incurred in 2026/27 and 2027/28 (forecasted to be a further £300m) remains uncertain and therefore a significant risk.

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, reduced government funding and 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. Amongst the County's top risks, financial sustainability remains one of the highest and given the amount of upper tier authorities which are receiving Exceptional Financial Support (EFS). EFS is essentially Government permission to either use capital to fund revenue services or to set higher than average Council Tax to fund revenue services. Given ongoing pressure it will be critical to continue to monitor in year projections for 2026/27 as well as continue with plans for the medium term on 2027/28 and beyond.

In response to these structural demand concerns, the County Council launched a series of transformation programmes under the Connected Council initiative, bringing together a range of major change programmes, including improvements in Adult Social Care and Children's Services, digital transformation, income optimisation, the Oracle implementation and wider support service transformation. These are central to the organisation's effort to improve how the council works, making services more efficient, better connected, more responsive to the needs of residents as well as aiming for long-term financial sustainability, and responding to the changing environment, including preparation for Local Government Reorganisation and Devolution.

Future Opportunities

Sussex has reached a key milestone in its devolution journey, with Government laying the Statutory Instrument to formally establish the Sussex and Brighton Combined County Authority, enabling the new Mayoral Authority to be created this past spring. While mayoral elections are now scheduled for 2028, devolution will continue at pace, led by the constituent councils. The Authority will receive significant powers and funding, including a £1.14bn long-term investment fund, £30.4m of early investment ahead of elections, and £9.0m in capacity funding to support its establishment and operation.

In September 2025 West Sussex councils (the County Council and the seven district and borough councils) submitted business cases with a shared evidence base for Local Government Reorganisation to establish unitary councils in April 2028. In March 2026, the Government proposed an alternative option for a two unitary split of the West Sussex councils which is being consulted on over the summer with a decision expected in early autumn.

Devolution and Local Government Reorganisation will present both opportunities and challenges in the coming years. In recognition of the importance of maximising the benefits, a fifth priority was added to the Council Plan to 2028 to 'maximise the benefits of devolution and local government reorganisation for residents and communities'.

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. All corporate and directorate risks are reviewed and updated at least quarterly, with a clear mechanism for escalation and de-escalation provided.

The Corporate Risk Register (CRR) is reviewed quarterly by the Executive Leadership Team (ELT) and Cabinet, with any actions promptly addressed. Risk is also a standing item on ELT's weekly agenda to discuss existing and new corporate risks, horizon scanning, and contentious issues.

In addition, corporate risks are reviewed quarterly by scrutiny committees and Directorate Leadership Teams (DLT) through the circulation of the Performance and Resources Report (PRR).

The latest Corporate Risk Register and Risk Management Strategy is being considered by the Regulation, Audit and Accounts Committee in July 2026 and is published on our website. The current key corporate risks and summary of mitigations are as follows:

Risk	Summary of Mitigations
Financial sustainability	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	Conducting penetration tests, disaster recovery and social engineering exercises. IT service redesign to ensure capacity and capability.
Climate Change Mitigation	Prioritisation of Climate Change Strategy delivery within Our Council Plan and the adoption of the Climate Action and Adaptation Plan (CAAP). Align pipeline of projects to Climate Change Strategy and CAAP to exploit funding opportunities. Effective recruitment and training.
Climate Change Adaptation	Prioritisation of Climate Change Strategy delivery within Our Council Plan, and implementation and regular review of Community Risk Management Plan (CRMP) and Local Flood Risk Management Strategy. Ensure existing/future assets and service delivery made climate change resilient.
Integrated Care Board (ICB) changes	Lobby to ensure the Council's priorities, pressures, and the needs of West Sussex residents are fully understood and considered. Regular attendance/representation at joint working groups. Assess and improve understanding of the current levels of organisational engagement with NHS Sussex (ICB, hospitals, primary care providers).

The Oracle implementation programme is progressing as planned, with three audits completed during 2025/26. The Design audit achieved 'reasonable assurance', the Commercial Management audit achieved 'substantial assurance' and the User Acceptance Testing and Data Migration audit for the phase 1 go-live achieved 'reasonable assurance'.

Any audits scheduled for 2026/27 will be reported to the Cabinet Member and Performance and Finance Scrutiny Committee (PFSC) through the highlight report. The programme will continue to be closely monitored despite no longer being considered one of the Council's key risks.

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 2026. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, 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 £10.3m at 31 March 2026, of which £8.1m relates to the insurance provision and £2.1m relates to the National Non-Domestic Rates (NNDR) Appeals provision.

Changes to Accounting Policies

The accounts are prepared under the requirements of statute and accounting standards, which are consolidated into the CIPFA Code of Practice on Local Authority Accounting. Officers' interpretation of these requirements is set out in the accounting policies. The only significant change for West Sussex County Council relates to policy (ii) Property, Plant and Equipment, and specifically the measurement of assets carried at current value, i.e. operational land and buildings. With effect from 1 April 2025, CIPFA has mandated that revaluations shall normally only be undertaken once every five years, with indexation to be applied in intervening periods between formal revaluations.

Whilst there are no significant changes to the accounting policies for the Pension Fund, the opportunity has been taken to review the wording for clarity and based on feedback from EY during the 2024/25 audit.

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 254 active employers and 92,677 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 2025/26.

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.

Whilst the 31 March 2022 actuarial valuation set employer contribution rates for the latest financial year, a full valuation was completed based on data at 31 March 2025 during the year. This showed the Fund was 162% funded and has set employer contributions for 1 April 2026 onwards at a lower rate as a result. For some employers including the County Council that allowed a drop of over 3% to 15% from 1 April 2026.

Observed inflation has been higher than anticipated over the last financial year, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

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 2026:

- the IAS19 / FRS102 reports have no impact on pension funding or contributions
- the reports 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)
- the calculations are based on 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:

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

The asset split is summarised below:

Asset Category	Asset Class	31 March 2025 £m	31 March 2026 £m
Growth	Equities	2,868	2,859
	Private Equity	193	227
Income	Direct Property	496	533
	Private Debt	231	222
	Infrastructure	278	293
Protection	Bonds	1,747	1,817
Other	Cash or Cash Equivalents	36	19
Total		**5,849**	**5,970**

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. Agreements with investment advisers and consultants set out the requirement that each considers and integrates ESG issues when providing investment advice. This means that the Fund takes full consideration of ESG issues as they relate to its strategic asset allocation, including the impact of ESG matters on differing asset types and where ESG issues could have a material impact on the value of the Fund's assets and the funds in which the Fund invests.

Asset Pooling

In response to the government's previous requirements for Administering Authorities pool investment assets, the Pension Fund has been part of the ACCESS pool (A Collaboration of 11 Central, Eastern and Southern Shires - ACCESS). However, following changes in legislation, the Fund joined the Border to Coast Pensions Partnership asset pool from 1 April 2026.

Whilst assets will transition to the Border to Coast Pensions Partnership over time and be overseen by Border to Coast in the shorter term, on 31 March 2026 all the Fund equity bond and infrastructure investments were under the management of the ACCESS pool. This equates to 83% of all assets (31 March 2025: 84%) or £5.0bn (31 March 2025: £4.9bn).

Asset Performance

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility. This impacts the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive but have trailed the market and the valuation discount rate.

During the year the Fund's assets returned 3.4% compared to the market of 11.1%. Whilst the Pension Fund has a diversified portfolio to manage market volatility, and some asset classes within the portfolio have outperformed relative to the market, the active equity strategies – which make up about half the investment portfolio - have underperformed as a result of manager style and stock choices. This position continues to be kept under review by the Pensions Committee. 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	3.4%	4.5%	7.4%
Market index	11.1%	9.5%	8.0%
Difference	-7.7%	-5.0%	-0.6%

Cashflow

The Fund is currently cashflow positive. Officers work closely with advisers to manage the current and potential cashflow positions. As a result of recent pension increases and reduction in contribution rates 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 2026, and of its income and expenditure for the year ending on that date.

These financial statements will be subject to a statutory external audit and as such may be subject to change.

Mike Suarez
Executive Director of Finance and Support Services
14 July 2026

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.

The Statement of Accounts will be considered for approval on behalf of West Sussex County Council by the Regulation, Audit and Accounts Committee at a meeting to take place subsequent to the statutory external audit of the financial statements.

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 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**
Movement in Reserves during 2025/26:							
Total Comprehensive Income and Expenditure	129,247	-	-	-	129,247	-69,459	59,788
Adjustments between Accounting and Funding Basis (Note 2)	-98,217	-	4,182	-112	-94,147	94,147	-
(Increase)/Decrease before Reserve Transfers	**31,030**	**-**	**4,182**	**-112**	**35,100**	**24,688**	**59,788**
Transfers to/from Earmarked General Fund Reserves (Note 3)	-31,030	31,030	-	-	-	-	-
(Increase)/Decrease in 2025/26	**-**	**31,030**	**4,182**	**-112**	**35,100**	**24,688**	**59,788**
Balance at 31 March 2026	**-36,286**	**-121,798**	**-5,886**	**-201**	**-164,171**	**-517,688**	**-681,859**

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 £158,084,000 as at 31 March 2026.

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 2025 £000	31 March 2026 £000
Property, Plant & Equipment	4	1,625,969	1,626,513
Heritage Assets	5	333	356
Investment Property	7	59,420	62,441
Intangible Assets	8	27	47
Long Term Investments	9	35,798	45,370
Long Term Debtors	9	29,831	24,934
Long Term Assets		**1,751,378**	**1,759,661**
Short Term Investments	9	131,283	5,302
Assets Held for Sale	10	2,542	5,212
Inventories	N/A	683	336
Short Term Debtors	11	176,816	222,499
Cash and Cash Equivalents	12	86,559	69,944
Current Assets		**397,883**	**303,293**
Short Term Borrowing	9	-35,504	-15,899
Short Term Creditors	13	-271,145	-314,039
Short Term Provisions	14	-4,263	-3,980
Short Term PFI Liability	15	-6,290	-7,198
Short Term Lease Liabilities	16	-1,927	-2,176
Current Liabilities		**-319,129**	**-343,292**
Long Term Borrowing	9	-437,240	-432,524
Long Term Provisions	14	-3,188	-6,367
Long Term PFI Liability	15	-97,147	-91,049
Long Term Lease Liabilities	16	-5,574	-5,707
Net Pension Liability	17	-347,575	-296,822
Capital Grants Receipts in Advance	25	-196,580	-204,300
Other Long Term Liabilities	9	-1,181	-1,034
Long Term Liabilities		**-1,088,485**	**-1,037,803**
Net Assets		**741,647**	**681,859**
Usable Reserves	MIRS	-199,271	-164,171
Unusable Reserves	19	-542,376	-517,688
Total Reserves		**-741,647**	**-681,859**

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.

2025/26 **Portfolio**	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
Adults Services	304,987	-66,970	238,017
Children, Young People and Learning	338,077	16,432	354,509
Community Support, Fire and Rescue	54,892	-11,238	43,654
Economy and Skills	1,295	-1,131	164
Environment and Climate Change	75,887	8,715	84,602
Finance and Property	40,341	-3,936	36,405
Highways and Transport	51,158	31,291	82,449
Leader	-1,267	-133	-1,400
Public Health and Wellbeing	-	-250	-250
Support Services and Local Government Reorganisation	38,384	6,936	45,320
Net Cost of Services	903,754	-20,284	883,470
Other Income and Expenditure	-872,724	118,501	-754,223
(Surplus) or Deficit	**31,030**	**98,217**	**129,247**
Opening General Fund Balance			-36,286
Add (Surplus)/Deficit on General Fund Balance in Year			31,030
Add Transfers to/(from) Earmarked General Fund Reserves in Year			-31,030
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 £158,084,000 as at 31 March 2026.

2024/25 (Restated) **Portfolio**	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
Adults Services	282,078	-55,740	226,338
Children, Young People and Learning	290,807	111,226	402,033
Community Support, Fire and Rescue	52,285	-8,421	43,864
Economy and Skills	330	1,017	1,347
Environment and Climate Change	79,861	3,357	83,218
Finance and Property	34,040	597	34,637
Highways and Transport	48,341	29,658	77,999
Leader	2,952	220	3,172
Public Health and Wellbeing	-	-57	-57
Support Services and Local Government Reorganisation	37,848	4,741	42,589
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**

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.

2025/26	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adults Services	597,890	-359,873	238,017
Children, Young People and Learning	1,175,450	-820,941	354,509
Community Support, Fire and Rescue	81,728	-38,074	43,654
Economy and Skills	6,463	-6,299	164
Environment and Climate Change	103,442	-18,840	84,602
Finance and Property	45,702	-9,297	36,405
Highways and Transport	126,444	-43,995	82,449
Leader	5,570	-6,970	-1,400
Public Health and Wellbeing	27,191	-27,441	-250
Support Services and Local Government Reorganisation	54,470	-9,150	45,320
Cost of Services	**2,224,350**	**-1,340,880**	**883,470**
Other Operating Expenditure (Note 22)	44,768	-	44,768
Financing and Investment Income and Expenditure (Note 23)	142,831	-101,487	41,344
Taxation and Non-Specific Grant Income (Note 24)	-	-840,335	-840,335
(Surplus) or Deficit on Provision of Services	**2,411,949**	**-2,282,702**	**129,247**
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Chargeable to the Revaluation Reserve (Note 4)			-33,333
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)			-36,126
Other Comprehensive Income and Expenditure			**-69,459**
Total Comprehensive Income and Expenditure			**59,788**

2024/25 (Restated)	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adults Services	515,710	-289,372	226,338
Children, Young People and Learning	1,113,300	-711,267	402,033
Community Support, Fire and Rescue	79,658	-35,794	43,864
Economy and Skills	10,561	-9,214	1,347
Environment and Climate Change	93,300	-10,082	83,218
Finance and Property	39,403	-4,766	34,637
Highways and Transport	115,757	-37,758	77,999
Leader	4,336	-1,164	3,172
Public Health and Wellbeing	26,363	-26,420	-57
Support Services and Local Government Reorganisation	47,950	-5,361	42,589
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**

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)	**2024/25 £000**	**2025/26 £000**
Net (surplus) or deficit on the provision of services	200,238	129,247
Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 33a)	-200,335	-118,760
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 33b)	56,243	70,177
Net cash flows from Operating Activities	56,146	80,664
Investing Activities (Note 33c)	-65,763	-99,063
Financing Activities (Note 33d)	10,083	35,014
Net (increase)/decrease in cash and cash equivalents	466	16,615
Cash and cash equivalents at the beginning of the reporting period	-87,025	-86,559
Cash and cash equivalents at the end of the reporting period (Note 12)	**-86,559**	**-69,944**

Notes to the Accounts

1. Prior Period Adjustment

The Authority has made a prior year adjustment in preparing its 2025/26 Statement of Accounts. This is detailed below.

Segment Reporting in the Comprehensive Income and Expenditure Statement (and associated notes)

In accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting, the Authority presents its Comprehensive Income and Expenditure Statement (and associated notes) on a cabinet member portfolio basis to reflect local reporting arrangements.

The Authority made a small number of changes to its portfolio structure in May 2025, and therefore the 2025/26 financial statements have been prepared using this revised portfolio structure.

Furthermore, and in accordance with the requirements of IAS1 Presentation of Financial Statements, the 2024/25 comparators in the Comprehensive Income and Expenditure Statement (and associated notes) have also been restated on this revised reporting basis. The impact of this restatement is disclosed below.

Comprehensive Income and Expenditure Statement

Cabinet Member Portfolio Structure (pre May 2025)	**2024/25 Net Expenditure £000**
Adults Services	226,338
Children and Young People, Learning and Skills	402,604
Community Support, Fire and Rescue	43,864
Environment and Climate Change	83,683
Finance and Property	34,637
Highways and Transport	77,534
Leader	3,522
Public Health and Wellbeing	-57
Support Services and Economic Development	43,015
Cost of Services	**915,140**

Cabinet Member Portfolio Structure (post May 2025)	**Restated 2024/25 Net Expenditure £000**
Adults Services	226,338
Children, Young People and Learning	402,033
Community Support, Fire and Rescue	43,864
Economy and Skills	1,347
Environment and Climate Change	83,218
Finance and Property	34,637
Highways and Transport	77,999
Leader	3,172
Public Health and Wellbeing	-57
Support Services and Local Government Reorganisation	42,589
Cost of Services	**915,140**

Expenditure and Funding Analysis

Cabinet Member Portfolio Structure (pre May 2025)	2024/25 Net Expenditure Chargeable to the General Fund £000	2024/25 Adjustments between Funding and Accounting Basis £000
Adults Services	282,078	-55,740
Children and Young People, Learning and Skills	291,274	111,330
Community Support, Fire and Rescue	52,285	-8,421
Environment and Climate Change	80,326	3,357
Finance and Property	34,040	597
Highways and Transport	47,876	29,658
Leader	2,952	570
Public Health and Wellbeing	0	-57
Support Services and Economic Development	37,711	5,304
Net Cost of Services	**828,542**	**86,598**

Cabinet Member Portfolio Structure (post May 2025)	Restated 2024/25 Net Expenditure Chargeable to the General Fund £000	Restated 2024/25 Adjustments between Funding and Accounting Basis £000
Adults Services	282,078	-55,740
Children, Young People and Learning	290,807	111,226
Community Support, Fire and Rescue	52,285	-8,421
Economy and Skills	330	1,017
Environment and Climate Change	79,861	3,357
Finance and Property	34,040	597
Highways and Transport	48,341	29,658
Leader	2,952	220
Public Health and Wellbeing	0	-57
Support Services and Local Government Reorganisation	37,848	4,741
Net Cost of Services	**828,542**	**86,598**

This revised portfolio structure has also been reflected in the prior year comparators in Notes 6 Capital Expenditure and Capital Financing, 20 Note to the Expenditure and Funding Analysis, 21 Segmental Income and 25 Grants Credited to Services.

There are no implications for the General Fund Balances or any other reserves arising from this change. The Balance Sheet is also unaffected, and therefore no 'third' balance sheet (providing comparators as at 1 April 2024) has been presented as part of this restatement. The Movement in Reserves Statement and Cash Flow Statement are also unaffected.

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

2025/26	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)	14,627	-	-
• Financial instrument revaluations (transferred to the Pooled Investment Funds Adjustment Account or, for equity investments, the Capital Adjustment Account)	1,923	-	-
• Council tax and NDR (transferred to or from the Collection Fund Adjustment Account)	-1,184	-	-
• Holiday pay (transferred to the Accumulated Absences Account)	1,610	-	-
• DSG deficits (transferred to the Dedicated Schools Grant Adjustment Account)	-79,789	-	-
• 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)	-72,777	-	-67,322
Total Adjustments to Revenue Resources	-135,590	-	-67,322
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,876	-2,876	-
Transfer of deferred sales proceeds from revenue to the Deferred Capital Receipts Reserve	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-21	21	-
Write down of finance lease debtor (transfer from Deferred Capital Receipts Reserve)	-2	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	25,944	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	8,576	-	-
Total Adjustments between Revenue and Capital Resources	37,373	-2,855	-
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	-	7,246	-
Application of capital grants to finance capital expenditure	-	-	67,210
Cash payments in relation to deferred capital receipts	-	-209	-
Total Adjustments to Capital Resources	-	7,037	67,210
Total Adjustments	**-98,217**	**4,182**	**-112**

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**

3. Transfers to/from Earmarked Reserves

Reserve	Balance at 1 April 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31 March 2026 £000
Accelerating Reform Fund	-	-	-1,200	-1,200	489	-	-711
Active Travel Fund	-	-	-1,049	-1,049	229	-	-820
Ash Dieback	-1,120	585	-	-535	366	-	-169
Budget Management	-36,267	23,875	-6,000	-18,392	10,505	-4,191	-12,078
Bus Service Improvement Plan	-3,087	2,755	-2,707	-3,039	569	-	-2,470
Business Rates & Collection Fund Smoothing	-9,200	3,000	-	-6,200	-	-	-6,200
Connected Council [1]	-5,815	3,499	-2,913	-5,229	1,783	-	-3,446
Digital Infrastructure Project	-11,554	245	-	-11,309	1,879	-	-9,430
Domestic Abuse	-3,913	3,913	-	-	-	-	-
Economic Growth	-1,726	376	-	-1,350	291	-	-1,059
Highways Commuted Sums	-8,522	2,536	-1,990	-7,976	2,557	-1,168	-6,587
Highways Maintenance	-	-	-	-	-	-5,574	-5,574
Highways On-Street Parking	-939	2,386	-1,764	-317	1,733	-1,716	-300
Infrastructure Works Feasibility	-2,376	246	-	-2,130	379	-	-1,751
Insurance	-3,430	-	-379	-3,809	2,800	-	-1,009
Interest Smoothing Account	-2,778	1,500	-5,000	-6,278	1,529	-	-4,749
Investment Property Sinking Fund	-2,550	-	-100	-2,650	-	-100	-2,750
Lane Rental Scheme	-5,061	205	-3,665	-8,521	6,716	-3,770	-5,575
LEP Support for Economic Growth	-	-	-	-	-	-1,000	-1,000
Recycling & Waste PFI	-10,786	164	-532	-11,154	3,164	-440	-8,430
School Balances	-21,216	7,551	-1,332	-14,997	2,901	-1,004	-13,100
Schools Sickness & Maternity Scheme	-1,381	320	-	-1,061	233	-	-828
Social Care	-	-	-	-	6,000	-6,000	-
Statutory Duties	-1,392	1,018	-	-374	-	-	-374
Street Lighting PFI	-23,046	1,881	-1,061	-22,226	1,863	-832	-21,195
Unapplied Revenue Grants	-3,023	2,589	-1,198	-1,632	1,308	-961	-1,285
Waste Materials Resource Management Contract (MRMC)	-21,551	5,444	-841	-16,948	10,767	-385	-6,566
Wraparound Childcare Programme	-	-	-2,248	-2,248	355	-	-1,893
Other Earmarked Reserves	-2,326	1,161	-1,039	-2,204	1,088	-1,333	-2,449
Earmarked Reserves	**-183,059**	**65,249**	**-35,018**	**-152,828**	**59,504**	**-28,474**	**-121,798**

[1] Previously Service Transformation Fund

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 2025/26.

- 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 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 Connected Council reserve (previously 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 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 Maintenance reserve was created in 2025/26 to hold 50% of the accumulated surplus on the Lane Rental Scheme, following the introduction of new legislation.
- 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 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 LEP Support for Economic Growth reserve holds a balance of legacy funding dispersed following the winding-up of the Coast to Capital Local Enterprise Partnership, which is earmarked to support Economic Growth Board and County Council priorities during 2026/27 and 2027/28.
- 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 Social Care reserve was created to hold additional funds arising from the 2025/26 Local Government Finance Settlement, in recognition of continuing demand uncertainty and cost pressures relating to social care. The funds were applied as a budget balancing measure in 2025/26.
- 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 2025/26 **Cost or Valuation**	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	**Total Property, Plant & Equipment excluding Infrastructure Assets £000**
At 1 April 2025	1,067,484	93,358	36,064	-	**1,196,906**
Additions	27,945	12,059	17	-	**40,021**
Donations	7,109	-	-	-	**7,109**
Revaluation increases /(decreases) recognised in the Revaluation Reserve	-1,376	-	-235	-	**-1,611**
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	-4,909	-	-3,996	-	**-8,905**
Disposals	-	-251	-1,903	-	**-2,154**
Derecognition - Academies	-35,303	-	-	-	**-35,303**
Derecognition - Lessor Finance Leases	-	-	-	-	**-**
Derecognition - Other	-5,704	-17,013	-151	-	**-22,868**
Assets reclassified (to)/from Assets Held for Sale	-	-	-3,556	-	**-3,556**
Assets reclassified (to)/from Investment Property	-	-	100	-	**100**
Transfer in asset category	-1,791	-	1,791	-	**-**
At 31 March 2026	**1,053,455**	**88,153**	**28,131**	**-**	**1,169,739**

Movements in 2025/26 **Accumulated Depreciation and Impairment**	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	**Total Property, Plant & Equipment excluding Infrastructure Assets £000**
At 1 April 2025	-13,682	-48,773	-	-	**-62,455**
Depreciation charge	-38,434	-9,735	-439	-	**-48,608**
Depreciation written out to the Revaluation Reserve on revaluation	34,934	-	10	-	**34,944**
Depreciation written out to the Surplus/Deficit on the Provision of Services on revaluation	9,754	-	3,952	-	**13,706**
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	**-**
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	**-**
Disposals	-	-	101	-	**101**
Derecognition - Academies	1,058	-	-	-	**1,058**
Derecognition - Lessor Finance Leases	-	-	-	-	**-**
Derecognition - Other	295	14,116	-	-	**14,411**
Depreciation written out on newly classified Assets Held for Sale	-	-	-	-	**-**
Depreciation written out on newly classified Investment Property	-	-	-	-	**-**
Transfer in asset category	3,625	-	-3,625	-	**-**
At 31 March 2026	**-2,450**	**-44,392**	**-1**	**-**	**-46,843**
Net Book Value At 1 April 2025	**1,053,802**	**44,585**	**36,064**	**-**	**1,134,451**
Net Book Value At 31 March 2026	**1,051,005**	**43,761**	**28,130**	**-**	**1,122,896**

Comparative Movements in 2024/25 **Cost or Valuation**	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	**Total Property, Plant & Equipment excluding Infrastructure Assets £000**
At 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**

Comparative Movements in 2024/25 **Accumulated Depreciation and Impairment**	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Assets under Construction £000	**Total Property, Plant & Equipment excluding Infrastructure Assets £000**
At 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**
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	**-**
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	**-**
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	**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**

Infrastructure Assets

An amendment to the Local Authorities (Capital Finance and Accounting) Regulations was 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 2025/26 Statement of Accounts. This statutory override initially applied until 31 March 2025 and has subsequently been extended until 31 March 2029.

Additionally, 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; this also initially applied up to and including 2024/25, and was subsequently extended until 2028/29 in alignment with the statutory override. This concession was made 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.

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 2025/26	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 2025	491,518	1,134,451	**1,625,969**	147,980	46,823
Additions	55,777	40,021	**95,798**	2,680	6,081
Donations	-	7,109	**7,109**	-	-
Depreciation charge	-43,678	-48,608	**-92,286**	-7,569	-4,357
Revaluation increases /(decreases) recognised in the Revaluation Reserve	-	33,333	**33,333**	1,162	615
Revaluation increases /(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	4,801	**4,801**	-	44
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	**-**	-	-
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	**-**	-	-
Disposals	-	-2,053	**-2,053**	-	-
Derecognition - Academies	-	-34,245	**-34,245**	-20,428	-
Derecognition - Lessor Finance Leases	-	-	**-**	-	-
Derecognition - Other	-	-8,457	**-8,457**	-	-81
Assets reclassified (to)/from Assets Held for Sale	-	-3,556	**-3,556**	-	-
Assets reclassified (to)/from Investment Property	-	100	**100**	-	-
Transfer in asset category	-	-	**-**	-	-
At 31 March 2026	**503,617**	**1,122,896**	**1,626,513**	**123,825**	**49,125**

Comparative 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	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
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	**-**	-	-
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	**-**	-	-
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**

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 2026 for the construction or enhancement of Property, Plant and Equipment. It has commitments totalling £48.5m to be paid in 2026/27 and thereafter (commitments at 31 March 2025 were £70.0m). The major commitments are:

Name of capital project	Programme duration	Outstanding commitments £000
Halewick Lane Battery Storage	2019-2028	11,530
Fire Fleet Vehicles and Equipment	2025-2027	5,464
Street Lighting LEDs	2019-2031	5,200
A284 Lyminster Bypass	2015-2028	3,235
Highways Delivery Programme	2025-2027	2,723
High Trees Children's Home	2022-2027	1,590
Teasel Close Children's Home	2022-2027	1,432
Slinfold Primary School	2023-2028	1,327
Solar PV and Battery Storage Programme	2023-2028	1,270
North Mundham Primary School	2024-2028	1,201
Growing Sussex 5G	2023-2028	1,183

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 every five years. In accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting, assets which are not subject to revaluation in any given year are indexed accordingly. 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 2026. 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 2025/26.

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 2026, 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 2026 £000
Commercial	-	-	3,100	-	3,100
Residential	-	865	16,719	-	17,584
Agricultural	-	-	743	-	743
Hospitality	-	-	-	-	-
Offices	-	-	3,500	-	3,500
De minimis	-	-	-	3,203	3,203
Total	**-**	**865**	**24,062**	**3,203**	**28,130**

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 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**

There were no 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 2026 £000
Market Approach	Commercial market sales	Estimated £600,000 - £750,000 per acre for commercial land	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	3,100

Residential

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £000
Market Approach	Residential market sales	£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.	16,719

Agricultural

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £000
Market Approach	Agricultural market sales	£8,700 per acre for agricultural land	Analysed comparable evidence, taking into consideration the location, layout and quality of the land and any site restrictions.	743

Offices

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £000
Market Approach	Lease market revenues	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.	3,500

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 2026 is £356,000, which is inclusive of additional capital expenditure of £23,000 in 2025/26.

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 £1.8billion 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 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.

Capital Financing Requirement	Restated 2024/25 £000	2025/26 £000
Balance brought forward at 1 April	656,850	655,719
Capital Investment for the Year by Portfolio		
Children, Young People and Learning	25,894	26,692
Community Support, Fire and Rescue	1,507	949
Economy and Skills	5,719	2,795
Environment and Climate Change	9,700	16,389
Finance and Property	7,689	13,956
Highways and Transport	63,915	54,146
Leader	1,170	1,204
Support Services and Local Government Reorganisation	4,035	7,363
Right of Use Leases Notional Investment	3,071	3,155
Recycling & Waste PFI Notional Investment	2,803	2,680
Total Capital Investment for the Year	125,503	129,329
Source of Finance		
Capital Receipts	-6,873	-7,246
External Contributions	-4,779	-5,471
External Contributions applied to REFCUS	-3,803	-2,346
Government Grants	-78,357	-61,739
Government Grants applied to REFCUS	-7,998	-5,839
Revenue Contribution to Capital Outlay	-1,068	-8,576
Total Source of Finance	-102,878	-91,217
Sums set aside from revenue (MRP)	-23,756	-25,944
Balance carried forward at 31 March	**655,719**	**667,887**
Change in Capital Financing Requirement	-1,131	12,168

REFCUS expenditure of £21.256m is included within portfolio totals in 2025/26 (2024/25 £18.950m). Included within this total is £7.246m (2024/25 £4.035m) that has been capitalised in accordance with a direction issued in March 2025 by the Minister of State for Devolution and Local Government 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	**2024/25 £000**	**2025/26 £000**
Increase in underlying need to borrow	16,751	32,277
Right of use assets acquired under leases	3,071	3,155
Assets acquired under PFI contracts	2,803	2,680
Less the total of the Minimum Revenue Provision	-23,756	-25,944
	-1,131	12,168

Reconciliation of the Capital Financing Requirement to the Balance Sheet

	31 March 2025 £000	**31 March 2026 £000**
Capital Financing Requirement	655,719	667,887
Property Plant & Equipment (Note 4)	1,625,969	1,626,513
Heritage Assets (Note 5)	333	356
Investment Property (Note 7)	59,420	62,441
Intangible Assets (Note 8)	27	47
Long Term Investments - Capital Loans (Note 9)	3,575	11,528
Long Term Investments - Equity (Note 9)	2	2
Other Long Term Liabilities (Note 9)	-1,181	-1,034
Assets Held for Sale (Note 10)	2,542	5,212
Capital Adjustment Account (Note 19)	-649,915	-648,235
Revaluation Reserve (Note 19)	-385,053	-388,943
	655,719	667,887

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:

	2024/25 £000	2025/26 £000
Rental income from investment property	-2,626	-2,708
Direct operating expenses arising from investment property	-355	145
(Gains) and losses on sale of investment property	-	25
Net (gains)/losses from fair value adjustments	5,182	703
Net (gain)/loss	**2,201**	**-1,835**

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:

	2024/25 £000	2025/26 £000
Balance at 1 April	64,335	59,420
Additions		
Purchases	-	-
Construction	426	4,275
Subsequent expenditure	111	1
Disposals of Investment Properties	-	-25
Net gains/(losses) from fair value adjustments	-5,182	-703
Transfers		
(To)/from Property, Plant and Equipment	-270	-100
(To)/from Assets Held for Sale	-	-427
Balance at 31 March	**59,420**	**62,441**

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 2025/26.

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 2026, 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 2026 £000
Residential	-	-	925	-	925
Offices	-	-	15,450	-	15,450
Solar	-	-	15,725	-	15,725
Retail	-	-	4,240	-	4,240
Community	-	-	-	-	-
Agricultural	-	-	10,040	-	10,040
De minimis	-	-	-	7,858	7,858
Total	**-**	**-**	**46,380**	**7,858**	**54,238**

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 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**

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

The tables above exclude 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 2026 is £8.203m (31 March 2025 £4.099m).

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 2026 £000
Market Approach	Residential property values	£350,000 - £575,000 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.	925

Offices

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £000
Market Approach	Lease revenue	Commercial yield evidence ranges between 10% - 12%	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. Where a break clause has been triggered, an estimation for the void period has been included.	15,450

Solar

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £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.	14,950
Income Approach	Solar energy income rates	Income/profits forecasts	Estimated net income to the landowner over the lifetime of the project has been capitalised.	775

Retail

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £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

Agricultural

Valuation technique used to measure Fair Value	Unobservable Inputs	Range (weighted average used)	Valuation Process	Fair Value at 31 March 2026 £000
Market Approach	Lease revenue	Agricultural yield evidence ranges between 2.5% - 11%	Analysed market transactions and trend information to inform the yield and reversionary rent.	10,040

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.

The assets capitalised since 2023/24 relate to purchased media videos, photographs and graphics to help promote the Library Service on the Council's website and social media channels. The expenditure was funded by grants 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 commences the year following recognition.

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

	2024/25 £000	2025/26 £000
Balance at 1 April		
- Gross carrying amounts	30	30
- Accumulated amortisation	-	-3
Net carrying amount at start of year	30	27
Purchases	-	23
Amortisation for the period	-3	-3
Balance at 31 March	**27**	**47**
Comprising		
- Gross carrying amounts	30	53
- Accumulated amortisation	-3	-6
	27	47

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 2025/26 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
- 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 2026, 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 2025/26 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 2025/26. 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 2026, 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 2025/26 no transaction costs relating to the County Council's financial instruments (loans and investments) have been charged to the Comprehensive Income and Expenditure Statement. Additionally, none of the Council's financial instruments were held in custodian services provided by King & Shaxson Ltd during the year.

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	**1 April 2025 £000**	**31 March 2026 £000**
Financial Assets		
Investments (loans to third parties)	3,706	12,774
Trade Debtors	36,835	32,872
Amortised cost	40,541	45,646
Fair value through other comprehensive income	-	-
Pooled investment funds	32,090	32,594
Equity investments	2	2
Fair value through profit and loss	32,092	32,596
Total Financial Assets	72,633	78,242
Financial Liabilities		
Borrowing (principal amount)	-437,240	-432,524
PFI liability	-97,147	-91,049
Lease liabilities	-5,574	-5,707
Other long-term liabilities	-1,181	-1,034
Amortised cost	-541,142	-530,314
Fair value through profit and loss	-	-
Total Financial Liabilities	-541,142	-530,314

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 2025/26. All outstanding loans on 31 March 2026 are scheduled to be repaid between 2026 and 2069.

Current	1 April 2025 £000	31 March 2026 £000
Financial Assets		
Investments (including accrued interest)	121,971	5,059
Cash and cash equivalents	87,158	69,944
Trade Debtors	121,641	158,201
Amortised cost	330,770	233,204
Fair value through other comprehensive income	-	-
Pooled investment funds (including accrued interest)	9,312	243
Fair value through profit and loss	9,312	243
Total Financial Assets	340,082	233,447
Financial Liabilities		
Borrowing (principal amount)	-31,271	-11,763
Accrued interest (PWLB)	-4,233	-4,136
PFI liability	-6,290	-7,198
Lease liabilities	-1,927	-2,176
Trade Creditors	-181,183	-207,272
Cash and cash equivalents	-599	-
Amortised cost	-225,503	-232,545
Fair value through profit and loss	-	-
Total Financial Liabilities	-225,503	-232,545

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 2026/27.

(i) Soft Loans

In accordance with the 2025/26 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 8% 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 £14,476 (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 4% above the prevailing Bank of England base interest rate; illustrative APR currently ranging between 6% to 10% for such personal loans) interest receivable in the Comprehensive Income and Expenditure Statement would have increased by £36,474. 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 2026 is therefore:

	2024/25 £000	2025/26 £000
Balance brought forward	1,013	666
Loans advance	90	51
Repayments Received	-442	-313
Interest charged to Comprehensive I&E Statement (CIES)	4	4
Expected credit loss allowance (movement charged to CIES)	1	1
Soft Loans Total (within trade debtors)	666	409
Long-Term	374	235
Short-Term	292	174
Soft Loans Total (long/short-term disclosure)	666	409

(ii) Other

During 2025/26, 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 2025/26 are made up as follows:

	Financial Liabilities Amortised Cost £000	Financial Assets Amortised Cost £000	Financial Assets Fair Value through Profit and Loss £000
Interest			
Expense	-30,859	-	-
Income	-	10,177	1,703
Total Interest	-30,859	10,177	1,703
Fair value gains/(losses)			
Equity	-	-	-
Multi-asset income funds	-	-	505
Property funds	-	-	-112
Total fair value gains/(losses)	-	-	393
Other			
Fee expense (brokerage)	-	-	-
ECL allowance (prior year reversal)	-	23	-
ECL allowance on 31 March	-	-10	-
Total gains/(losses)-other	-	13	-
Total gains/(losses) recognised in Surplus or Deficit on Provision of Services (CIES)	-30,859	10,190	2,096

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
Interest			
Expense	-31,283	-	-
Income	-	15,653	2,126
Total Interest	-31,283	15,653	2,126
Fair value gains/(losses)			
Equity	-	-	-
Multi-asset income funds	-	-	-275
Property funds	-	-	405
Total fair value gains/(losses)	-	-	130
Other			
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

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 2025/26 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 2025 Nominal £000	31 March 2026 Nominal £000	1 April 2025 Fair Value £000	31 March 2026 Fair Value £000
Fidelity Multi-Asset Income Fund	1	13,500	13,500	10,979	11,359
Ninety-One Diversified Income Fund	1	13,500	13,500	12,049	12,174
Accrued income (multi-asset funds)	1	n/a	n/a	131	131
Federated Hermes Property Unit Trust	2	10,000	-	8,581	-
Local Authorities' Property Fund	2	10,000	10,000	9,062	9,061
Lothbury Property Trust	2	409	-	409	-
Accrued income (property funds)	2	n/a	n/a	191	112
Shareholding in the UKMBA Plc	3	200	200	2	2
Total		47,609	37,200	41,404	32,839

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 2026.
2. The County Council's fair value measurement of the Local Authorities' Property Fund is based directly from the bid/redemption price obtained from the fund manager on 31 March 2026, indicating the value that units can be sold (in accordance with the Code of Practice). However, given that monthly prices are calculated using the 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 Council has maintained the Local Authorities' Property Fund at Level 2 of the fair value hierarchy.
3. The County Council fully divested from both its Federated Hermes and Lothbury property fund investments during 2025/26, with resulting losses recognised in the Comprehensive Income and Expenditure statement.
4. Equity in the UK Municipal Bond Agency (UKMBA) plc has been valued at the company's share capital valuation (£0.01 per share). The Bond Agency is however currently closed to new business with the board deciding to cease activity and marketing after failing to generate enough interest from local authorities for new debt issues. Whilst its existing financial structure (such as outstanding bonds) are managed on a legacy basis, no further debt issuances or new loans are currently planned.

(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 2026 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. 126/26.
- In 2024/25 English local authorities made the transition to the updated leasing standard (IFRS 16), which includes an ongoing 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 each subsequent financial year-end. 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.
- 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**	**1 April 2025 Carrying Amount £000**	**1 April 2025 Fair Value £000**	**31 March 2026 Carrying Amount £000**	**31 March 2026 Fair Value £000**
PWLB borrowing (including accrued interest)	2	-465,489	-392,389	-441,376	-362,769
PFI and lease liabilities	2	-110,938	-110,938	-106,130	-106,130
Other liabilities (Waste PFI deferred income)		-1,181	-1,181	-1,034	-1,034
Short-term (non-PWLB) borrowing		-7,255	-7,255	-7,047	-7,047
Trade creditors [1]		-181,183	-181,183	-207,272	-207,272
Bank current accounts		-599	-599	-	-
Total Financial Liabilities		-766,645	-693,545	-762,859	-684,252

[1] Excludes receipts in advance (£55.685m on 31 March 2026) and statutory creditors (£51.082m on 31 March 2026) 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 2026) arising from a commitment to pay interest to the PWLB at below current market rates. Additionally, PWLB fair values on 31 March 2026 are lower than last year due to both repayment of loans and the higher interest rate environment in 2025/26 which impacts the prevailing market rates used in calculating fair value.

Financial Assets (held at amortised cost)	Fair Value Level	1 April 2025 Carrying Amount £000	1 April 2025 Fair Value £000	31 March 2026 Carrying Amount £000	31 March 2026 Fair Value £000
Securities (via custodian)	1	-	-	-	-
Long-term investments (loans)		3,706	3,706	12,774	12,774
Short-term investments (less than 1-year to maturity)		121,971	121,971	5,059	5,059
Cash & cash equivalents		87,158	87,158	69,944	69,944
Trade debtors [1]		158,476	158,476	191,073	191,073
Total Financial Assets		371,311	371,311	278,850	278,850

[1] Excludes payments in advance (£8.729m on 31 March 2026) and statutory debtors (£47.631m on 31 March 2026) 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 deposits 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 deposits 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.

Whilst the County Council continued to approve the use of an HSBC custodian service provided by King & Shaxson Ltd, this service was not used during 2025/26. However, investments in externally managed pooled funds (including multi-asset income and property funds) continued to be approved for Council investment throughout the year.

The table below summarises the fair value/amortised cost of the Council's investment portfolio on 31 March 2026 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 2026	Up to 1 month	>1 month; <6 months	>6 month; <1 Year	>1 year	Total
			£000	£000	£000	£000	£000
Bank Unsecured [1]							
- UK Bank	YES	YES	1,260	-	-	-	1,260
- Non-UK Bank	YES	YES	-	5,059	-	-	5,059
- MMFs	YES	YES	68,684	-	-	-	68,684
Bank Secured [2]	YES	YES	-	-	-	-	-
UK Government	YES	YES	-	-	-	-	-
Local Authorities	YES	YES	-	-	-	-	-
Pooled Funds [3]	n/a	n/a	202	41	-	32,594	32,837
Other Funds [4]	n/a	n/a		-	-	12,776	12,776
			70,146	5,100	-	45,370	120,616

[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 2026 (£75m) 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 2026 that such risks were likely to materialise.

[2] Bank Secured – No investments on 31 March 2026.

[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.

[4] Other - The County Council's has made a series of revenue and capital loans to Edes Estates Ltd in respect of a joint venture with Lovell Partnerships for the purposes of developing (typically operationally surplus) land owned by the Council. Based on current available cash flow information provided by Edes Estates (a wholly owned subsidiary of West Sussex County Council) whilst full loan repayments are expected, the timing of repayments remain uncertain and subject to prevailing UK housing market conditions. As such, the County Council continues to report these loans as long-term on 31 March 2026.

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

	2024/25 Long Term £000	2025/26 Long Term £000	2024/25 Short Term £000	2025/26 Short Term £000
AAA (Covered Bonds, Pooled Funds/MMFs)	-	-	87,158	68,684
AA- (Assumed UK Local Authority Rating)	-	-	116,732	5,059
A+	-	-	5,239	1,260
A	-	-	-	-
Edes Estates Ltd	3,706	12,774	-	-
Multi-Asset Income Funds	23,028	23,533	131	131
Property Funds	9,062	9,061	9,181	112
UK Municipal Bond Agency	2	2	-	-
Total	35,798	45,370	218,441	75,246

(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 in 2025/26 applied a 12-month expected credit loss model to the Littlehampton Harbour Board loan and the Edes Estates revenue/cashflow loan (and expected interest). No expected credit loss has been calculated in respect of the capital loans advanced to Edes Estates as full repayment is expected by March 2028 in accordance with cash flow information provided in relation to these capital loans.

Expected Credit Loss Allowance (Trade Debtors): The County Council does not generally allow credit for its trade debtors, however £112.2m of the total £191.1m trade debtor balance is past its due date for payment. The amount overdue on 31 March 2026 can be analysed by age as follows:

Time Period	£000
Up to one month overdue	11,536
Greater than one month up to three months	12,974
Greater than three months up to six months	26,185
Greater than six months up to one year	18,545
Greater than one year up to two years	16,785
Greater than two years up to five years	19,063
More than five years	7,146
Total	112,234

Included within the £112.2m trade debtor balance that is past its due payment date, the County Council has identified that £17.7m 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 2026 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 2026, 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	**2024/25 £000**	**2025/26 £000**	**Movement £000**
Financial investments held at amortised cost (12-month ECL)	-1	-	1
Loan to third parties (12-month ECL)	-22	-10	12
Provision for bad debts (Lifetime ECL model; detailed above)	-14,146	-17,689	-3,543
Provision for council tax & business rate debts	-26,308	-28,073	-1,765
Total	-40,477	-45,772	-5,295

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 2026 was £15.6m.

(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 comprehensive cash flow management records, 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	**2024/25 £000**	**2025/26 £000**
Less than one year	218,441	75,246
More than one year	35,798	45,370
Financial Assets Total	254,239	120,616

Trade debtors (£191.1m) 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 existing borrowing liabilities 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	2024/25 Principal Maturity £000	2025/26 Principal Maturity £000	2024/25 Interest Obligation £000	2025/26 Interest Obligation £000
Less than 1 year	0%	50%	31,870	11,763	18,876	17,790
Between 1 and 5 years	0%	50%	98,007	136,662	63,893	58,950
Over 5 years to 10 years	0%	50%	199,233	155,862	38,990	30,387
Over 10 years to 15 years	0%	10%	-	-	19,988	19,988
Over 15 years to 20 years	0%	10%	15,000	15,000	18,780	18,122
Over 20 years to 25 years	0%	10%	-	-	16,695	16,695
Over 25 years to 30 years	0%	10%	15,000	15,000	16,471	15,796
More than 30 years	0%	50%	110,000	110,000	32,422	29,758
Borrowing Liabilities Total			469,110	444,287	226,115	207,486

(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 2026 the County Council held no variable long-term borrowings but held 95% (£114.9m) of its investment portfolio in variable rate bank accounts, money market funds, loans to third parties, pooled funds (collective investment schemes) and equities.

During 2025/26 total interest of £7.2m has been charged to the Comprehensive Income and Expenditure Statement in respect of all the County Council's variable rate investments, representing a 4.27% rate of return on an average investment portfolio of £167.9m. If all applicable rates had been 1% higher the financial impact would have been a £1.7m 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 2025/26 are governed by prevailing interest rates; the market risk associated with these investments is managed alongside interest rate risk.

On 31 March 2026 the County Council held £32.8m (including accrued income) in multi-asset income and property pooled funds which is subject to price variations. During 2025/26 the underlying asset valuations for these instruments had improved in relation to the multi-asset income fund portfolios but had conversely remained flat in respect of the UK commercial property fund portfolio used throughout the period. On 31 March 2026 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 £0.4m gain in the Surplus or Deficit on the Provision of Services in relation to its property fund and multi-asset income fund investments. This included a £0.1m loss that was recognised in the Comprehensive Income and Expenditure Statement following final repayment in respect of the Council's Lothbury Property Fund investment. This followed the Lothbury Property Fund terminating in May 2024, and the subsequent sales of all the assets held in the fund's portfolio that continued into 2025/26.

Additionally, a £1.5m loss was recognised in the Comprehensive Income and Expenditure Statement on divestment from the Federated Hermes Property Fund, on the fund's merger with the Legal & General Managed Property Fund in August 2025. As a result, the total accumulated loss in the County Council's pooled investment funds adjustment account on 31 March 2026 was £4.4m (£6.3m on 31 March 2025). The County Council does however hold a separate interest smoothing earmarked reserve totalling £4.7m on 31 March 2026 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 2025/26 the County Council achieved a 4.23% return on its total investment portfolio as compared against average UK CPI inflation of 3.45% during the same period. Latest Bank of England forecasts report that UK CPI inflation was 3.3% in the twelve months to March 2026 and with geopolitical events making the current prospects for global energy prices highly uncertain, UK CPI will likely remain at or slightly above this level during the second half of 2026. Whilst the Bank currently has three different scenarios for the future path of UK interest rates based on differing energy price and household spending projections, it remains committed to act as required to ensure that CPI inflation stays on track to fall back to the Bank's 2% target rate in the medium term. This is supported by an alternative market forecast which indicates CPI inflation likely staying at around 3% throughout 2026 (higher than originally forecast) before falling back to 2% by the end of 2027 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

	2024/25 £000	2025/26 £000
Balance outstanding 1 April	10,607	2,542
Assets newly classified as held for sale		
Property, Plant and Equipment	529	3,556
Investment Property	-	427
Assets declassified as held for sale		
Property, Plant and Equipment	-	-
Revaluation gains/(losses)	-	-784
Assets sold	-8,594	-529
Balance outstanding at 31 March	**2,542**	**5,212**

11. Short Term Debtors

Classification	2024/25 £000	2025/26 £000
Central government bodies	31,339	36,322
Other local authorities	24,620	26,706
NHS bodies	53,302	75,357
Other entities and individuals	67,555	84,114
Total	**176,816**	**222,499**

12. Cash and Cash Equivalents

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

Classification	2024/25 £000	2025/26 £000
Cash held by the Authority	87,158	68,684
Bank current accounts	-599	1,260
Total	**86,559**	**69,944**

13. Short Term Creditors

Classification	2024/25 £000	2025/26 £000
Central government bodies	-48,784	-60,512
Other local authorities	-15,898	-21,915
NHS bodies	-31,834	-54,836
Public corporations and trading funds	-2	-6
Other entities and individuals	-174,627	-176,770
Total	**-271,145**	**-314,039**

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 2025 £000	Amounts used in 2025/26 £000	Additional provisions made in 2025/26 £000	Balance at 31 March 2026 £000
Long-Term				
Insurance	-3,067	1,417	-4,596	-6,246
Teachers' Pension Scheme	-121	-	-	-121
Total Long-Term Provisions	**-3,188**	**1,417**	**-4,596**	**-6,367**
Short-Term				
Insurance	-1,942	1,475	-1,417	-1,884
Loss of Office	-71	71	-	-
NNDR Appeals	-2,250	2,250	-2,096	-2,096
Total Short-Term Provisions	**-4,263**	**3,796**	**-3,513**	**-3,980**
Grand Total Provisions	**-7,451**	**5,213**	**-8,109**	**-10,347**

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 2026, 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 provided for the cost of redundancies to which the Authority was committed at 31 March 2025. These obligations were 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.

Two of the schools forming part of this PFI contract have since converted to academy status. The school land and building assets have therefore largely been written out of the Authority's balance sheet, in accordance with its accounting policies for academies and finance leases. However, 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 these schools 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 2026 £6.6m 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	Opening Balance at 1 April 2025 £000	Additions £000	Depreciation £000	Revaluation £000	Academy Derecognition £000	Closing Balance at 31 March 2026 £000
Crawley Schools PFI						
Ifield Community College	20,952	-	-524	-	-20,428	**-**
Oriel High School	27,236	-	-681	744	-	**27,299**
Recycling & Waste PFI						
Infrastructure	7,156	607	-658	-	-	**7,105**
Land and Buildings	17,470	270	-339	418	-	**17,819**
Plant and Equipment	10,056	1,199	-1,961	-	-	**9,294**
Street Lighting PFI	65,110	604	-3,406	-	-	**62,308**
Total PFI Assets	**147,980**	**2,680**	**-7,569**	**1,162**	**-20,428**	**123,825**

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

Scheme	Opening Balance at 1 April 2025 £000	Increase due to Investment £000	Repayment of Liability £000	Closing Balance at 31 March 2026 £000
Crawley Schools PFI	-20,427	-	1,134	**-19,293**
Recycling & Waste PFI	-19,322	-2,076	3,079	**-18,319**
Street Lighting PFI	-63,688	-604	3,657	**-60,635**
Total Liability	**-103,437**	**-2,680**	**7,870**	**-98,247**

Note (iii) – Payments due under PFI Contracts

Timeframe	Repayment of Liability £000	Interest £000	Service Charges £000	Total £000
Within one year	7,198	9,875	42,604	**59,677**
Within two to five years	38,639	31,214	170,471	**240,324**
Within six to ten years	52,410	13,171	108,292	**173,873**
Total Commitments	**98,247**	**54,260**	**321,367**	**473,874**

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
Balance at 1 April 2025	36,251	1,460	9,112	**46,823**
Additions	3,687	2,394	-	**6,081**
Revaluations	659	-	-	**659**
Depreciation	-2,856	-1,151	-350	**-4,357**
Disposals	-81	-	-	**-81**
Balance at 31 March 2026	**37,660**	**2,703**	**8,762**	**49,125**

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

	2024/25 £000	2025/26 £000
Comprehensive Income and Expenditure Statement		
Interest expense on lease liabilities	477	484
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	-16
Gains or losses arising from sale and leaseback transactions	-	-
Cash Flow Statement		
Minimum lease payments	2,642	3,258

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:

	1 April 2025 £000	31 March 2026 £000
No later than one year	1,927	2,176
Later than one year and not later than five years	3,764	4,050
Later than five years	1,810	1,657
Total undiscounted liabilities	**7,501**	**7,883**

Authority as Lessor

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

	2024/25 £000	2025/26 £000
Finance leases		
Selling (gain) or loss	2,663	-
Finance income on the net investment in the lease	-108	-9
Income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-
Operating leases		
Total lease income	-2,190	-2,086
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:

Net Investment in Finance Leases	2024/25 £000	2025/26 £000
Net investment at 1 April	2,992	196
New leases entered into	-	-
Payments by lessees	-133	-2
Lease modifications	-2,663	-
Net investment at 31 March	**196**	**194**

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

	Finance Leases		Operating Leases	
Maturity Analysis of Lease Receivables	**1 April 2025 £000**	**31 March 2026 £000**	**1 April 2025 £000**	**31 March 2026 £000**
Not later than one year	11	11	2,190	2,165
Later than one year and not later than five years	44	44	5,579	7,295
Later than five years	596	585	4,392	3,690
Total undiscounted liabilities	**651**	**640**	**12,161**	**13,150**

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

	1 April 2025 £000	31 March 2026 £000
Total undiscounted lease receivables	651	640
Unearned finance income	-455	-446
Discounted amount of unguaranteed residual values	-	-
Net investment in leases	**196**	**194**

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.

Local Government Pension Scheme	2024/25 £000	2025/26 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	55,726	42,732
Past service cost (including curtailments)	158	86
(Gain)/loss from settlements	-2,227	-1,190
Financing and Investment Income and Expenditure:		
Interest cost on defined benefit obligation	90,951	95,304
Interest income on plan assets	-125,092	-152,834
Interest on the effect of the asset ceiling	16,687	60,859
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	36,203	44,957
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement (gains) and losses	450,271	-32,082
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	486,474	12,875
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-36,203	-44,957
Actual amount charged against the General Fund Balance in the year for employer's contributions payable to the scheme	61,431	61,077

Uniformed Firefighters	2024/25 £000	2025/26 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	2,226	1,665
Past service cost (including curtailments)	34	167
(Gain)/loss from settlements	-	-
Financing and Investment Income and Expenditure:		
Interest cost on defined benefit obligation	14,369	15,795
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	16,629	17,627
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement (gains) and losses	-25,836	-4,044
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	-9,207	13,583
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-16,629	-17,627
Actual amount charged against the General Fund Balance in the year for retirement benefits payable to pensioners	12,716	16,134

Assets and Liabilities in Relation to Post-Employment Benefits

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

Local Government Pension Scheme **Funded Liabilities:**	**2024/25** **£000**	**2025/26** **£000**
Opening balance at 1 April	-1,879,743	-1,651,753
Current service cost	-55,726	-42,732
Interest cost	-90,951	-95,304
Contributions by scheme participants	-19,307	-20,499
Remeasurement gains and (losses):		
Actuarial gains/(losses) arising from changes in demographic assumptions	3,311	-25,406
Actuarial gains/(losses) arising from changes in financial assumptions	288,944	39,593
Other experience	19,503	-110,003
Past service cost (including curtailments)	-158	-86
Transfers to/(from) other authorities	-	-
Benefits paid	74,183	72,217
Liabilities extinguished on settlements	8,191	6,052
Closing balance at 31 March	-1,651,753	-1,827,921

Uniformed Firefighters **Unfunded Liabilities:**	**2024/25** **£000**	**2025/26** **£000**
Opening balance at 1 April	-301,550	-279,627
Current service cost	-2,226	-1,665
Interest cost	-14,369	-15,795
Contributions by scheme participants	-2,162	-2,478
Remeasurement gains and (losses):		
Actuarial gains/(losses) arising from changes in demographic assumptions	4,532	-2,546
Actuarial gains/(losses) arising from changes in financial assumptions	41,615	8,829
Expected pension increase order	1,920	-2,239
Other experience	-22,231	-
Past service cost (including curtailments)	-34	-167
Transfers to/(from) other authorities	-115	-22
Benefits paid	14,993	18,634
Liabilities extinguished on settlements	-	-
Closing balance at 31 March	-279,627	-277,076

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

Local Government Pension Scheme Scheme Assets:	**2024/25 £000**	**2025/26 £000**
Opening balance at 1 April	2,236,838	1,583,805
Interest income on plan assets	125,092	152,834
Interest on the effect of the asset ceiling	-16,687	-60,859
Remeasurement gains and (losses):		
Return on plan assets (excluding interest income)	-72,986	-64,316
Change in the effect of the asset ceiling	-689,043	210,572
Other experience	-	-18,358
Contributions by scheme participants	19,307	20,499
Employer contributions	61,431	61,077
Benefits paid	-74,183	-72,217
Transfers (to)/from other authorities	-	-
Settlements	-5,964	-4,862
Closing balance at 31 March	1,583,805	1,808,175

Uniformed Firefighters Scheme Assets:	**2024/25 £000**	**2025/26 £000**
Opening balance at 1 April	-	-
Contributions by scheme participants	2,162	2,478
Employer contributions	12,716	16,134
Benefits paid	-14,993	-18,634
Transfers (to)/from other authorities	115	22
Settlements	-	
Closing balance at 31 March	-	-

Scheme History

	31 March 2022 £000	**31 March 2023 £000**	**31 March 2024 £000**	**31 March 2025 £000**	**31 March 2026 £000**
Present value of liabilities:					
Local Government Pension Scheme	-2,585,568	-1,847,815	-1,879,743	-1,651,753	-1,827,921
Uniformed Firefighters	-425,839	-302,666	-301,550	-279,627	-277,076
Fair value of assets:					
Local Government Pension Scheme	2,436,682	1,859,754	2,236,838	1,583,805	1,808,175
Uniformed Firefighters	-	-	-	-	-
Net defined asset/(liability):					
Local Government Pension Scheme	-148,886	11,939	357,095	-67,948	-19,746
Uniformed Firefighters	-425,839	-302,666	-301,550	-279,627	-277,076
Total	-574,725	-290,727	55,545	-347,575	-296,822

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 2027 is estimated to be £47.131m. Payments (net of employee contributions) in respect of the Uniformed Firefighters scheme for the year to 31 March 2027 are projected to be £14.873m.

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 2025.

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

Mortality assumptions	**2024/25**	**2025/26**
Longevity at 65 for current pensioners:		
Men	21.7 years	22.3 years
Women	24.1 years	24.7 years
Longevity at 65 for future pensioners:		
Men	22.0 years	22.8 years
Women	25.5 years	25.9 years
Rate of increase in salaries	4.25%	4.50%
Rate of increase in pensions	2.75%	3.00%
Rate for discounting scheme liabilities	5.80%	6.20%

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	**2024/25**	**2025/26**
Longevity at 60 for current pensioners:		
Men	25.6 years	26.1 years
Women	28.5 years	28.7 years
Longevity at 60 for future pensioners:		
Men	27.7 years	28.1 years
Women	30.5 years	30.8 years
Rate of increase in salaries	3.15%	3.30%
Rate of increase in pensions	2.80%	3.00%
Rate for discounting scheme liabilities	5.80%	6.20%

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:

	31 March 2025	**31 March 2026**
Asset Category:	**%**	**%**
Private Equity	3%	4%
Real Estate	8%	9%
Investment Funds and Unit Trusts	88%	86%
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 (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 2025/26 the County Council paid £48.221m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. Employer contributions of £48.999m were made in 2024/25 (also 28.68% of pensionable pay).

Allowing for the estimated impact of pay awards and academy conversions, employer contributions to be paid in the 2026/27 financial year are forecasted to be £48.4m.

19. Unusable Reserves

	1 April 2025 £000	31 March 2026 £000
Accumulated Absences Account	12,732	11,122
Capital Adjustment Account	-649,915	-648,235
Collection Fund Adjustment Account	3,337	4,521
Dedicated Schools Grant Adjustment Account	123,206	202,995
Deferred Capital Receipts Reserve	-587	-376
Pensions Reserve	347,575	296,822
Pooled Investment Funds Adjustment Account	6,329	4,406
Revaluation Reserve	-385,053	-388,943
Total Unusable Reserves	**-542,376**	**-517,688**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**12,976**	**12,732**
Settlement or cancellation of accrual made at end of the preceding year	-12,976	-12,732
Amounts accrued at the end of the current year	12,732	11,122
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	-244	-1,610
Balance at 31 March	**12,732**	**11,122**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**-735,214**	**-649,915**
Charges for depreciation of non current assets	77,205	92,286
Charges for amortisation of intangible assets	3	3
Charges for impairment of non current assets	-	-
Revaluation (gains) / losses on Property, Plant and Equipment and Assets Held for Sale	95,450	-4,017
Revaluation (gains) / losses on equity investments	-	-
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	18,950	21,256
Amounts written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	32,363	45,309
Release of deferred income from Private Finance Initiatives	-148	-147
Gains from Donated Assets	-	-7,109
Reversal of items relating to capital expenditure debited/credited to the Comprehensive Income and Expenditure Statement	223,823	147,581
Adjusting amounts written out of the Revaluation Reserve	-17,072	-29,443
Net written out amount of the cost of non current assets consumed in the year	**206,751**	**118,138**
Use of the Capital Receipts Reserve to finance new capital expenditure	-6,873	-7,246
Application of grants to capital financing from the Capital Grants Unapplied Account	-83,136	-67,210
Capital grants and contributions applied to REFCUS	-11,801	-8,185
Statutory provision for the financing of capital investment charged against the General Fund balance	-23,756	-25,944
Revenue Contribution to Capital Outlay	-1,068	-8,576
Capital financing applied in the year	**-126,634**	**-117,161**
Movements in the market value of Investment Properties debited/ credited to the Comprehensive Income & Expenditure Statement	**5,182**	**703**
Balance at 31 March	**-649,915**	**-648,235**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**1,591**	**3,337**
Settlement or cancellation of accrual made at end of the preceding year	-1,591	-3,337
Amounts accrued at the end of the current year	3,337	4,521
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	1,746	1,184
Balance at 31 March	**3,337**	**4,521**

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. The 2026 amendment to these regulations dictates that this statutory override will continue to apply until 31 March 2028.

The Authority's cumulative DSG deficit at 31 March 2026 is £203.0m. 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".

As part of the 2026/27 Local Government Finance Settlement, central government announced that local authorities will be eligible for a High Needs Stability Grant to recover up to 90% of deficits accrued up to March 2026, subject to the approval of a SEND Reform Plan. Further detail is provided in Note 35 Contingent Assets.

	2024/25 £000	2025/26 £000
Balance at 1 April	**70,534**	**123,206**
School budget deficit transferred from General Fund in accordance with statutory arrangements	52,672	79,789
Balance at 31 March	**123,206**	**202,995**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**-3,907**	**-587**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,508	-
Write down of Finance Lease debtor	133	2
Transfer to the Capital Receipts Reserve upon receipt of cash	679	209
Balance at 31 March	**-587**	**-376**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**-55,545**	**347,575**
(Gains)/losses on remeasurement of pension assets/liabilities	424,435	-36,126
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	52,832	62,584
Employer's pensions contributions and direct payments to pensioners payable in the year	-74,147	-77,211
Balance at 31 March	**347,575**	**296,822**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**7,959**	**6,329**
Upward revaluation of investments	-362	-505
Downward revaluation of investments	275	1
Net (gain)/loss on revaluation of investments	-87	-504
Realised accumulated gains and (losses) on assets sold and maturing assets written out to the General Fund	-1,543	-1,419
Balance at 31 March	**6,329**	**4,406**

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.

	2024/25 £000	2025/26 £000
Balance at 1 April	**-295,848**	**-385,053**
Upward revaluation of assets	-147,377	-59,451
Downward revaluation of assets and revaluation losses not charged to the Surplus/Deficit on the Provision of Services	41,100	26,118
Impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	-
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**-106,277**	**-33,333**
Difference between fair value depreciation and historical cost depreciation	6,142	14,260
Accumulated gains on assets sold or scrapped	10,930	15,183
Amount written off to the Capital Adjustment Account	**17,072**	**29,443**
Balance at 31 March	**-385,053**	**-388,943**

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 2025/26

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	964	-2,666	-65,268	-66,970
Children, Young People and Learning	28,950	-10,710	-1,808	16,432
Community Support, Fire and Rescue	4,688	-15,739	-187	-11,238
Economy and Skills	637	-123	-1,645	-1,131
Environment and Climate Change	9,630	-288	-627	8,715
Finance and Property	-1,526	-1,791	-619	-3,936
Highways and Transport	38,814	-847	-6,676	31,291
Leader	-	-147	14	-133
Public Health and Wellbeing	-	-247	-3	-250
Support Services and Local Government Reorganisation	8,167	-1,193	-38	6,936
Net Cost of Services	90,324	-33,751	-76,857	-20,284
Other Income and Expenditure	-54,920	19,124	154,297	118,501
Difference between General Fund Deficit and Comprehensive Income and Expenditure Deficit	**35,404**	**-14,627**	**77,440**	**98,217**

Adjustments between Funding and Accounting Basis 2024/25 (Restated)

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, Young People and Learning	116,573	-3,392	-1,955	111,226
Community Support, Fire and Rescue	2,673	-10,888	-206	-8,421
Economy and Skills	1,017	-	-	1,017
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	251	-40	9	220
Public Health and Wellbeing	-	-72	15	-57
Support Services and Local Government Reorganisation	5,145	-389	-15	4,741
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**

21. Segmental Income

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

Services	Restated 2024/25 £000	2025/26 £000
Adults Services	-76,798	-79,139
Children, Young People and Learning	-6,333	-6,272
Community Support, Fire and Rescue	-4,153	-4,169
Economy and Skills	-	-
Environment and Climate Change	-2,690	-1,244
Finance and Property	-3,208	-3,543
Highways and Transport	-21,635	-17,858
Leader	-10	-12
Public Health and Wellbeing	-4	-47
Support Services and Local Government Reorganisation	-1,084	-1,369
Total income analysed on a segmental basis	**-115,915**	**-113,653**

22. Other Operating Expenditure

	2024/25 £000	2025/26 £000
Levies	1,452	1,555
Assets Held for Sale (Gains)/Losses on Revaluation	-	784
(Profit) / loss on sale of assets	1,825	-273
Loss on derecognition of Academy Schools	10,806	34,245
Loss on derecognition of other assets	10,511	8,457
Assets derecognised under finance leases as lessor	2,664	-
Total	**27,258**	**44,768**

23. Financing and Investment Income and Expenditure

	2024/25 £000	2025/26 £000
Interest payable and similar charges	31,283	30,859
Interest receivable and similar income	-17,915	-12,286
Net interest payable/(receivable)	**13,368**	**18,573**
Pensions: interest cost on defined benefit obligation	105,320	111,099
Pensions: interest income on plan assets	-125,092	-152,834
Pensions: interest on the effect of the asset ceiling	16,687	60,859
Net pensions interest cost/(income)	**-3,085**	**19,124**
Investment Property: income and expenditure	-2,981	-2,563
Investment Property: (gain)/loss on disposal	-	25
Investment Property: changes in fair value	5,182	703
Net Investment Property expenditure/(income)	**2,201**	**-1,835**
Impairment losses on financial instruments (including allowance for doubtful debtors)	4,875	5,482
Total	**17,359**	**41,344**

24. Taxation and Non Specific Grant Income

	2024/25 £000	2025/26 £000
Council tax income	-598,800	-644,732
Non domestic rates	-109,960	-111,343
Other non-service government grants	-3,581	-9,829
Gains from Donated Assets	-	-7,109
Capital grants and contributions	-47,178	-67,322
Total	**-759,519**	**-840,335**

25. Grant Income

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

Grants Credited to Services	Restated 2024/25 £000	2025/26 £000
Adults Services		
Accelerating Reform Fund (DHSC)	-679	-
Adult Social Care Discharge Fund (DHSC)	-4,817	-
Better Care Grant (MHCLG)	-	-25,429
Changing Futures Programme (MHCLG)	-1,790	-1,688
Domestic Abuse Safe Accommodation Grant (MHCLG)	-1,561	-1,946
Improved Better Care Fund (MHCLG)	-21,063	-
Market Sustainability and Fair Cost of Care Fund (DHSC)	-14,453	-14,453
Public Health Grant (DHSC)	-940	-940
Social Care Support Grant (MHCLG)	-60,652	-69,567
Other	-332	-324
Adults Services Total	**-106,287**	**-114,347**
Children, Young People and Learning		
16 to 19 Education 'Sixth Form' Funding (DfE)	-11,536	-11,186
Adoption and Special Guardianship Support Fund (DfE)	-568	-381
Basic Need Capital Grant (DfE) *applied to REFCUS*	-856	-366
Children and Families Grant (MHCLG)	-	-4,334
Children's Social Care Prevention Grant (MHCLG)	-	-1,858
Core Schools Budget Grant (DfE)	-8,785	-9,560
Covid-19 Schools Recovery Premium (DfE)	-1,439	-
Dedicated Schools Grant (DfE)	-560,202	-608,159
Early Career Framework Reform Fund (DfE)	-597	-453
Early Years Supplementary Grant (DfE)	-	-1,313
Extended Rights to Free Travel Grant (DfE)	-905	-
Holiday Activities and Food Programme Grant (DfE)	-1,827	-1,836
Implementation of Supported Accommodation (DfE)	-1,189	-
PE & Sport Premium Grant (DfE)	-2,958	-2,511
Private Finance Initiative (DfE)	-4,532	-4,532
Public Health Grant (DHSC)	-13,789	-14,194
Pupil Premium (DfE)	-14,660	-14,213
School Condition Allocation (DfE) *applied to REFCUS*	-3,806	-2,406
Schools Budget Support Grant (DfE)	-	-2,982
Schools National Insurance Contributions Grant (DfE)	-	-5,506
SEND and Alternative Provision Change Programme Partnership (DfE)	-576	-1,527
SEND Special Provision Capital Fund (DfE) *applied to REFCUS*	-499	-347
South East Regional Care Cooperative Grant (DfE)	-1,224	-694
Teachers' Pay Additional Grant (DfE)	-6,303	-
Teachers' Pension Employer Contribution Grant (DfE)	-9,021	-666
Troubled Families (DfE)	-2,370	-
Unaccompanied Asylum Seeking Children (HO)	-5,171	-5,528
Unaccompanied Asylum Seeking Children: Leaving Care (HO)	-2,880	-2,990
Universal Infant Free School Meals Grant (DfE)	-5,694	-6,228
Wraparound Childcare Programme (DfE)	-3,304	-1,559
Youth Justice Board Youth Offending Teams (MoJ)	-720	-730
Other	-2,503	-2,341
Children and Young People, Learning and Skills Total	**-667,914**	**-708,400**

Grants Credited to Services (continued)	Restated 2024/25 £000	2025/26 £000
Community Support, Fire and Rescue		
Afghanistan Resettlement Programme (HO)	-	-6,972
Afghan Schemes Flexible Housing Fund (HO)	-	-1,072
Afghan Schemes Hotel Wraparound Support (HO)	-6,159	-2,458
Chagossian Resettlement Fund (HO)	-1,076	-571
Fire Pensions Top-Up Grant (HO)	-1,417	-1,322
Homes for Ukraine Sponsor Thank You Grant (MHCLG)	-1,785	-1,195
Homes for Ukraine Tariff Grant (MHCLG)	-6,111	-3,748
Household Support Fund (DWP)	-9,967	-8,492
Public Health Grant (DHSC)	-952	-952
Other	-847	-202
Community Support, Fire and Rescue Total	**-28,314**	**-26,984**
Economy and Skills		
5G Innovation Regions Programme Grant (DSIT) *applied to REFCUS*	-2,082	-755
Adult Education (DfE)	-4,215	-2,942
BEACH Worthing Mobile Network Project (DSIT)	-1,802	-
Multiply: Adult Numeracy Grant (DfE)	-853	-
Skills Bootcamps (DfE)	-	-1,972
Other	-	-214
Economy and Skills Total	**-8,952**	**-5,883**
Environment and Climate Change		
Extended Producer Responsibility Grant (DEFRA)	-	-8,223
Private Finance Initiative (MHCLG)	-2,124	-2,124
Other	-266	-31
Environment and Climate Change Total	**-2,390**	**-10,378**
Finance and Property		
Other	-558	-349
Finance and Property Total	**-558**	**-349**
Highways and Transport		
Active Travel Fund (DfT)	-609	-
Bus Service Improvement Plan (DfT)	-3,002	-4,536
Bus Service Operators Grant (DfT)	-436	-436
On-Street Residential Chargepoint Scheme (DfT) *applied to REFCUS*	-338	-1,692
Private Finance Initiative (MHCLG)	-6,069	-6,069
Other	-1,027	-527
Highways and Transport Total	**-11,481**	**-13,260**
Leader		
Connect to Work Grant (DWP)	-	-901
Other	-	-125
Leader Total	**-**	**-1,026**

Grants Credited to Services (continued)	Restated 2024/25 £000	2025/26 £000
Public Health and Wellbeing		
Drug and Alcohol Treatment and Recovery Improvement Grant (DHSC)	-	-2,449
Local Reform and Community Voices Grant (DHSC)	-316	-316
Local Stop Smoking Services and Support (DHSC)	-1,075	-1,141
Public Health Grant (DHSC)	-21,491	-22,631
Rough Sleeping Drug and Alcohol Treatment Grant (MHCLG)	-717	-
Supplementary Substance Misuse Treatment and Recovery (DHSC)	-1,270	-
Supplementary Substance Misuse Treatment & Recovery: Housing (DHSC)	-646	-
Other	-192	-206
Public Health and Wellbeing Total	**-25,707**	**-26,743**
Support Services and Local Government Reorganisation		
Public Health Grant (DHSC)	-2,899	-2,509
Other	-121	-
Support Services and Local Government Reorganisation Total	**-3,020**	**-2,509**
Total Grants Credited to Services	**-854,623**	**-909,879**

Grants Credited to Taxation and Non Specific Grant Income	2024/25 £000	2025/26 £000
Non Domestic Rates (MHCLG)		
Business Rates Levy Surplus Distribution Grant	-665	-
Business Rates Tariff	4,567	4,555
Section 31 Business Rates Relief	-23,058	-22,917
Total Non Domestic Rates (MHCLG)	**-19,156**	**-18,362**
Other Non-Service Government Grants		
Employer National Insurance Contributions Grant (MHCLG)	-	-6,109
New Homes Bonus Grant (MHCLG)	-1,266	-943
Revenue Support Grant (MHCLG)	-1,762	-2,777
Services Grant (MHCLG)	-553	-
Total Other Non-Service Government Grants	**-3,581**	**-9,829**
Capital Grants and Contributions		
Active Travel Fund (DfT)	-558	-1,520
Basic Need Grant (DfE)	-1,296	-744
Bus Service Improvement Plan Capital Grant (DfT)	-5,721	-3,942
Devolved Formula Capital Grant (DfE)	-	-9,455
Devolved Formula Capital Grant - Energy Efficiency (DfE)	-1,504	-
Green Light Fund (DfT)	-	-500
High Needs Provision Capital Allocation (DfE)	-	-11,668
Highways Maintenance Block (DfT)	-	-27,349
Highways Maintenance Block Additional Funding (DfT)	-2,161	-
Highways Maintenance Block Incentive Element (DfT)	-1,904	-
Highways Maintenance Block Needs Element (DfT)	-7,161	-
Integrated Transport Block (DfT)	-3,763	-3,763
Local Transport Grant (DfT)	-	-1,749
Potholes Fund (DfT)	-8,071	-
Public Sector Decarbonisation Scheme (DESNZ)	-1,194	-
School Conditions Allocation (DfE)	-4,695	-
SEND Special Provision Capital Fund (DfE)	-3,500	-
European Regional Development Fund: LECSEA	-	-520
Section 106 Contributions	-4,580	-5,447
Other Grants and External Contributions	-1,070	-665
Total Capital Grants and Contributions	**-47,178**	**-67,322**
Total Grants Credited to Taxation and Non Specific Grant Income	**-69,915**	**-95,513**

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	2024/25 £000	2025/26 £000
5G Innovation Regions Programme Grant (DSIT)	-1,660	-1,921
Active Travel Fund (DfT)	-1,431	-1,154
ADEPT Live Labs Highways Decarbonisation Programme (DfT)	-1,611	-
Brownfield Land Release Fund (MHCLG)	-631	-631
Bus Service Improvement Plan Capital Grant (DfT)	-3,813	-4,587
Devolved Formula Capital Grant (DfE)	-2,231	-1,603
Green Light Fund (DfT)	-500	-
Local Electric Vehicle Infrastructure Fund (DfT)	-1,786	-5,886
Local Full Fibre Networks Challenge Fund (DCMS)	-3,739	-4,163
On-Street Residential Chargepoint Scheme (DfT)	-2,473	-691
Community Infrastructure Levies	-	-578
Section 106 Contributions	-173,556	-180,070
A Place to Live	-650	-650
European Regional Development Fund: LECSEA	-520	-
National Highways Signage	-	-830
Other Grants and External Contributions	-1,979	-1,536
Total Capital Grants Receipts in Advance	**-196,580**	**-204,300**

Key to Central Government Departments:

DCMS	Department for Culture, Media and Sport
DEFRA	Department for Environment, Food and Rural Affairs
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:

	2024/25 £000	2025/26 £000
Fees payable to EY with regard to external audit services carried out by the appointed auditor for the year	360	301
Fees payable in respect of other services provided by EY during the year	-	-
Total	**360**	**301**

Fees payable for 2025/26 comprise the scale fee determined by Public Sector Audit Appointments (PSAA) of £339,891, plus two fee variations that have been determined by PSAA during the year. These variations are a refund of £86,238 arising from the 2022/23 disclaimed audit opinion, and a charge of £46,868 for additional work undertaken during the 2023/24 audit (including in relation to Value for Money and ISA 315 Risk) – note that a further variation of £29,671 in relation to the 2022/23 Value for Money audit was determined and accrued for in 2024/25. EY has also notified the Council of a claim of £38,830 in relation to the 2024/25 audit. Whilst this has been accrued for, in accordance with CIPFA guidance this is not included in the table above until the variation has been ratified by PSAA.

The Authority received two Local Audit grants from the Ministry of Housing, Communities and Local Government during 2025/26. This first of these was a further instalment of the 'Redmond Review' grant (£41,752), made in recognition of an increase in audit fees associated with new burdens following a 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. Additionally, a first instalment of the 'backstop' grant (£79,347) was paid to support authorities with the costs of rebuilding assurance following the measures to reset the audit system (and the subsequent disclaimed opinions) from 2022/23.

The Authority incurred further costs of £4,850 in 2025/26 (2024/25 £4,750) in relation to grant certification services provided by another audit firm for the Teachers' Pension Scheme.

27. Members' Allowances

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

	2024/25 £000	2025/26 £000
Basic Allowances	1,011	1,032
Other Allowances	391	431
Travel and Subsistence	30	33
Total	**1,432**	**1,496**

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 Regulations 2025. 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 2025/26 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2025/26 before academy and high needs recoupment			-953,475
Academy and high needs figure recouped for 2025/26			345,906
Total DSG after academy and high needs recoupment for 2025/26			-607,569
Plus: Brought forward from 2024/25			-
Less: Carry-forward to 2026/27 agreed in advance			-
Agreed initial budgeted distribution in 2025/26	-130,554	-477,015	-607,569
In year adjustments	-	-590	-590
Final budget distribution for 2025/26	-130,554	-477,605	-608,159
Less: Actual central expenditure	213,286		213,286
Less: Actual ISB deployed to schools		474,662	474,662
Plus: Local authority contribution for 2025/26	-	-	-
In year carry forward to 2026/27	82,732	-2,943	79,789
Plus: Carry forward to 2026/27 agreed in advance			-
DSG unusable reserve as at 31 March 2025			123,206
Total deficit balance to be carried forward at 31 March 2026			**202,995**

29. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2024/25 £000	2025/26 £000
Expenditure		
Employee benefits expenses	695,861	701,185
Other service expenses	1,177,464	1,435,822
Depreciation, amortisation and impairment	177,840	88,975
Interest payments	136,603	141,958
Precepts and levies	1,452	1,555
(Gain)/loss on the disposal of non-current assets	25,806	42,454
Total Expenditure	**2,215,026**	**2,411,949**
Income		
Fees, charges and other service income	-276,575	-431,001
Interest and investment income	-124,071	-101,487
Income from Council Tax and Non-Domestic Rates	-708,760	-756,075
Gains from Donated Assets	-	-7,109
Government grants and contributions	-905,382	-987,030
Total Income	**-2,014,788**	**-2,282,702**
(Surplus)/Deficit on the Provision of Services	**200,238**	**129,247**

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 2025/26, employee expenses of £69.126m (£69.662m in 2024/25) 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	2024/25 Non schools	2024/25 School based	2025/26 Non schools	2025/26 School based
£50,000 - £54,999	282	349	453	491
£55,000 - £59,999	227	268	232	256
£60,000 - £64,999	184	130	203	197
£65,000 - £69,999	102	84	136	76
£70,000 - £74,999	42	73	43	80
£75,000 - £79,999	37	48	30	61
£80,000 - £84,999	6	24	30	42
£85,000 - £89,999	9	17	6	23
£90,000 - £94,999	9	9	8	10
£95,000 - £99,999	1	9	9	10
£100,000 - £104,999	3	4	4	4
£105,000 - £109,999	-	1	2	4
£110,000 - £114,999	2	5	4	4
£115,000 - £119,999	5	3	3	3
£120,000 - £124,999	5	4	4	3
£125,000 - £129,999	2	3	3	4
£130,000 - £134,999	2	-	1	2
£135,000 - £139,999	-	1	-	-
£140,000 - £144,999	1	-	2	2
£145,000 - £149,999	-	1	1	-
£150,000 - £154,999	1	-	3	-
£155,000 - £159,999	1	-	-	-
£160,000 - £164,999	2	-	-	1
£165,000 - £169,999	1	-	1	-
£170,000 - £174,999	1	-	-	-
£175,000 - £179,999	-	-	1	-
then				
£220,000 - £224,999	-	-	1	-
Total	**925**	**1,033**	**1,180**	**1,273**

The number of staff with remuneration above £50,000 in 2025/26 was 2,453, an increase from 1,958 in 2024/25. 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 2025 - 31 March 2026 was as follows (no bonuses or expense allowances were payable for the year):

Post title (as at 31 March 2026)	Salary, fees and allowances £	Benefits in kind £	Compensation for loss of employment £	Employer's pension contribution £	**Total remuneration including pension contributions [11] £**
Chief Executive [1a]	218,078	2,850		20,390	**241,318**
Chief Fire Officer [1b, 2]	65,861			24,764	**90,624**
Chief Fire Officer [1c, 3]	145,220			48,392	**193,611**
Executive Director of Adults' Services and Health [1d]	166,331	26		31,104	**197,461**
Interim Executive Director of Children, Young People and Learning [2]	Post holder not directly employed by West Sussex County Council - please see footnote below				
Executive Director of Children, Young People and Learning [1e, 3]	142,543	12		26,655	**169,211**
Executive Director of Communities [1f]	154,800			28,948	**183,748**
Executive Director of Finance and Support Services [1g]	154,800			28,948	**183,748**
Executive Director of Human Resources, Organisational Development and Communications [1h]	154,800			28,948	**183,748**
Executive Director of Law, Assurance and Insight [1i, 4]	55,761			10,427	**66,189**
Executive Director of Law, Assurance and Insight [1j, 5]	101,253			19,152	**120,405**
Executive Director of Place Services [1k, 6]	9,177			1,716	**10,893**
Interim Executive Director of Place Services [7]	Post holder not directly employed by West Sussex County Council - please see footnote below				

Post title (as at 31 March 2026)	Salary, fees and allowances £	Benefits in kind £	Compensation for loss of employment £	Employer's pension contribution £	**Total remuneration including pension contributions [11] £**
Executive Director of Place Services [1l, 8]	56,444			10,555	**67,000**
Director of Public Health	144,965	18		24,470	**169,453**
Director of South East Regional Care Cooperative [1m, 9]	126,904	12		23,731	**150,647**
Senior Coroner [1n, 10]	176,303	937		32,969	**210,209**

Notes to 2025/26 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 2025/26 were as follows:
    a. Leigh Whitehouse
    b. Sabrina Cohen-Hatton
    c. Gary Ball
    d. Alan Sinclair
    e. Daniel Ruaux
    f. Emily King
    g. Mike Suarez
    h. Gavin Wright
    i. Tony Kershaw
    j. Lauren McCann
    k. Lee Harris
    l. Lee Parker
    m. Lucy Butler
    n. Penny Schofield
2. Until 31 August 2025
3. From 1 September 2025
4. Until 10 August 2025
5. From 7 July 2025
6. Until 21 April 2025
7. From 7 April 2025 until 23 November 2025
8. From 24 November 2025
9. From 31 December 2025. The post holder was seconded to the South East Regional Care Cooperative. The post was grant funded by the Department for Education.
10. '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 £59,634 is due to be recovered from Brighton & Hove City Council as a contribution towards the Senior Coroner's pay and associated costs for 2025/26.
11. The breakdown of remuneration has been presented to the nearest pound. Due to the effects of rounding, there may be a small difference between the sum of the individually rounded components and the corresponding totals.

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 £125,463 were made to Matrix for the services of the Interim Executive Director of Children, Young People and Learning for the period 1 April to 31 August 2025.
- Payments of £153,134 were made to Matrix for the services of the Interim Executive Director of Place Services for the period 7 April to 23 November 2025.

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.

Exit Packages

The Authority terminated, or made provision to terminate, the contracts of a number of employees in 2025/26. Total liabilities of £1.127m were incurred for the period (£0.865m in 2024/25).

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.

2025/26

(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	33	35	68	£481,869
£20,001 - £40,000	3	12	15	£410,759
£40,001 - £60,000	2	3	5	£234,659
Total	38	50	88	£1,127,287

Of the 88 payments made in 2025/26, 60 related to staff at schools.

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

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.

	2024/25 £000	2025/26 £000
Funding provided to the pooled budget:		
West Sussex County Council	-116,041	-124,364
NHS Sussex Integrated Care Board	-26,428	-28,324
Total funding provided to the pooled budget	-142,469	-152,688
Expenditure met by the pooled budget:		
West Sussex County Council	125,265	128,815
NHS Sussex Integrated Care Board	28,529	29,337
Total expenditure met by the pooled budget	153,794	158,152
Net (surplus)/deficit arising on the pooled budget during the year	11,325	5,464
Authority's share of the net (surplus)/deficit	9,224	4,451

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.

	2024/25 £000	2025/26 £000
Funding provided to the pooled budget:		
West Sussex County Council	-11,976	-12,249
NHS Sussex Integrated Care Board	-79,237	-81,042
Total funding provided to the pooled budget	-91,213	-93,291
Expenditure met by the pooled budget:		
West Sussex County Council	11,867	12,802
NHS Sussex Integrated Care Board	78,518	84,702
Total expenditure met by the pooled budget	90,385	97,504
Net (surplus)/deficit arising on the pooled budget during the year	-828	4,213
Authority's share of the net (surplus)/deficit	-109	553

Better Care Fund

The County Council has entered into a pooled budget arrangement with NHS Sussex (NHS Surrey and Sussex from 1 April 2026) 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.

	2024/25 £000	2025/26 £000
Funding provided to the pooled budget:		
West Sussex County Council	-11,682	-12,504
NHS Sussex Integrated Care Board	-82,920	-84,157
Total funding provided to the pooled budget	-94,602	-96,661
Expenditure met by the pooled budget:		
West Sussex District and Boroughs	11,682	12,504
West Sussex County Council	33,222	32,962
NHS Sussex Integrated Care Board	49,098	51,195
Total expenditure met by the pooled budget	94,002	96,661
Net (surplus)/deficit arising on the pooled budget during the year	-600	-
Underspending brought forward	-4,253	-4,537
Underspending returned to partners	316	1,274
Interest earned on cash balances	-	-154
Balance carried forward	-4,537	-3,417

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 Local Authority Better Care Grant (LABCG) directly from central government. Whilst it is a requirement that this is pooled within the BCF, it is not subject to joint control arrangements, and so the grant is not accounted for as part of the pooled budget.

West Sussex County Council received a LABCG allocation of £25.4m in 2025/26, which was spent in full and has been recognised in the Comprehensive Income and Expenditure Statement for the period as disclosed in Note 25.

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 2025/26 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. One positive declaration was received for which relevant transactions have been identified as follows:

- One Member served as the Council's Appointed Governor for the Sussex Community NHS Foundation Trust. In 2025/26 goods and services to the value of £13,025,628 were commissioned from this organisation, and the Council received payment for the provision of goods and services to the value of £661,082. Additionally, this Member served as Chair on the Executive Board of South East Employers, and as a Director and Trustee of Crawley Open House. In 2025/26 goods and services to the value of £12,959 and £292,893 respectively were commissioned from these organisations.

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 2025/26 goods and services to the value of £80,854 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 £0.9m (2024/25: £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 £79.0m (including employee contributions) to the Fund in 2025/26 (2024/25: £78.1m). 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 2026 the Fund had a daily average investment balance of £41.4m held in Sterling (31 March 2025: £52.9m), earning interest of £1.7m (2024/25: £2.6m) in these funds at a rate of return of 4.0% (2024/25: 5.0%). Additionally, the Fund has earned interest of £0.3m on investments held in foreign currency (2024/25: £0.4m).

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 has made a series of loans to Edes Estates. The outstanding value of all loan investments, including in relation to land transfers, top-up facilities and cash management and inclusive of principal and accrued interest, was £12,780,573 at the reporting date.

The Council has recognised income of £266,574 (excluding VAT) for services provided to Edes Estates during 2025/26. Of this amount, £58,464 (plus £11,693 VAT) had not been settled by Edes at the reporting date and so forms part of short term debtors on the Council's Balance Sheet.

This Council did not transfer any land to Kinsted Developments during 2025/26.

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 167 maintained schools (178 at 31 March 2025). Non-current assets with a net book value of £602m (£628m at 31 March 2025) 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

	2024/25 £000	2025/26 £000
Charges for depreciation of non current assets	-77,205	-92,286
Charges for amortisation of intangible assets	-3	-3
Revaluations gains/losses on Property, Plant and Equipment and Assets Held for Sale charged to the Surplus/Deficit on Provision of Services	-95,450	4,017
Impairment of non current assets	-	-
Movements in the market value of Investment Property	-5,182	-703
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	-32,363	-45,309
Gains upon recognition of Donated Assets	-	7,109
Net reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	21,315	14,627
Revaluation of financial instruments including expected credit losses	136	405
(Increase) / decrease in creditors	-43,449	-42,797
Increase / (decrease) in debtors	28,929	39,423
Increase / (decrease) in inventories	-34	-347
Contributions (to) / from provisions	2,971	-2,896
Net adjustments for non-cash movements	**-200,335**	**-118,760**

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

	2024/25 £000	2025/26 £000
Proceeds from the sale of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets Held for Sale	9,065	2,855
Capital grants and contributions recognised in the Comprehensive Income and Expenditure Statement	47,178	67,322
Adjustments for items that are investing and financing activities	**56,243**	**70,177**

(c) Investing Activities

	2024/25 £000	2025/26 £000
Purchase of Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets	97,104	94,285
Purchase of short-term and long-term investments	736,140	439,328
Proceeds from short-term and long-term investments	-809,604	-554,779
Proceeds from the sale of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets Held for Sale	-9,065	-2,855
Capital grants and contributions recognised in the Comprehensive Income and Expenditure Statement	-47,178	-67,322
Net position on capital grants and contributions receipts in advance	-33,160	-7,720
Net cash flows from investing activities	**-65,763**	**-99,063**

(d) Financing Activities

	2024/25 £000	2025/26 £000
Repayment of PFI and right of use lease liabilities	10,601	10,790
Receipts from short and long term borrowing	-	-
Repayment of short and long term borrowing	16	24,016
Cash held for third parties	-534	208
Net cash flows from financing activities	**10,083**	**35,014**

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 14 July 2026. 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

A contingent asset is a possible asset that arises from past events, and 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.

West Sussex County Council recognises a contingent asset in respect of the High Needs Stability Grant. This was announced by central government as part of the Local Government Finance Settlement 2026/27 to 2028/29. The grant enables local authorities to recover up to 90% of their high needs DSG deficit accrued up to 31 March 2026. Per the deficit disclosed in Note 19, this equates to approximately £182.7m for West Sussex. However, payment is contingent upon the Council's Local SEND Reform Plan being approved by the Department for Education.

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.

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 measured at current value are subject to revaluation every five years. The Authority instructs these valuations on a rolling programme. Assets which are not formally revalued in any given year are subject to indexation. Indices are selected in liaison with internal and external valuation professionals. In rare circumstances where an appropriate index cannot be determined, the full quinquennial revaluation shall be supported by a desktop revaluation in year three.

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 2025. This latest amendment to the Regulations extended these provisions until 1 April 2029 to allow time for system partners to develop a long-term solution for determining the carrying value of individual items of replaced infrastructure. Further detail regarding the accounting arrangements for infrastructure assets is provided at Note 4 Property, Plant and Equipment.

A direction provided in March 2025 by the Minister of State for Devolution and Local Government under the Local Government Act 2003 provides for additional flexibility on the use of capital receipts until March 2030. 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:

<u>Supported Borrowing</u>

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.

<u>Unsupported Borrowing</u>

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

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

Finance Leases

Where the 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 accordance with a statutory override, the Authority continues to transfer all fair value movements recognised in the Surplus or Deficit on the Provision of Services relating to pooled investment funds entered into prior to 1 April 2024 to the unusable Pooled Investment Funds Adjustment Account. This is permitted by the Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2025, which allows such gains and losses to be deferred via unusable reserves until 1 April 2029 (or until the investment is disposed of, if sooner). Fair value movements on pooled investments made since 1 April 2024 may not be deferred and must immediately be recognised in the General Fund. Fair value movements on equity investments are mitigated via the Capital Adjustment Account in accordance with capital financing arrangements.

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/asset, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Remeasurements, comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability/asset 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 in 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 not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the CIPFA Code of Practice on Local Authority Accounting 2025/26 provides that changes in the valuation of non-investment assets (as set out in accounting policy ii Property, Plant and Equipment) shall be applied prospectively, with no restatement of prior year figures.

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:

Local Government Funding Arrangements

There is a high degree of uncertainty about future levels of funding for local government. The three-year settlement provided by central government in February 2026 provides some indication as to the availability of funding in the medium term, but there remains a high degree of variability in projected budget gaps attributable to cost and demand pressures and the fair funding review. The extent to which accumulated and future DSG deficits will be 'made-good' by central government is a further unknown. 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 below), 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.

Going Concern Impact Assessment

The budget for 2025/26 was set in February 2025. Outturn net revenue expenditure on portfolio budgets was £903.8m, representing a £30.2m overspend. There are a number of pressures within all individual portfolios, but overall overspendings within the Children, Young People and Learning (£19.2m), Adults Services (£13.6m) and Finance and Property (£1.3m) portfolios were partially offset by underspendings within Environment and Climate Change (£1.8m), Support Services and Local Government Reorganisation (£0.7m), Leader (£0.6m), Community Support, Fire and Rescue (£0.5m) and Economy and Skills (£0.3m) portfolios. In addition, £5.5m has been added to the allowance for doubtful debtors, increasing the total overspend to £35.7m.

This has been financed from the contingency budget (£10.0m), additional investment income (£4.2m), an underspend on capital financing (£3.4m), additional government funding from the Employer National Insurance Contributions Grant (£3.1m), Collection Fund Net Surplus (£1.1m) and Business Rates Retention Scheme (£0.9m). The remaining overspend balance (£13.0m) was funded from the Social Care Reserve (£6.0m) and the Budget Management Reserve (£7.0m).

The most significant cause of the County Council's overspend position in 2025/26 related to social care demand. Adults Services continue 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 continue to increase during 2025/26, 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 2025/26 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 2027/28, as reported at County Council in February 2026, was £18.1m. This assumes a 4.99% increase to council tax. Every 1% increase in Council Tax generates approximately £6.8m of additional income. The gap excludes the impact 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 the updated position will be reported in the autumn. This will set the foundations for the 2027/28 budget planning process.

At 31 March 2026 the Council held earmarked reserves of £108.7m (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.

An added pressure is the DSG Reserve, which holds a deficit balance of £203.0m at 31 March 2026, an increase of £79.8m from the previously reported March 2025 balance. The DSG deficit is classified as an unusable reserve in line with regulatory changes which came into force 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, now extends to March 2028. The impact of the DSG deficit from 2028 remains a significant concern for the County Council. As part of the Local Government Financial Settlement for 2026/27 to 2028/29, the Government announced that local authorities with DSG deficits will be eligible to receive a High Needs Stability Grant, covering up to 90% of their High Needs related DSG deficit accrued to the end of 2025/26, which could equate to approximately £182.7m for West Sussex. However, payment is contingent upon the Council's Local SEND Reform Plan, which was submitted in June, being approved by the Department for Education. Even taking into account this funding, this still leaves the County Council to fund the remaining 10% of the March 2026 deficit (£20.3m). Furthermore, the level of funding available and any conditions attached to funding deficits incurred in 2026/27 and 2027/28 (forecasted to be a further £300m) remains uncertain and therefore a significant risk.

The Council has produced a cashflow to 31 March 2028 and modelled the impact of two scenarios to ensure the budget is balanced for both 2026/27 and 2027/28. 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 2026/27, these total £60.6m and comprise pressures arising from increased demand (£22.1m), non-delivered savings from 2025/26 (£8.1m) and savings for 2026/27 (£30.4m). The more optimistic scenario assumes that only 50% of the demand pressures materialise and all of the savings are delivered, with the shortfall funded through a combination of base funding and reserves in 2026/27. This scenario then assumes that a balanced budget can be set for 2027/28. The more pessimistic scenario assumes that all of the demand pressures materialise in 2026/27 and only 50% of the savings are delivered, and both of these pressures will be managed within existing reserves. It then assumes that there will be an additional funding shortfall of £91.4m in 2027/28. Based on this more pessimistic modelling, the Council's current level of available reserves would become exhausted part way through 2027/28, 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 its cashflow position to 31 March 2028.

At this stage, the assessment does not consider the impact of either Devolution or Local Government Reorganisation. As more funding streams transfer to the new Sussex and Brighton Combined County Authority during 2026/27 and beyond, the Council will get a clearer understanding of the cash flow impacts of Devolution. The cashflow impact of Local Government Reorganisation is currently less certain until there is a decision from Government on which option will be implemented.

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 2026 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 2026 to be £880.567m. 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 (where applicable) and unfunded obligations, the effect of the asset ceiling is therefore to reduce the net asset realisable by the Authority by £900.313m. The Authority has accordingly recognised a net liability for its Local Government Pension Scheme at 31 March 2026 of £19.746m, 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 £880.567m 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 2026, Edes Estates has accumulated losses of £2,343,163. This represents the accumulated loss reported in Edes' draft 31 December 2025 financial statements, adjusted for its share of the losses reported in the Kinsted management accounts for the period January to March 2026. 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 £12,780,573 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 immaterial.

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 £29,101,476 has been recorded in Kinsted Developments' management accounts at 31 March 2026. 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. These development costs will be expensed in accordance with the applicable accounting standards, at which time a profit or loss may be realised, initially in the accounts of Kinsted Developments and consequentially in the accounts of Edes Estates which may therefore be subject to consolidation by West Sussex County Council.

Schools' Non-Current Assets

In accordance with the Code's definition under IFRS 16 Leases, 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 maintained 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.

In accordance with this judgement, the Authority's policy is not to account for any school assets owned by religious bodies on its Balance Sheet. This typically applies to voluntary aided and voluntary controlled schools, of which there were 65 in the County at the reporting date. However, 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 2025 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 2025/26 depreciation charge by £13.5m. Given the requirement to revalue land and building assets 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. A variation of this scale is not considered to be material in the context of the Authority's £1.8billion 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 2026	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	28,714
1 year increase in member life expectancy	4%	73,117
0.1% increase in the Salary Increase Rate	0%	973
0.1% increase in the Pension Increase Rate	2%	27,715

Firefighters

Change in assumptions at 31 March 2026	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	8%	22,070
1 year increase in member life expectancy	3%	8,310
0.5% increase in the Salary Increase Rate	<1%	390
0.5% increase in the Pension Increase Rate	7%	19,460

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 2025/26, this requirement is limited to the standards listed in Appendix C of the 2026/27 Code, which (as per CIPFA Bulletin 23 – Closure of the 2025/26 Financial Statements) are as follows:

- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* in relation to the classification and measurement of financial instruments and contracts referencing nature-dependent electricity
- Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* in relation to heritage assets
- Annual improvements to IFRS accounting standards (Volume 11)

The amendments to IFRS 9 *Financial Instruments* relate to the settling of financial liabilities using an electronic payment system, and the assessment of contractual cash flow characteristics of financial assets, including those with environmental, social and governance linked features. Additionally, changes to IFRS 7 *Financial Instruments: Disclosures* amend disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income, and for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

IFRSs 9 and 7 have been further amended to enable better reporting of the financial effects of nature-dependent electricity contracts, such as those structured as power purchase agreements. To mitigate volatility associated with wind and solar power, the amendments clarify the application of the 'own use' requirements (so that net purchases do not account for contracts as derivatives measured at fair value through profit or loss), permit hedge accounting if the contracts are used as hedging instruments, and add new disclosure requirements to enable users to understand the effect of these contracts on an organisation's financial performance and cash flows.

The Council does not currently hold any financial instruments affected by these amendments to IFRS 9 and IFRS 7, and therefore their adoption by the Code will not affect the Authority's financial statements.

The amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* provide further guidance on the definition of heritage assets, and the requirements for leases of heritage assets. Whilst the 2026/27 Code has not adopted any changes as a result of these amendments, it continues to reference the requirement to account for heritage assets in accordance with FRS 102. The amendments to the standard are not expected to have any impact on how the Council classifies or accounts for its heritage assets.

The annual improvements to IFRS accounting standards (volume 11) incorporates various minor amendments, typically made to provide greater clarity or consistency or to replace outdated references. None of these require a change in accounting approach and so are not expected to impact the financial statements of West Sussex County Council.

41. Firefighters' Pension Scheme

Fund Account	2024/25 £000	2025/26 £000
Contributions receivable		
Employers		
Normal	-6,216	-6,401
Early retirements	-	-
Total Employer Contributions	-6,216	-6,401
Employees	-2,162	-2,478
Transfer values from employers of contributors joining the fund	-115	-22
Charges in respect of ill-health early retirements	-	-
Total contributions receivable	-8,493	-8,901
Benefits payable		
Lump sum benefits		
Commutations	2,029	2,212
Death benefits	-	-
Total Lump sum benefits	2,029	2,212
Pensions	11,712	15,143
Transfer values to employers of contributors leaving the fund	-	-
Refund of contributions	23	9
Total benefits payable	13,764	17,364
Other miscellaneous expenditure	149	129
Net amount payable for the year before top up grant from the Home Office	5,420	8,592
Top up grant from Home Office brought forward from prior year	-	-8,116
Top up grant received in-year from the Home Office	-13,536	-6,016
Top up grant receivable from the Home Office	-	-
Top up grant repayable to the Home Office	8,116	5,540
Net amount payable/receivable for the year	**-**	**-**

Net Assets Statement	31 March 2025 £000	31 March 2026 £000
Current Assets		
Pension top up grant receivable from the Home Office	-	-
Debtors	8,116	5,540
Current Liabilities		
Pension top up grant repayable to the Home Office	-8,116	-5,540
Creditors	-	-
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. Materially 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.

WEST SUSSEX PENSION FUND

West Sussex Pension Fund

Statement Of Accounts

2025/26

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THE LOCAL GOVERNMENT PENSION SCHEME PENSION FUND ACCOUNT

Fund Account	Note	2024/25 £000	2025/26 £000
Dealings with members, employers and others directly involved in the scheme			
Contributions received	**7**	166,175	170,751
Transfers in from other Pension Funds	**8**	17,870	17,465
Amount received		**184,045**	**188,216**
Benefits paid	**9**	(163,409)	(172,132)
Payments to and on account of leavers	**10**	(32,791)	(19,509)
Amount paid		**(196,200)**	**(191,640)**
Net additions/(withdrawals) from dealings with members		**(12,155)**	**(3,424)**
Management expenses	**11**	(33,019)	(31,299)
Net additions/(withdrawals) including Fund management expenses		**(45,173)**	**(34,724)**
Returns on investments			
Investment income	**12**	171,280	178,002
Taxes on income	**13A**	-	-
Other income		68	11
Profit and (losses) on disposal of investments and changes in the market value of investments	**14A**	(52,135)	(20,341)
Net return on investments		**119,213**	**157,672**
Net increase in net assets available for benefits during the year		**74,040**	**122,948**
Add opening net assets of the scheme		**5,793,818**	**5,867,858**
Closing net assets of the scheme		**5,867,858**	**5,990,806**

NET ASSET STATEMENT

Assets and Liabilities	Note	At 31 March 2025 £000	At 31 March 2026 £000
Investment assets	**14**	5,847,650	5,969,635
Investment liabilities	**14**	(300)	(805)
Net investment assets / (liabilities)		**5,847,351**	**5,968,829**
Current assets	**21**	24,916	28,958
Current liabilities	**22**	(4,408)	(6,982)
Net assets of the scheme available to fund benefits at the end of the reporting period		**5,867,858**	**5,990,806**

Note: The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2026. 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.

Scheduled Bodies, Resolution Bodies and Academies	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.
Admitted Bodies	Admitted bodies include voluntary, charitable and similar bodies or private contractors following outsourcing to the private sector.

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 2025	31 MARCH 2026
Number of Employers with Active Members	239	254
Active members		
West Sussex County Council	13,358	12,908
Other employers	13,830	14,103
Total	**27,188**	**27,011**
Pensioner members		
West Sussex County Council	13,265	14,027
Other employers	12,040	12,672
Total	**25,305**	**26,699**
Deferred pensioner members		
West Sussex County Council	21,352	21,126
Other employers	17,608	17,841
Total	**38,960**	**38,967**
Total number of members in scheme	**91,453**	**92,677**

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 2026.
- 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 2026.

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 25/26 (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 full valuation was completed based on 31 March 2025 data. This showed the Fund to be 162% funded and set employer contributions from 1 April 2026 to 31 March 2028.
- The Fund takes a prudent approach when setting employer contributions and its contribution strategy is considered against detailed scenario testing by the Fund Actuary.

A cashflow forecast has also been produced to consider all significant receipts and payments up to March 2028. The Fund has based this assessment on:

- Contributions based on actual March 2026 pensionable pay data and known employer contribution rates to 31 March 2028.
- 2025/26 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.
- Direct property rental income decreases by 10% annually.

After the application of these stress tests the forecasting shows that in the unlikely event of either a 10% change in pensionable pay or pension benefits the Fund would have an annual negative cash flow.

If this occurred or the assumptions are not sufficiently pessimistic the Fund holds in excess of £4.7 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 spent 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 but not received 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 due but not received 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 due but not received 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 but not received 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 GBP 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 investments. 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 GBP 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 GBP 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 prepared 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, which are 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 that are leased commercially to various tenants, with remaining lease terms of between one and 20 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 inherently subjective. These assets are not listed and are based on forward-looking estimates and judgements involving many factors. As a result 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 process 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.	The effect will depend on actual experience relative to the assumptions. For example: A 0.1% decrease in discount rate at year ended 31 March 2026 would result in an approximate 2% increase to employers' liabilities (£65m). A one-year increase in member life expectancy at year ended 31 March 2026 would result in an approximate increase in employers' liabilities of 4% (£157m). A 0.1% increase in the salary increase rate at year ended 31 March 2026 would result in an approximate increase in employers' liabilities of approx. 0.1% (£2m). A 0.1% increase in the pension increase rate at year ended 31 March 2026 would result in an approximate 2% increase in employers' liabilities (£63m). However, the Statements do not take account of liabilities to pay pensions and other benefits after 31 March 2026.

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 £227m (3.8% 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 at the end of the reporting period.	The total private debt investment in the financial statements is £222m (3.7% 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 £293m (4.9% of net assets). There is a risk that this investment could be under or overstated in the accounts.
Direct Property Holdings	Independent valuation for freehold and leasehold investment property has been provided in accordance with Royal Institution of Chartered Surveyors (RICS) "Red Book". 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. 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 £533m (8.9% 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

West Sussex Pension Fund formally joined the Border to Coast Pensions Partnership on 1 April 2026. This decision was in response to the Government's "Fit for the Future" reform and the Pension Schemes Act 2026 which required Local Government Pension Schemes to participate in a FCA authorised asset pool company. In addition, The Pensions Scheme Bill is due to come into force on 8th May 2026 after receiving Royal Assent on 29 April.

There have been no further material events occurring after the balance sheet date.

Note 7: Contributions Received

By Category	2024/25 £000	2025/26 £000
Employers	125,571	127,453
Members	40,603	43,298
Total	**166,175**	**170,751**

By Authority	2024/25 £000	2025/26 £000
West Sussex County Council	78,138	79,028
Scheduled bodies	81,962	85,916
Admitted bodies	6,074	5,807
Total	**166,175**	**170,751**

Note 8: Transfers In From Other Pension Funds

By Category	2024/25 £000	2025/26 £000
Individual transfers	17,870	17,465
Total	**17,870**	**17,465**

Note 9: Benefits Paid

By Category	2024/25 £000	2025/26 £000
Pensions	135,178	140,350
Lump sum retirement benefit	24,512	27,808
Lump sum death benefit	3,719	3,974
Total	**163,409**	**172,132**

By Authority	2024/25 £000	2025/26 £000
West Sussex County Council	74,156	79,530
Scheduled bodies	76,057	77,808
Admitted bodies	13,196	14,793
Total	**163,409**	**172,132**

Note 10: Payments To and On Account of Leavers

Payment Type	2024/25 £000	2025/26 £000
Refunds of contributions	860	856
Exit credits paid to Employers	9,472	-
Individual transfers	22,459	18,652
Total	**32,791**	**19,509**

Note 11: Management Expenses

Expense Type	2024/25 £000	2025/26 £000
Administrative	1,357	1,341
Oversight and governance	2,052	2,025
Investment management	29,609	27,933
Total	**33,019**	**31,299**

Note 11a: Investment Management Expenses

Expense Type 2025/26	Management fees £000	Performance related fees £000	Transaction costs £000	Total £000
Pooled equity & bond funds	12,457	-	25	12,482
Private equity	3,636	(2,184)	3,587	5,039
Private debt	2,455	1,743	2,279	6,477
Infrastructure	1,530	1,444	-	2,974
Property	935	-	-	935
Cash & FX contracts	4	-	-	4
Sub total	**21,017**	**1,003**	**5,891**	**27,911**
Custody fees				22
Total				**27,933**

Expense Type 2024/25	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**

Note 12: Investment Income

Type of Income	2024/25 £000	2025/26 £000
Pooled equity fund income	33,831	33,073
Pooled bond fund income	82,423	83,120
Private equity income	1,500	1,033
Private debt income	12,545	16,518
Infrastructure income	17,001	16,474
Property income	21,440	25,656
Interest on cash deposits and cash balances	2,540	2,128
Total	**171,280**	**178,002**

Note 12a: Property Income

Type of Income	2024/25 £000	2025/26 £000
Rental income	22,579	27,004
Direct operating expenses	(1,139)	(1,347)
Total	**21,440**	**25,656**

No contingent rents have been recognised as income during the period.

Note 13: Other Fund Account Disclosures

Type of Expense	2024/25 £000	2025/26 £000
Pension Advisory Board	31	46
ACCESS Pool	225	179
Border to Coast Pool	0	182
Total	**255**	**407**

Oversight and governance expenses reported in Note 11 include ACCESS pool costs incurred during 2025/26 which represent the Fund's contribution towards the pool's activities (excluding investment management costs), additional expenditure was incurred in relation to project costs associated with the onboarding to the Border to Coast Pool.

Note 13a: Taxes on Income

The Pension Fund no longer directly suffers withholding tax on income received on overseas investments. However, reclaims of £0.940m have been accrued at 31 March 2026 (£0.930m at 31 March 2025) and shown in Note 14 as investment income due.

Note 13b: External Audit Costs

Type of Expense	2024/25 £000	2025/26 £000
Payable in respect of external audit	106	113
Grant & distribution received	(13)	(14)
Total	**92**	**99**

The external audit fee payable in 2025/26 was offset by a grant received from the Ministry of Housing, Communities and Local Government (MHCLG) 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 2024/25 £000	Market Value 2025/26 £000
Investment Assets		
Equities	2,868,365	2,859,487
Bonds	1,746,653	1,816,947
Private equity	192,744	226,595
Private debt	230,683	221,840
Infrastructure	277,720	292,524
Property	495,785	532,825
Investment Assets	**5,811,950**	**5,950,217**
Cash deposits	34,769	18,476
Investment income due	932	942
Amounts receivable for sales	-	-
Other Investment Assets	**35,701**	**19,418**
Total Investment Assets	**5,847,650**	**5,969,635**
Investment Liabilities		
Amounts payable for purchases	-	-
Property income received in advance	(300)	(805)
Total Investment Liabilities	**(300)**	**(805)**
Net Investment Assets	**5,847,351**	**5,968,829**

Note 14a: Reconciliation of Movements in Investments

2025/26

Investments	Market Value at 1 April 2025 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Market Value at 31 March 2026 £000
Investment assets					
Equities	2,868,365	33,073	(35,147)	(6,804)	2,859,487
Bonds	1,746,653	83,120	(2,336)	(10,491)	1,816,947
Private equity	192,744	32,439	(12,582)	13,994	226,595
Private debt	230,683	45,900	(54,406)	(338)	221,840
Infrastructure	277,720	-	-	14,804	292,524
Property	495,785	89,974	(18,281)	(34,654)	532,825
Sub Total	**5,811,950**	**284,506**	**(122,751)**	**(23,488)**	**5,950,217**
Other Investment Balances					
Cash deposits	34,769			3,147	18,476
Amount receivable for sales	-				-
Investment income due	932				942
Amount payable for purchases	-				-
Property income received in advance	(300)				(805)
Total Assets	**5,847,351**			**(20,341)**	**5,968,829**

2024/25

Investments	Market Value at 1 April 2025 £000	Purchases during the year £000	Sales during the year £000	Change in market value during the year £000	Market Value at 31 March 2026 £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**

Note 14b: Investments Analysed by Fund Manager

Fund Manager	31 March 2025 £000	% of Fund Value	31 March 2026 £000	% of Fund Value
Investments Managed in the ACCESS Asset Pool				
Waystone Management (UK) Ltd. (Equities and Bonds)	4,615,018	78.9	4,676,434	78.3
JP Morgan (Infrastructure)	277,720	4.7	292,524	4.9
Investments Managed outside ACCESS Asset Pool				
Pantheon Ventures (Private Equity)	38,485	0.7	43,478	0.7
Partners Group (Private Equity)	154,259	2.6	183,117	3.1
Aberdeen (Property)	495,785	8.5	532,825	8.9
Goldman Sachs (Private Debt)	86,836	1.5	62,045	1.0
Pantheon Ventures (Private Debt)	43,045	0.7	63,462	1.1
ICG (Private Debt)	100,801	1.7	96,333	1.6
Other investment balances	35,401	0.6	18,612	0.3
Total	**5,847,351**	**100**	**5,968,829**	**100**

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 2025 £000	% of Fund Value	31 March 2026 £000	% of Fund Value
Investments Managed in the ACCESS Pool				
WS ACCESS Global Alpha Paris-Aligned Equity Fund	1,588,134	27.2	1,710,659	28.7
WS ACCESS Global Equity Fund	1,280,231	21.9	1,148,828	19.2
WS ACCESS Investment Grade Bond Fund	940,084	16.1	979,231	16.4
WS ACCESS Sterling Investment Grade Credit Fund	806,569	13.8	837,716	14.0
Total	**4,615,018**	**78.9**	**4,676,434**	**78.3**

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 2025 £000	31 March 2026 £000
Opening balance	455,700	495,785
Additions:		
Purchase of existing property	38,709	89,624
New construction	-	-
Subsequent expenditure	274	350
Disposals	(991)	(18,281)
Net increase/(decrease) in market value	2,094	(34,654)
Closing Balance	**495,785**	**532,825**

The future minimum lease payments receivable by the Fund under existing contracts are as follows:

Time Period	31 March 2025 £000	31 March 2026 £000
Within one year	23,266	27,882
Between one and five years	70,567	85,160
Later than five years	121,058	146,510
Total Future Lease Payments Due Under Existing Contracts	**214,890**	**259,552**

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 equity & bond 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 CBRE 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 31 January 2025, 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 2026 fund-of-fund reports.
    1. Partners Group performs independent valuations of its underlying investments to reflect a fair value in accordance with IFRS and United States Generally Accepted Accounting Principles (US GAAP). This process is continuously improved and further developed on an ongoing basis, taking into account changes to industry practice, accounting standards or feedback received from third parties such as auditors. 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026.

Assets	Assessed valuation range (+/-)	Value at 31 March 2026 £000	Value on increase £000	Value on decrease £000
Private equity	15%	226,595	260,584	192,605
Private debt	15%	221,840	255,116	188,564
Infrastructure	15%	292,524	336,403	248,645
Total		**740,958**	**852,102**	**629,814**

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. Cash balances are classified as Level 1.

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 and instead 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 2026

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		2,859,487	-	2,859,487
Pooled bond funds		1,816,947	-	1,816,947
Private equity		-	226,595	226,595
Private debt	-	-	221,840	221,840
Infrastructure	-	-	292,524	292,524
Cash deposits	18,476	-	-	18,476
Investment income due		942	-	942
Amounts receivable for sales	-	-	-	-
Net Investment Assets	**18,476**	**4,677,376**	**740,958**	**5,436,810**
Non-Financial Assets at Fair Value Through Profit and Loss				
Property	-	532,825	-	532,825
Financial Liabilities at Fair Value Through Profit and Loss				
Property income received in advance		(805)	-	(805)
Payable for investment purchases	-	-	-	-
Total	**18,476**	**5,209,396**	**740,958**	**5,968,829**

Values at 31 March 2025

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	-	2,868,365	-	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**

Note 16b: Transfer Between Levels 1 And 2

There have been no reclassifications between level 1 and 2 during the financial 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 2025	192,744	230,683	277,720	701,147
Transfers into / (out of) Level 3	-	-	-	-
Net purchases / (sales) during the year	19,856	(8,506)	-	11,351
Unrealised gains / (losses)	9,864	(6,081)	14,804	18,587
Realised gains / (losses)	4,130	5,743	-	9,873
Market Value 31 March 2026	**226,595**	**221,840**	**292,524**	**740,958**

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.

Classification	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets			
Pooled equity funds	2,859,487		
Pooled bond funds	1,816,947		
Private equity	226,595		
Private debt	221,840		
Infrastructure	292,524		
Cash		42,521	
Investment balances		942	
Debtors		4,913	
Sub Total	**5,417,392**	**48,376**	**-**
Financial Liabilities			
Investment balances			(805)
Other current liabilities			(6,982)
Total	**5,417,392**	**48,376**	**(7,788)**

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)**

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 2025 £000	31 March 2026 £000
Financial Assets		
Fair value through profit and loss	(55,011)	(23,488)
Amortised cost - unrealised gains	2,876	3,147
Financial Liabilities		
Fair value through profit and loss	-	-
Total	**(52,135)**	**(20,341)**

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 2025/26 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.

2025/26

Asset type	Value at 31 March 2026 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Pooled equity & bond funds	4,676,434	13.2%	5,293,723	4,059,145
Cash	18,476	0.3%	18,531	18,420
Property	532,825	15.9%	617,544	448,106
Private equity	226,595	27.0%	287,775	165,414
Private debt	221,840	7.4%	238,256	205,424
Infrastructure	292,524	8.6%	317,681	267,367
Total	**5,968,693**		**6,773,510**	**5,163,875**

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**

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 2026 and 31 March 2025 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

2025/26

Asset type	Value at 31 March 2026 £000	Change in year in net assets available to pay benefits +100 BPS £000	Change in year in net assets available to pay benefits -100 BPS £000
Cash and cash equivalents	18,476	185	(185)
Cash balances	24,046	240	(240)
Total	**42,521**	**425**	**(425)**

2024/25

Asset type	Value at 31 March 2025 £000	Change in year in net assets available to pay benefits +100 BPS £000	Change in year in net assets available to pay benefits -100 BPS £000
Cash and cash equivalents	34,769	348	(348)
Cash balances	7,743	77	(77)
Total	**42,512**	**425**	**(425)**

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 8.7% (prior year 9.1%).

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

2025/26

Asset type	Value at 31 March 2026 £000	Change %	Value on increase £000	Value on decrease £000
Overseas private equity	226,595	8.7	246,308	206,881
Overseas private debt	221,840	8.7	241,140	202,540
Overseas infrastructure	292,524	8.7	317,974	267,074
Total	**740,958**		**805,422**	**676,495**

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**

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 2026, the Fund held £1.98m cash with the custodian (31 March 2025: £1.77m) and cash internally managed by WSCC was £40.5m (31 March 2025: £38.30m). This was held by institutions with the following credit ratings:

Rating	Nominal amount 31 March 2025 £000	Nominal amount 31 March 2026 £000
AAA rated counterparties	33,000	16,500
A-1+ rated counterparties	1,769	1,976
A+ rated counterparties	7,743	24,046
TOTAL	**42,512**	**42,521**

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 2026, 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 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 2025. This valuation revealed that the Fund's assets, which at 31 March 2025 were valued at £5,873 million, were sufficient to meet

162% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £2,244 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 2026 to 31 March 2029 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 2025 valuation were as follows:

Assumption	31 March 2025
Discount rate	5.6% p.a.
Salary increase assumption	3.8% p.a.
Benefit increase assumption	2.3% 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	22.2 years	24.7 years
Future Pensioners	23.0 years	26.3 years

Copies of the 2025 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 2025

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive, but have trailed the valuation discount rate.

Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

Overall the funding position is likely to be weaker than at the previous formal valuation at 31 March 2025.

The next actuarial valuation will be carried out as at 31 March 2028, and will be finalised by 31 March 2029. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2029.

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 2025 £m	31 March 2026 £m
Active members	(1,376)	(1,349)
Deferred pensioners	(785)	(878)
Pensioners	(1,361)	(1,698)
Present Value of Promised Retirement Benefits	**(3,522)**	**(3,925)**
Fair value of scheme assets (bid value)	5,873	5,991
Net Asset/(Liability)	**2,351**	**2,066**

As noted above, the liabilities above are calculated on an IAS 19 basis and will therefore differ from the results of the 2025 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 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025. 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 2026 and 31 March 2025.

The Fund Actuary estimates that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £87m. The Fund actuary estimates the impact of the change in demographic and longevity assumptions is to increase the actuarial present value by £53m.

Assumption	31 March 2025 % per annum	31 March 2026 % per annum
Inflation/pensions increase rate	2.75	3.00
Salary increase rate	4.25	4.50
Discount rate	5.80	6.20

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 2025 model, with core parameterisation, 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	22.1 years	24.6 years
Future Pensioners*	22.6 years	25.9 years

* Future pensioners are assumed to be currently aged 45 at the latest formal valuation

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

Note 21: Current Assets

Classification	31 March 2025 £000	31 March 2026 £000
Debtors		
Contributions due - members	3,375	4
Contributions due - employers	10,107	756
Prepayments	825	534
Other debtors	2,380	3,170
Taxation	485	448
Sub Total	**17,172**	**4,913**
Cash balances	7,743	24,046
Total	**24,916**	**28,958**

ANALYSIS OF DEBTORS

Classification	31 March 2025 £000	31 March 2026 £000
Central government bodies	1,418	448
Other local authorities	11,526	1,093
Educational establishments	2,560	381
Other entities and individuals	1,668	2,991
Total	**17,172**	**4,913**

Note 22: Current Liabilities

Classification	31 March 2025 £000	31 March 2026 £000
Benefits payable	2,198	4,660
Other current liabilities	2,211	2,322
Total	**4,408**	**6,982**

ANALYSIS OF CREDITORS

Classification	31 March 2025 £000	31 March 2026 £000
Central government bodies	2,557	4,500
Other local authorities	674	1,218
Educational establishments	7	3
Other entities and individuals	1,171	1,262
Total	**4,408**	**6,982**

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).

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 31 March 2025 £000	Market Value 31 March 2026 £000
Standard Life	15	17
Legal & General	12,259	15,347
Total	**12,274**	**15,364**

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 £0.9m (2024/25: £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 £79.0m to the Fund in 2025/26 (2024/25: £78.1m). 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 2026, the Fund had a daily average investment balance of £33.0m held in GBP (31 March 2025: £52.9m) earning interest of £1.668m (2024/25: £2.619m) in these funds at a rate of return of 4.03% (2024/25: 4.95%). Additionally, the Fund has earned interest of £0.27m on investments held in foreign currency (2024/25: £0.40m).

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 spends 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 £22.5k in 2025/26 (2024/25: £21.5k).

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 £0.525m 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 2026 as follows:

- Private Equity of £190.6m (31 March 2025 £220.1m)
- Private Debt of £125.7m (31 March 2025 £171.9m)

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.