South Downs
National Park Authority

Statement of Accounts
2016/17

Contents

Narrative Report

The South Downs National Park ("the Park") covers the chalk downland, heaths, woodlands and river valleys of the South Downs and Western Weald within the three counties of Hampshire, West Sussex and East Sussex. The South Downs National Park Authority ("the Authority") was established in April 2010 and became fully operational on 1 April 2011.

The Authority is responsible for promoting the purposes of the Park and the interests of the people who live and work within it. The work of the Authority is rooted in its statutory purposes and duty, and in its commitment to engage with local communities, partners and stakeholders. As a National Park, all public bodies must have due regard to the two statutory purposes as specified in the Environment Act 1995:

- to conserve and enhance the natural beauty, wildlife and cultural heritage of the area;
- to promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

In pursuit of the twin purposes the Authority has a duty to work in partnership to foster the economic and social wellbeing of local communities within the National Park.

The Authority has identified four overarching objectives which are set out in its Corporate Plan 2016-21:

1. A thriving living landscape – to support the development of the Park as a special, thriving living and working landscape;
2. People connected to places – to provide opportunities for people within and outside the Park to connect to its unique and special places;
3. Towards a sustainable future – to encourage sustainable actions by businesses, communities and individuals across the Park, and manage its own corporate impact;
4. An efficient and effective organisation that supports partnership working – to manage its own resources to deliver high levels of customer service and working to improve the capacity of its partners to deliver shared outcomes.

The 2016/17 financial statements cover the sixth operational year of the Authority and illustrate the overall financial position of the Authority as at 31 March 2017. This year has seen the continued implementation of the Partnership Management Plan (PMP) 2014-2019 to which the Corporate Plan is aligned, and sets out clear operational objectives and outcomes and how these will be delivered to meet the statutory purposes and duty of the Park. The development of the Local Plan, which sets out the planning policy framework for the Park, has also been a priority during 2016/17.

Despite a small overspend in the 2016/17 financial year, the Authority remains financially resilient in a challenging financial environment. Appropriate reserves and balances have been maintained that will be important to sustain the Authority against potential financial risks and cost pressures.

Further information can be found on the Authority's website, www.southdowns.gov.uk.

Financial Highlights

The Authority receives its funding through grant allocations from the Department for Environment, Food and Rural Affairs (DEFRA).

The grant allocation received by the Authority for 2016/17 of £9.963m was a £0.168m increase on the previous financial year, an increase of 1.7%.

The 2016/17 budget was developed in accordance with the Authority's agreed budget framework alongside the Corporate Plan and the PMP in order to ensure that the budget aligns with the Authority's priorities and objectives. The key budget priorities identified included a close focus on the Local Plan supported by proactive communications and continued staff development as well as a more proactive approach to developing alternative income opportunities.

The Authority continued to adopt a prudent approach to the budget setting process with an established permanent staffing structure and temporary posts for short term projects. This approach ensures that the Authority does not recruit to posts that become unaffordable in the longer term and will provide some flexibility in resources to fund priorities identified in the PMP.

The Authority's financial planning and resource allocation has taken into account the following aspirations as set out in the Authority's Medium Term Financial Strategy (MTFS) which covers the period 2016/17 to 2018/19:

- To be a lean, efficient organisation (eg willing to buy in services);
- To work with others – stakeholders and partners;
- To limit contributions to activities to encourage and lever greater contributions from others;
- The need for clear, SMART outcomes;
- Maintain flexibility (eg able to change quickly if circumstances alter).

The MTFS can be found on the Authority's website, www.southdowns.gov.uk.

The specific principles applied to the 2016/17 budget strategy were:

- The Authority has a 'best value duty' to make arrangements to secure continuous improvement in the way in which its functions are exercised; having regard to a combination of economy, efficiency and effectiveness. Savings were reflected, where appropriate, in respect of contract reviews and the service level agreement arrangements with Host Authorities and the emphasis was on delivering the Local Plan and planning ahead to deliver a balanced budget over the next three years;
- Due to the size and nature of the budget, the Authority will always need to maintain some flexibility to fund one-off projects and unexpected costs. All budgets were reviewed with regard to the extent to which they were currently committed and the time it would take to implement any changes. This identified the variable or discretionary element of funding available in the short term and highlighted the need for more radical changes that would require a longer lead-in time to deliver efficiencies for the future;
- The individual budgets were identified as committed (ie fixed and contractual, essential operational budgets) and variable (ie discretionary budgets);
- The delivery of the Local Plan was identified as a key priority.

In 2016/17, the Authority set an original gross revenue budget of £10.812m which was funded by £9.963m National Park Grant, £1.374m of other grants and income with a contribution of £0.525m being made to reserves.

The 2016/17 budget included a permanent staffing establishment of 107.1 full-time equivalent (fte) posts and also accommodated 4.8 fte temporary posts that were assigned to short term projects. Volunteering time is recognised as a valuable resource to the Authority and it was estimated that in 2016/17 this would provide approximately 6,000 days with an estimated value of £330,000.

The Authority has £1.816m of fixed assets (after depreciation) on its Balance Sheet as at 31 March 2017. There was no capital investment in 2016/17.

The 2016/17 budgets were approved on 24 March 2016. Further details on the budget can be found on the Authority's website, www.southdowns.gov.uk.

Summary of Financial Performance

Revenue Summary

The Authority continues to maintain appropriate levels of reserves and balances to manage increasing financial and other risks both in year and for future years and approached the 2016/17 financial year from a strong financial base with a continuing track record in effective financial planning and management. For the 2016/17 financial year, the Authority reported a small overspend of £0.031m.

Decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across four service areas classed by the Authority as its operating segments.

In 2016/17, the Authority reported its financial performance across the following operating segments:

- Planning which covers development management (including major planning applications) and planning policy (including Local Plans, duty to cooperate and community led plans);
- Countryside and Policy Management which covers the performance and business planning support and work to support the Authority's PMP together with major partnerships and sustainable communities funds and the rangers service and their work with communities and partners, visitor public relations and volunteer coordination;
- Corporate Services which covers the cost of the Chief Executive and support to the Chair of the Authority and senior managers. It also includes support services (eg premises, human resources, IT, financial management, audit and legal), members services and the communications team;
- Strategic Investment Fund which provides funding to support major substantive partnership projects and support for smaller scale projects that support outcome delivery.

The aim of reporting financial performance at operating segment level is to enable users of the Authority's financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

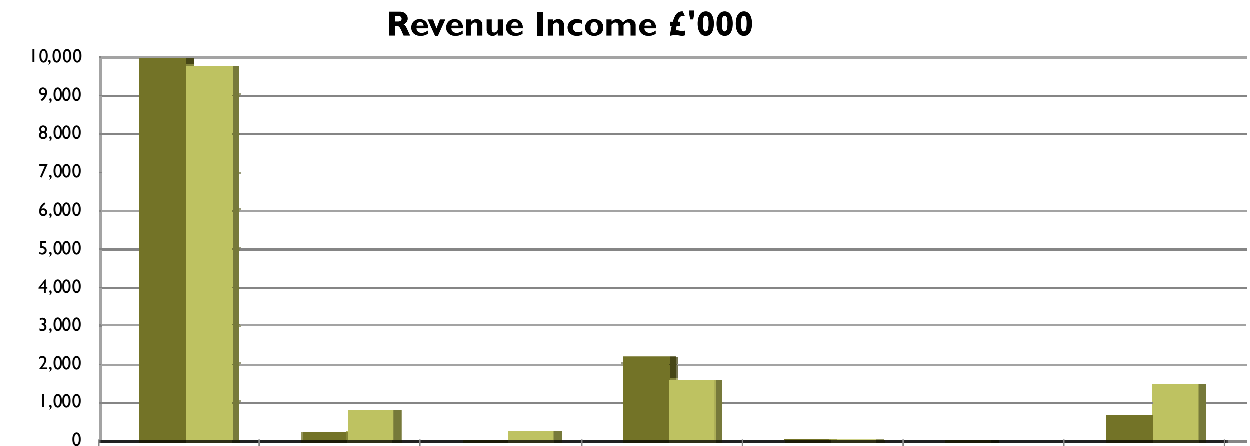
The following table summarises, by operating segment, the spending on services, including variations compared with the budget set by the Authority:

Spending on General Fund Services by Operating Segment			
Segments	**Revised Budget £'000**	**Actual £'000**	**Variance £'000**
Planning	2,693	2,823	**130**
Countryside and policy management	2,514	2,393	**(121)**
Corporate services	3,770	3,792	**22**
Strategic investment fund	67	67	**0**
Total	**9,044**	**9,075**	**31**
National Park grant	(9,963)	(9,963)	**0**
Total	**(919)**	**(888)**	**31**

Note: figures in brackets denote underspendings or income received in excess of that budgeted.

Revenue Income and Expenditure

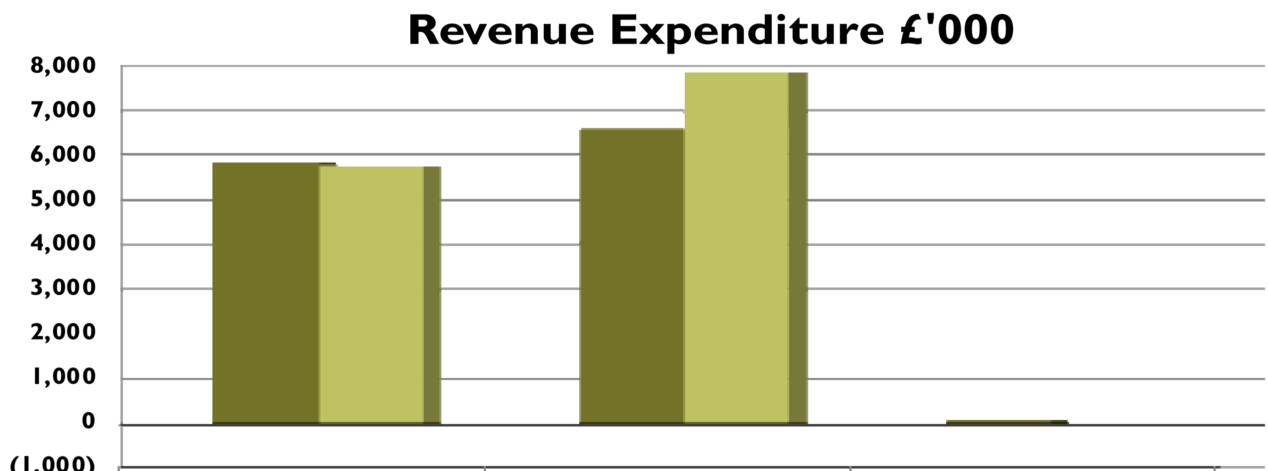
In 2016/17, the Authority received revenue income of £13.270m; this was £0.748m lower than that received in 2015/16. The following chart shows the revenue income over the two financial years:



	National Park Grant	Other Grants and Contributions	Customer and Client Receipts	Planning Fees Income	Interest Receivable	Income from Non Current Asset Disposals	Other Government Revenue Grants
2016/17	9,963	243	37	2,232	66	31	698
2015/16	9,795	800	269	1,604	59	15	1,476

Detail on the government grants and other grants and contributions received by the Authority in 2016/17 can be found in note 13.

In 2016/17 the Authority spent £12.488m on services which was £1.111m lower than that spent in 2015/16. The following chart shows the revenue expenditure over the two financial years:



	Employee Expenses	Other Service Expenses	Non Current Asset Charges
2016/17	5,835	6,573	80
2015/16	5,762	7,864	(27)

The Authority reported further details on its overall revenue position for 2016/17 to the Authority's Policy & Resources Committee in July 2017; the report can be found on the Authority's website, www.southdowns.gov.uk.

Capital Summary

The Authority did not have a capital investment programme in 2016/17.

Balance Sheet

As at 31 March 2017, the Authority held long term assets of £1.816m, current assets (including cash and investments) of £8.586m, current liabilities of £3.215m and long term liabilities (net pension liabilities) of £1.183m. The Authority did not borrow any funds. Furthermore, the Authority held usable reserves of £5.432m as at 31 March 2017.

Reserves and Provisions

Putting in place appropriate levels of general reserves is essential to enable the Authority to manage risk effectively and to provide cover for potential and unforeseen contingencies.

The level of General Fund balance held is a professional judgement by the Authority based on local circumstances including the overall budget size, risks, robustness of estimates, major initiatives being undertaken, budget assumptions and the levels of other earmarked reserves and provisions.

The General Fund balance must last the lifetime of the Authority unless contributions are made from future years' revenue budgets and is based on approximately 5% of expected DEFRA grant and planning income. Additional and ad-hoc grant income is not included due to the potential uncertainty of this type of funding and that to set aside 5% of any additional income secured would have a detrimental impact on the funds available to deliver outcomes. It is considered by the Chief Finance Officer that a working balance of £0.595m for 2017/18 is therefore prudent and reasonable.

The overspend of £0.031m in 2016/17 has been consolidated into the Authority's General Fund balance which stands at £0.991m.

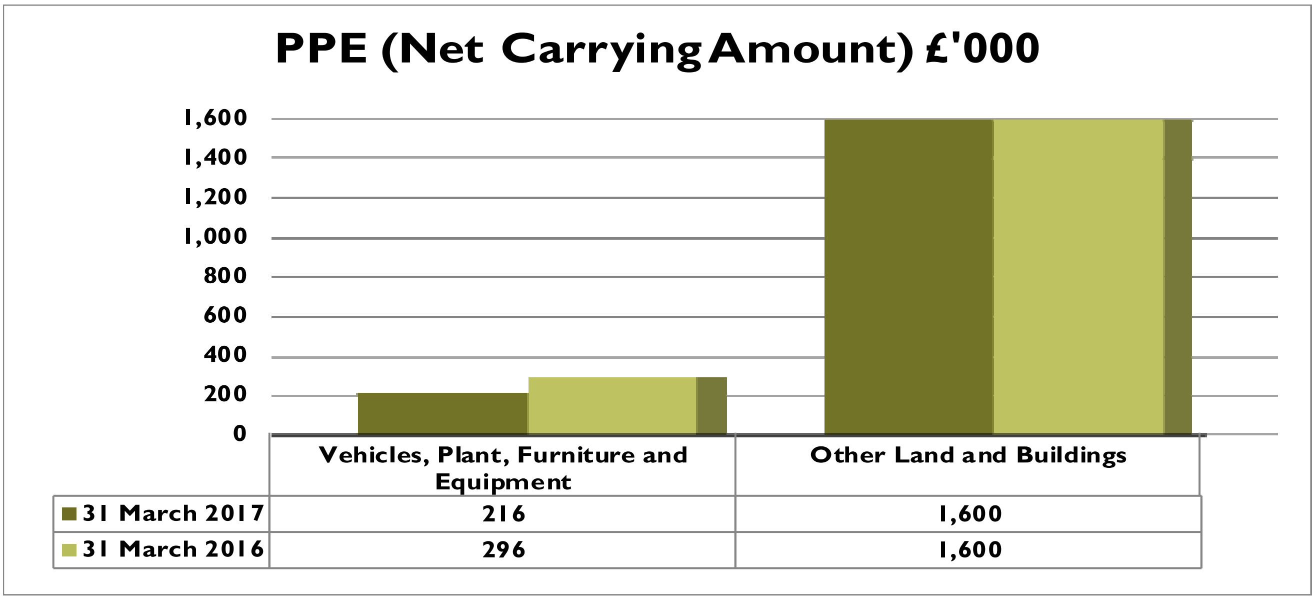
The Authority also holds earmarked reserves of £4.378m as at 31 March 2017, an increase of £0.814m. Note 7 provides information on the earmarked reserves held by the Authority for specific purposes.

The Authority has also set aside amounts in provisions for specific future liabilities. The level of provisions held as at 31 March 2017 was £0.168m, an increase of £0.115m; this increase is mainly in respect of £0.107m being set aside to meet obligations relating to two resolved planning appeals and challenges, where the exact value and timing of costs are uncertain as at 31st March 2017 but reliable estimates can be made. Further information on the provisions held is provided in note 12.

Property, Plant and Equipment (PPE)

The Authority holds land and buildings (ie the South Downs Centre) and vehicles, plant, furniture and equipment as PPE assets.

The value of the Authority's PPE has decreased in the financial year by £0.080m from the level reported in 2015/16 to £1.816m in 2016/17. The following chart shows the value of the Authority's PPE as at 31 March:



The Authority has not made any capital investment on PPE during the financial year.

During 2016/17, the Authority's valuers, Savills UK Ltd, carried out a valuation of the South Downs Centre using current value methodology which showed the same value as the previous financial year at £1.600m. On revaluation, the previous year's revaluation loss of £0.039m was written out of the CIES together with the in year depreciation charge of £0.039m.

Vehicle, plant, furniture and equipment assets have been depreciated by £0.080m during the financial year. The Authority sold four vehicles in 2016/17; however this had no impact on the carrying value as the assets had been fully depreciated.

Note 8 to the financial statements provides further information on PPE held by the Authority.

Pensions Liability

The Authority participates in the Local Government Pension Scheme (LGPS). West Sussex County Council acts as the Scheme Administrator of the West Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. The scheme is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. Hymans Robertson LLP, an independent firm of actuaries, assesses the position of the Authority's Pension Fund.

The Authority's net liability for future pension payments, as estimated by the pension actuary, Hyman Robertson LLP has increased in the financial year by £0.563m from the level reported as at 31 March 2016 to £1.183m at 31 March 2017.

The overall deficit on the pension fund of £1.183m represents the difference between the value of the Authority's pension fund assets as at 31 March 2017 and the estimated present value of the future pension payments (ie liabilities) to which it was committed at that date. The value of the Authority's pension fund assets has increased by £5.884m from the level reported as at 31 March 2016 to £13.733m as at 31 March 2017. The value of the future pension payments liabilities has also increased by £6.447m from the level reported as at 31 March 2016 to £14.916m as at 31 March 2017.

The liabilities reflect the Authority's long term underlying commitments to pay post-employment benefits. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding the liabilities.

The application of actuarial assumptions and other experience adjustments in relation to the pension liabilities has resulted in the pension liabilities increasing by £4.859m of which £3.131m relates to financial assumptions, £1.965m relates to other experience adjustments and (£0.237m) relates to demographic assumptions as detailed in the changes in the assumptions table in note 18. Effectively, the financial assumptions made by the actuary at 31 March 2017 are less favourable than those made at 31 March 2016. Specifically the discount rate used in the actuarial calculations has decreased during the financial year due to decreased real bond yields resulting in a negative impact on the net liability. Pension Scheme benefits are linked to price and salary inflation, therefore within the actuary's calculations, the real discount rate (ie net of price inflation) is compared from year to year when assessing the effect of changes in financial assumptions. The discount rate is set by reference to long term yields. The discount rate has decreased from 3.6% to 2.7%. A lower real discount rate leads to a higher value being placed on the liabilities.

Statutory arrangements for funding the pension deficit mean that the current financial position is robust although future funding of pension liabilities is expected to add to the financial pressures facing authorities. The deficit on the pension fund will need to be made good by increased contributions over the working life of employees, as assessed by the pension actuary.

The Authority recognises a reserve for the estimated net pension liability. Therefore, amounts included in the Authority's financial statements in relation to post-employment benefits have no effect on the General Fund balance. Note 18 to the financial statements provides further information on pension costs.

Investments

The Authority's treasury management function is provided through a management agreement with Brighton & Hove City Council.

At 31 March 2017 the Authority held investments including accrued interest of £7.510m of which:

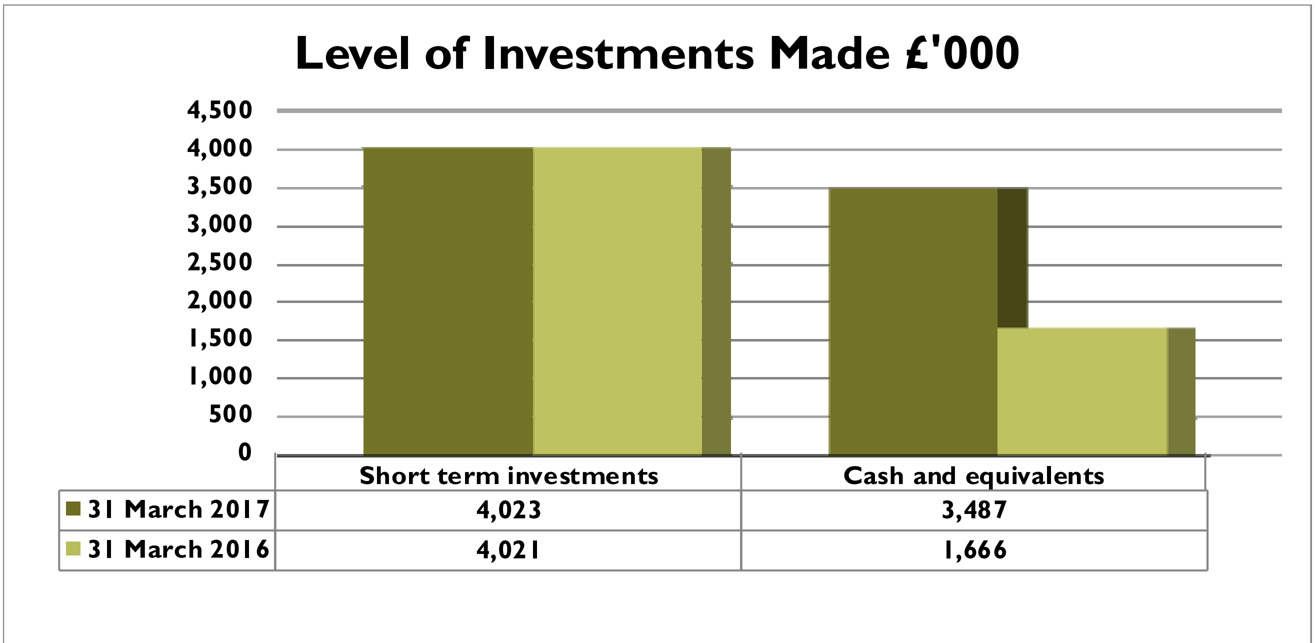
- £4.020m was invested externally with Lloyds Bank plc, of which £1.007m is held as a cash equivalent and £3.013m held as a short term investment;
- £2.018m was invested externally with Santander (UK) plc, of which, £1.008m is held as a cash equivalent and £1.010m is held as a short term investment;
- £1.472m was held as a cash equivalent under the management agreement with Brighton & Hove City Council.

The Authority's Annual Investment Strategy (AIS) for 2016/17 was approved by the Authority in March 2016. The AIS gives priority to security and liquidity. Security is achieved by:

- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base; and,
- having limits on the amount invested with any one institution.

For the purpose of determining credit ratings the Authority uses independent credit rating agencies. Rating criteria is only one factor taken into account in determining investment counterparties. Other factors, such as articles in the financial press, are monitored and action taken where it is felt the risk attached to a particular counterparty has or is likely to worsen. Action will include the suspension of a counterparty in appropriate circumstances. Liquidity is achieved by limiting the maximum period for investment.

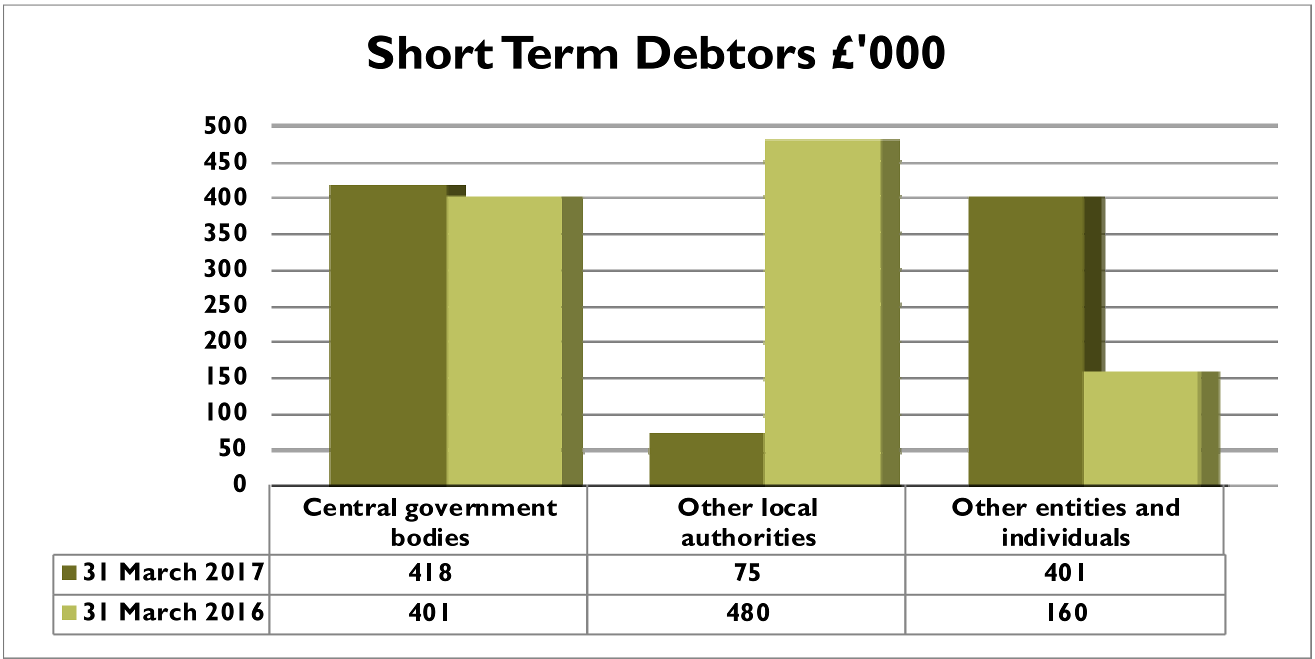
The level of investments has increased during the financial year by £1.823m. The following chart shows the level of investments made as at the 31 March:



During 2016/17, the Authority placed new short term investments of £18.366m of which £14.366m relates to cash equivalents and has realised cash from the maturity of short term investments of £16.561m of which £13.561m related to cash equivalents. Note 9 to the financial statements provide further information on investments.

Debtors

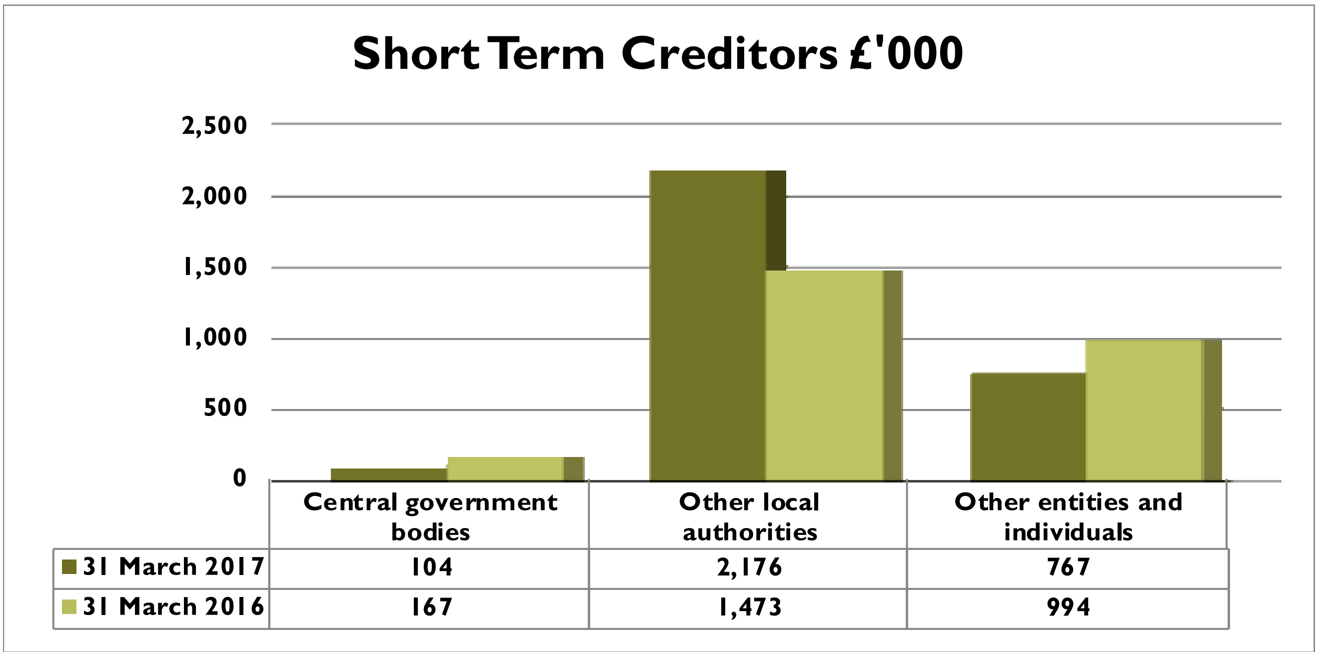
At 31 March 2017, £0.894m was owed to the Authority by debtors over the short term (ie 12 months). The level of short term debtors has decreased during the financial year by £0.147m. The Authority does not have any long term debtors. The following charts show the level of debts owed to the Authority at 31 March:



	Central government bodies	Other local authorities	Other entities and individuals
31 March 2017	418	75	401
31 March 2016	401	480	160

Creditors

At 31 March 2017, the Authority owed £3.047m to creditors; these amounts are owed over the short term. The level of short term creditors has increased during the financial year by £0.413m. The following chart shows the amounts owed by the Authority at 31 March:



	Central government bodies	Other local authorities	Other entities and individuals
31 March 2017	104	2,176	767
31 March 2016	167	1,473	994

Performance Indicators

The Authority has developed a set of Key Performance Indicators (KPIs) to demonstrate delivery of the Corporate Plan outcomes. Performance reports are reviewed by the Senior Management Team and the Governance Committee quarterly. In 2016/17, the Authority revised the KPIs; the majority of this new set of KPIs will stand until 2021.

Each KPI is reported with a detailed narrative provided by the officers responsible for delivery. The Authority's Performance Management Framework sets out how performance drives improvement.

In addition to its own corporate reporting, the Authority contributes performance data to a set of indicators agreed jointly by all National Parks. All the indicators have detailed methodology sheets which set out clearly how they are calculated and assumptions made.

Progress against target or achievement of milestones is flagged in reports using a 'red, amber, green' traffic light system, for corporate indicators and project information. An annual review is produced each year.

The current KPIs and PMP are detailed in appendix 1.

South Downs National Park Charitable Trust

In March 2017, the Authority gave approval to register a new South Downs National Park Charitable Trust and appointment of its initial trustees. The development of a charitable trust has been a long standing aim of the Authority to maximise external funding opportunities, adopted as an objective in the 2016-2021 Corporate Plan and identified in the Medium Term Financial strategy. The Board of Trustees will include members of the Authority and the Authority will also commit to providing staff time, expertise and funding to the new trust. It is anticipated that the trust will be formally registered and be operational in the 2017/18 financial year.

Direction of Travel and Strategic Approach

DEFRA has confirmed the National Park Authorities grant allocations up to the 2019/20 financial year, which includes an allocation of £10.135m to the Authority in 2017/18. The approved allocations reflect annual increases of 1.7% per annum until 2019/20. Although DEFRA have provided confirmation of grant allocations up to 2019/20, there is still a risk that assumptions of grant income may need to be revised, especially in later years, if notification of allocations is reduced. In such cases, compensating budget savings or contributions from reserves would be required to balance the budget position.

The Authority's MTFS will continue to seek flexibility within the overall budget whilst continuing to fund short term and one-off projects, identify savings, maximise potential income opportunities and provide flexibility for PMP priorities. The MTFS includes indicative allocations for ongoing investment in projects and contributions to strategic priorities; this includes the minimum contribution for major projects each year to meet existing commitments.

The MTFS period has been extended from a three to five year period covering 2017/18 to 2021/22 to give a longer term vision of the budget in light of current planned activities. The revenue principles set out in the MTFS underpin the approach to budget setting and support the Authority in maintaining financial stability over the period.

The MTFS reflects a number of initiatives and efficiency savings including:

- an annual £0.100m allocation to support the Affordable Housing options being considered by the Authority;
- an annual £0.050m allocation for a Farm Pilots scheme (post Brexit);
- a proactive approach to maximising income opportunities including potential income from corporate sponsorship and donations, and setting aside funding to explore the costs and benefits of setting up the

charitable arm of the Authority to maximise fundraising opportunities. An annual sum of £0.050m has been allocated to support this;

- setting aside funding to support Local Plan studies and examination;
- the expectation of additional one-off planning income in 2019/20 following the planned introduction of the Local Plan;
- ongoing review of the performance and value for money provided under corporate contracts, including printing, scanning, geographic information system (GIS), financial and insurance services;
- maximise the opportunity to bid for external funding sources, in line with the Authority's duty and purpose.

Explanation of the Financial Statements

The objectives of the Statement of Accounts (ie financial statements) are to provide information about the financial position, financial performance and cash flows of the Authority that is useful to a wide range of users for assessing the stewardship and accountability of the Authority's elected members and management of the resources entrusted to them and for making and evaluating economic decisions about the allocation of those resources.

The financial statements are presented on an International Financial Reporting Standards (IFRS) basis and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2016 to 31 March 2017 ("the financial year"). The Code specifies the format of the financial statements, disclosures and terminology that are appropriate for national park authorities.

The Code includes amendments to the provisions on the presentation of financial statements to reflect the new formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS) and has introduced a new Expenditure and Funding Analysis as a result of CIPFA's "Telling the Story" review of improvements to the presentation of local authority financial statements. The new formats for the CIES and MiRS are both changes in accounting policies and require the restatement of the preceding year information (ie for the 2015/16 financial year). Further details are included in Note 1 to the financial statements.

The Authority is required to present a complete set of financial statements (including comparative information). The financial statements are set out on pages 17 to 51 and are presented as follows:

Expenditure and Funding Analysis (EFA)

The objective of the new EFA is to demonstrate how the funding available to the Authority (ie government grants) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented fully in the Comprehensive Income and Expenditure Statement. The analysis of income and expenditure on the face of the EFA is specified by the Authority's operating segments which are based on the Authority's internal management reporting structure.

Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant. The Grant covers expenditure in accordance with regulations; this may be different from the accounting cost. The funding position is shown in both the EFA and the MiRS. The analysis of income and expenditure on the face of the CIES is specified by the Authority's operating segments which are based on the Authority's internal management reporting structure.

Movement in Reserves Statement (MiRS)

The MiRS shows the movement during the financial year on the different reserves held by the Authority, analysed into "usable reserves" (ie those that can be applied to fund expenditure) and "unusable reserves". The MiRS 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 the National Park Grant for the year. The net increase or decrease shows the statutory General Fund balance movements in the year following those adjustments.

Balance Sheet

The Balance Sheet shows the value as at the end of the financial year 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.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the financial year. 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 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. The Authority does not have any financing activities.

Notes to the Financial Statements

The notes to the financial statements comprise explanatory information.

The financial statements also include a Statement of Responsibilities which sets out the responsibilities of the Authority and the Chief Finance Officer.

The Authority uses rounding to the nearest £'000 in presenting amounts in its financial statements; some notes are rounded to the nearest £ to aid the presentation and understanding of the financial statements. The Authority has abbreviated £million as the symbol 'm'.

Further Information

These financial statements have been prepared by Brighton & Hove City Council on behalf of the Authority.

Further information about the financial statements is available from Brighton & Hove City Council, Financial Services, Bartholomew House, Bartholomew Square, Brighton. In addition, interested members of the public have a statutory right to inspect the financial statements and their availability is advertised on the Authority's website.

Nigel Manvell CPFA
Chief Finance Officer

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

(i) 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 Chief Finance Officer;

(ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

(iii) approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA[1] Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer is required to sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Authority at the 31 March and its income and expenditure for the financial year.

In preparing this Statement of Accounts the Chief Finance Officer has:

(i) selected suitable accounting policies and then applied them consistently;

(ii) made judgements and estimates that were reasonable and prudent;

(iii) complied with the local authority Code.

The Chief Finance Officer has also:

(i) kept proper accounting records which were up to date;

(ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2017 and its income and expenditure for the financial year ended 31 March 2017.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
21 July 2017

[1] Chartered Institute of Public Finance and Accountancy

Certification by Chair

I confirm that this Statement of Accounts was approved by the Policy & Resources Committee at a meeting held on 20 July 2017.

Signed on behalf of the South Downs National Park Authority

Ken Bodfish
Chair
Policy & Resources Committee

Date 21 July 2017

South Downs
National Park Authority

Core Financial Statements 2016/17

Expenditure and Funding Analysis (EFA)

Expenditure and Funding Analysis						
Year Ended 31 March 2016				Year Ended 31 March 2017		
Net Expenditure chargeable to the General Fund balance	Adjustments between Funding & Accounting Basis	Net Expenditure in the Comphrehensive Income & Expenditure Statement		Net Expenditure chargeable to the General Fund balance	Adjustments between Funding & Accounting Basis	Net Expenditure in the Comphrehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
2,585	2	**2,587**	Planning	2,823	6	**2,829**
3,087	(4)	**3,083**	Countryside and policy management	2,393	0	**2,393**
3,465	(72)	**3,393**	Corporate services	3,792	170	**3,962**
327	0	**327**	Strategic investment fund	67	0	**67**
(302)	302	**0**	Adjustments between funding & accounting basis for items within the operating segments	(322)	322	**0**
9,162	**228**	**9,390**	**Cost of Services**	**8,753**	**498**	**9,251**
(9,795)	0	**(9,795)**	National park grant	(9,963)	0	**(9,963)**
(0)	(14)	**(14)**	Other income and expenditure	0	(70)	**(70)**
(633)	**214**	**(419)**	**(Surplus) / Deficit on the Provision of Services**	**(1,210)**	**428**	**(782)**
		(3,526)	Opening General Fund balance at 1 April (including earmarked reserves)			**(4,159)**
		(633)	Less surplus / defict on General Fund balance in year			**(1,210)**
		(4,159)	**Closing General Fund Balance at 31 March (including earmarked reserves)**			**(5,369)**

Note: the Expenditure and Funding Analysis is a note to the financial statements, however, it is positioned here as it provides an analysis of the net expenditure that is chargeable in the CIES (ie (surplus) / deficit on the provision of services) between that net expenditure which is chargeable to the General Fund Balance (ie the overall movement on the General Fund Balance as shown in the MiRS) and the adjustments made to the General Fund Balance in accordance with generally accepted accounting practices as shown in the MiRS.

Notes to the Expenditure and Funding Analysis (EFA)

The following note sets out 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 net expenditure chargeable to the General Fund balance (ie the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure):

Note to the Expenditure and Funding Analysis				
2016/17	**Adjustments for Capital Purposes (note 1)**	**Net Change for the Pensions Adjustment (note 2)**	**Other Adjustments (note 3)**	**Total Adjustments**
	£'000	**£'000**	**£'000**	**£'000**
Planning	0	55	6	**61**
Countryside and policy management	0	90	0	**90**
Corporate services	80	198	3	**281**
Adjustments between funding & accounting basis for items within the operating segments	0	0	66	**66**
Net Cost of Services	**80**	**343**	**75**	**498**
Other income and expenditure	(31)	27	(66)	**(70)**
Difference between General Fund Surplus / Deficit and Comprehensive Income and Expenditure Surplus / Deficit	**49**	**370**	**9**	**428**

Note to the Expenditure and Funding Analysis				
2015/16 Comparative Figures	**Adjustments for Capital Purposes (note 1)**	**Net Change for the Pensions Adjustment (note 2)**	**Other Adjustments (note 3)**	**Total Adjustments**
	£'000	**£'000**	**£'000**	**£'000**
Planning	0	73	2	**75**
Countryside and policy management	75	191	(4)	**262**
Corporate services	(102)	66	2	**(34)**
Adjustments between funding & accounting basis for items within the operating segments	(134)	0	59	**(75)**
Net Cost of Services	**(161)**	**330**	**59**	**228**
Other income and expenditure	(15)	60	(59)	**(14)**
Difference between General Fund Surplus / Deficit and Comprehensive Income and Expenditure Surplus / Deficit	**(176)**	**390**	**0**	**214**

Note 1 – Adjustments for Capital Purposes

These adjustments include:

- items charged to services in relation to non-current assets (depreciation and revaluation gains and losses):
- adjustments for grants - revenue grants are adjusted from those receivable in year to those receivable without conditions or for which conditions were satisfied throughout the year.

Note 2 – Net Change for the Pensions Adjustments

These adjustments relate to the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- for services (ie operating segments) 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 other income and expenditure this represents the net interest on the defined benefit liability charged to the CIES.

Note 3 - Other Adjustments

This column includes other differences between amounts debited / credited to the CIES and amounts payable / receivable to be recognised under statute and includes adjustments to the General Fund surplus / deficit for employees' paid absences.

Further detail on these adjustments is provided in the note to the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement (CIES)

Comprehensive Income and Expenditure Statement							
Year Ended 31 March 2016 (Restated)					Year Ended 31 March 2017		
Gross Expenditure	Gross Income	Net Expenditure	Note		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
4,605	(2,018)	2,587		Planning	5,173	(2,344)	2,829
3,258	(175)	3,083		Countryside and policy management	2,520	(127)	2,393
3,405	(12)	3,393		Corporate services	3,982	(20)	3,962
2,271	(1,944)	327		Strategic investment fund	786	(719)	67
13,539	**(4,149)**	**9,390**	**Cost of Services**		**12,461**	**(3,210)**	**9,251**
		Other operating expenditure					
		(15)		(Gains) / losses on the disposal of non-current assets			(31)
		(15)	**Total Other Operating Expenditure**				**(31)**
		60		Net interest on the net defined benefit pension liability			27
		(59)		Interest receivable			(66)
		1	**Total Financing and Investment Income and Expenditure**				**(39)**
		Non-specific grant income					
		(9,795)		National Park grant			(9,963)
		(9,795)	**Total Non-Specific Grant Income**				**(9,963)**
		(419)	**(Surplus) / Deficit on the Provision of Services**				**(782)**
		(1,411)	18	Remeasurements of the net defined benefit liability			192
		(1,411)	**Other Comprehensive Income and Expenditure**				**192**
		(1,830)	**Total Comprehensive Income and Expenditure**				**(590)**

Note: the cost of services figures have been restated as described in note 1 to the financial statements.

Notes to the Comprehensive Income and Expenditure Statement (CIES)

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

Expenditure and Income analysed by Nature		
	2015/16	2016/17
	£	£
Employee expenses	5,762	5,835
Other service expenses	7,864	6,573
Non-current asset charges	(27)	80
Total Expenditure	**13,599**	**12,488**
Fees, charges and other service income	(2,673)	(2,512)
Income from non-current asset disposals	(15)	(31)
Interest receivable	(59)	(66)
Government grants and contributions	(11,271)	(10,661)
Total Income	**(14,018)**	**(13,270)**
(Surplus) / Deficit on the Provision of Services	**(419)**	**(782)**

The fees, charges and other service income (ie income received from external customers) is analysed further in the following table on an operating segment basis:

Income received from External Customers on an Operating Segment Basis		
	2015/16	2016/17
	£	£
Planning	(1,893)	(2,260)
Countryside and policy management	(769)	(233)
Corporate services	(11)	(19)
Total Income received from External Customers	**(2,673)**	**(2,512)**

Further details on the income received by the Authority, in the form of grant and contributions, from government bodies is detailed in note 13 to the financial statements.

Movement in Reserves Statement (MiRS)

Movement in Reserves Statement	Balance as at 1 April 2016	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March 2017
	£'000	£'000	£'000	£'000	£'000
2016/17					
USABLE RESERVES					
General fund balance (including earmarked reserves)	(4,159)	(782)	(428)	(1,210)	(5,369)
Capital receipts reserve	(32)	0	(31)	(31)	(63)
Total Usable Reserves	(4,191)	(782)	(459)	(1,241)	(5,432)
UNUSABLE RESERVES					
Unusable reserves held for revenue purposes					
Pensions reserve	620	192	371	563	1,183
Accumulated absences account	53	0	8	8	61
Total Held for Revenue Purposes	673	192	379	571	1,244
Unusable reserves held for capital purposes					
Capital adjustment account	(1,896)	0	80	80	(1,816)
Total Held for Capital Purposes	(1,896)	0	80	80	(1,816)
Total Unusable Reserves	(1,223)	192	459	651	(572)
Total Reserves	(5,414)	(590)	0	(590)	(6,004)
2015/16 Comparative Figures					
USABLE RESERVES					
General fund balance (including earmarked reserves)	(3,526)	(419)	(214)	(633)	(4,159)
Capital receipts reserve	(17)	0	(15)	(15)	(32)
Total Usable Reserves	(3,543)	(419)	(229)	(648)	(4,191)
UNUSABLE RESERVES					
Unusable reserves held for revenue purposes					
Pensions reserve	1,641	(1,411)	390	(1,021)	620
Accumulated absences account	53	0	0	0	53
Total Held for Revenue Purposes	1,694	(1,411)	390	(1,021)	673
Unusable reserves held for capital purposes					
Capital adjustment account	(1,735)	0	(161)	(161)	(1,896)
Total Held for Capital Purposes	(1,735)	0	(161)	(161)	(1,896)
Total Unusable Reserves	(41)	(1,411)	229	(1,182)	(1,223)
Total Reserves	(3,584)	(1,830)	0	(1,830)	(5,414)

The note below provides more detail on the usable reserves and the adjustments made between the accounting basis and funding basis under regulations. Note 6 provides more detail on the unusable reserves.

Notes to the Movement in Reserves Statement (MiRS)

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

General Fund Balance

The General Fund balance is the statutory fund into which all the receipts of the 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 Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the year end.

Capital Receipts Reserve

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

Adjustments between Accounting Basis and Funding Basis under Regulations			
	General Fund Balance	Capital Receipts Reserve	Total Adjustments
2016/17	**£'000**	**£'000**	**£'000**
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance wuth statutory requirements			
Pension costs (transferred to / (from) the pensions reserve)	(371)	0	(371)
Employees' paid absences (transferred to the accumulated absenses account)	(8)	0	(8)
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	(80)	0	(80)
Total Adjustments to Revenue Resources	**(459)**	**0**	**(459)**
Adjustments between Revenue and Capital Resources			
Non-current asset sale proceeds	31	(31)	0
Total Adjustments between Revenue and Capital Resources	**31**	**(31)**	**0**
Total Adjustments	**(428)**	**(31)**	**(459)**

Adjustments between Accounting Basis and Funding Basis under Regulations			
2015/16 Comparative Figures	**General Fund Balance**	**Capital Receipts Reserve**	**Total Adjustments**
	£'000	**£'000**	**£'000**
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance wuth statutory requirements			
Pension costs (transferred to / (from) the pensions reserve)	(390)	0	**(390)**
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	27	0	**27**
Total Adjustments to Revenue Resources	**(363)**	**0**	**(363)**
Adjustments between Revenue and Capital Resources			
Non-current asset sale proceeds	15	(15)	**0**
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	134	0	**134**
Total Adjustments between Revenue and Capital Resources	**149**	**(15)**	**134**

Balance Sheet

Balance Sheet			
As at 31 March 2016 £'000	Note		As at 31 March 2017 £'000
Long Term Assets			
1,896	**8**	Property, plant and equipment	1,816
1,896		**Long Term Assets**	**1,816**
Current Assets			
4,021	**9**	Short term investments	4,023
11	**21**	Inventories	10
1,041	**9,10**	Short term debtors	894
1,752	**9**	Cash and cash equivalents	3,659
6,825		**Current Assets**	**8,586**
Current Liabilities			
(2,634)	**9,11**	Short term creditors	(3,047)
(53)	**12**	Short term provisions	(168)
(2,687)		**Current Liabilities**	**(3,215)**
Long Term Liabilities			
(620)	**18**	Other long term liabilities	(1,183)
(620)		**Long Term Liabilities**	**(1,183)**
5,414		**Net Assets**	**6,004**
(4,191)	**5**	Usable reserves	(5,432)
(1,223)	**6**	Unusable reserves	(572)
(5,414)		**Total Reserves**	**(6,004)**

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 05 June 2017.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
21 July 2017

Cash Flow Statement

Cash Flow Statement		
2015/16 £'000		2016/17 £'000
419	**Net surplus / (deficit) on the provision of services**	**782**
(27)	Non-current asset charges - depreciation and revaluation	80
(896)	Increase / (decrease) in creditors	413
(345)	(Increase) / decrease in debtors	150
4	(Increase) / decrease in inventories	1
390	Movement in the pension liability (element charged to the surplus / deficit on the provision of services)	371
0	Contributions to / (from) provisions	115
(11)	Adjustment for effective interest rates	(3)
(885)	**Adjustment to surplus / (deficit) on the provision of services for non-cash movements**	**1,127**
(15)	Proceeds from the disposal of non-current assets	(31)
(15)	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	**(31)**
(481)	**Net Cash Flows from Operating Activities**	**1,878**
(215)	Purchase of non-current assets (including the movement in capital creditors)	(2)
(3,000)	Purchase of short term investments	(4,000)
1,000	Proceeds from short term investments	3,000
15	Proceeds from the sale of non-current assets	31
(2,200)	**Net Cash Flows from Investing Activities**	**(971)**
0	Reclassification of investments from short term investments to cash equivalents	1,000
(2,681)	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**1,907**
116	Bank current accounts	86
4,317	Short term deposits	1,666
4,433	**Cash and Cash Equivalents as at 1 April**	**1,752**
86	Bank current accounts	172
1,666	Short term deposits	3,487
1,752	**Cash and Cash Equivalents as at 31 March**	**3,659**

Net Cash Flows from Operating Activities relating to Interest		
2015/16 £'000		2016/17 £'000
59	Interest received	66
11	Adjustments for differences between effective interest rates and actual interest receivable (including movement in interest debtor)	3
70	**Interest Received**	**69**
70	**Net Cash Flows from Operating Activities relating to Interest**	**69**

Other Notes to the Core Financial Statements

1 Accounting Policies

The Authority has included its accounting policies in a separate section of the financial statements which can be found on pages 61 to 68.

The Authority has introduced a change in accounting policy in respect of the new formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS) and the introduction of a new Expenditure and Funding Analysis (EFA) as a result of CIPFA's "Telling the Story" review of improvements to the presentation of local authority financial statements.

The EFA brings together the Authority's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund balance. Proper accounting practices measure the resources that have been generated and consumed in the year whilst statutory provisions determine how much of the Authority's expenditure needs to be met from the National Park grant each year. The EFA takes the net expenditure that is chargeable to the National Park grant and reconciles it to the CIES.

The change in accounting policy in relation to the new format of the CIES represents the analysis of income and expenditure on the face of the CIES now being specified by the Authority's operating segments which are based on the Authority's internal management reporting structure. Previously the analysis of income and expenditure was reported on the Service Reporting Code of Practice (SeRCOP).

The change in accounting policy in relation to the new format of the MiRS represents the reporting requirements are now reduced to the absolute minimum with the split of Total Comprehensive Income and Expenditure being removed as well as earmarked reserves no longer being separated out on the face of the MiRS.

These changes in accounting policy required full retrospective restatement in accordance with the requirements of the Code and IAS 1 and therefore the Authority has restated the preceding year information (ie for the 2015/16 financial year). There is no impact on the Authority's Balance Sheet.

Further explanations of these financial statements are included in the Narrative Report.

2 Accounting Standards that have been Issued but not yet Adopted

Under the Code, the Authority is required to disclose details on the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. The new standards introduced by the 2017/18 Code are not relevant to the Authority.

3 Critical Judgements and Assumptions Made

In preparing the financial statements, the Authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on current trends and other relevant factors that are considered to be reasonable. These estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. However, because balances cannot be determined with certainty, actual results could be materially different from those assumptions and estimates made.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments, and accordingly are not corrections of errors.

The critical accounting judgements and assumptions made and key sources of estimation uncertainty identified by the Authority which have a significant effect on the financial statements are:

- Retirement Benefit Obligations –The estimation of the net pension liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions it should consider applying. Changes in these assumptions can have a significant effect on the value of the Authority's retirement benefit obligation. The key assumptions made are set out in note 18;
- Provisions – the Authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability. In calculating the level of provisions the Authority also exercises judgement; they are measured at the Authority's best estimate of the costs required to settle or discharge the obligation at the 31 March. The level of the Authority's provisions are set out in note 12;
- Property, Plant and Equipment (PPE) – assets are depreciated over useful lives that are dependent on assumptions such as the level of repairs and maintenance that will be incurred in relation to individual types of asset, the expected length of service potential of the asset and the likelihood of the Authority's usage of the asset. The useful lives are set out in note 8;
- Future Levels of Government Funding and Levels of Reserves – In January 2016, DEFRA confirmed a year on year funding increase for the Authority of 1.7% for four years covering the period 2016/17 to 2019/20. The Authority has set aside amounts in its working balance and reserves which it considers are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions and other earmarked reserves;
- Classification of Leases – the Authority has entered into lease arrangements in respect of property and vehicles. The Authority has exercised judgement in the classification of leases (ie operating or finance lease) using such factors as the length of the lease and rent levels. Details of the Authority's leases are set out in note 14;
- Asset Componentisation – The Authority has based the componentisation of the South Downs Centre asset using categories of typical buildings that the vast majority of this asset would fall under. The Authority has exercised judgement on the main components that make up these typical buildings based on professional advice from quantity surveyors employed by Brighton & Hove City Council. The Authority has also exercised judgement in classifying its assets under each typical building category and whether assets fall outside these categories and require individual attention for asset componentisation purposes.

4 Events after the Reporting Period

These financial statements were authorised for issue by the Chief Finance Officer on 05 June 2017. Events taking place after this date are not reflected in the financial statements or notes.

There are no events after the reporting period to be reported.

5 Usable Reserves

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

6 Unusable Reserves

Capital Adjustment Account (CAA)

The CAA 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 CAA is debited with the cost of acquisition, construction or enhancement as depreciation and revaluation losses are charged to the CIES. The account is credited with the amounts set aside by the Authority as finance for costs of acquisition, construction and enhancement. The following table shows the balances on the CAA at the beginning and end of the financial year and the detailed movements during the financial year:

Capital Adjustment Account	2015/16 £'000	2016/17 £'000
Balance as at 1 April	**(1,735)**	**(1,896)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non-current assets	106	119
Revaluation losses on non-current assets	150	0
Upward revaluations reversing previous revaluation losses on non-current assets	(283)	(39)
Use of earmarked reserves to finance new capital investment	(134)	0
Total adjustments between accounting basis and funding basis under regulations	**(161)**	**80**
Balance as at 31 March	**(1,896)**	**(1,816)**

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 CIES 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 pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The following table shows the balances on the pensions reserve at the beginning and end of the financial year and the detailed movements during the financial year:

Pensions Reserve		
	2015/16	2016/17
	£'000	£'000
Balance as at 1 April	**1,641**	**620**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	(1,411)	192
Total other comprehensive income and expenditure	**(1,411)**	**192**
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to retirement benefits charged to the surplus / deficit on the provision of services in the CIES	1,108	1,066
Employer's pensions contributions payable	(718)	(695)
Total adjustments between accounting basis and funding basis under regulations	**390**	**371**
Balance as at 31 March	**620**	**1,183**

The reserve is normally at the same level as the pensions liability carried on the top half of the Balance Sheet. Note 18 provides further information.

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken during the financial year (eg annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to / from the accumulated absences account. The following table shows the balances on the accumulated absences account at the beginning and end of the financial year and the detailed movements during the financial year:

Accumulated Absences Account		
	2015/16	2016/17
	£'000	£'000
Balance as at 1 April	**53**	**53**
Adjustments between accounting basis and funding basis under regulations		
Settlement / cancellation of accrual made at the end of the preceding financial year	(53)	(53)
Amounts accrued at the end of the current financial year	53	61
Total adjustments between accounting basis and funding basis under regulations	**0**	**8**
Balance as at 31 March	**53**	**61**

7 Earmarked Reserves

The following table sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/17:

Transfers to / from Earmarked Reserves							
	Balance at 1 April 2015	Transfers To 2015/16	Transfers From 2015/16	Balance at 31 March 2016	Transfers To 2016/17	Transfers From 2016/17	Balance at 31 March 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue reserves							
Sustainable communities fund	(316)	0	117	(199)	0	199	0
Carry forwards reserve	(597)	(329)	597	(329)	(459)	329	(459)
Revenue grants reserve	0	0	0	0	(195)	0	(195)
Planning reserve	(580)	0	0	(580)	0	0	(580)
Strategic fund reserve	(254)	(283)	148	(389)	(605)	439	(555)
South Downs Way reserve	(20)	0	0	(20)	0	0	(20)
Volunteer ranger service reserve	(31)	0	0	(31)	0	0	(31)
Repairs and renewals - vehicles reserve	(138)	(33)	137	(34)	0	0	(34)
Restructure redundancy reserve	0	(240)	0	(240)	0	240	0
S106 receipts reserve	(593)	(645)	94	(1,144)	(1,329)	562	(1,911)
Capital reserves							
South Downs Centre	0	(2)	0	(2)	0	0	(2)
Estates management reserve	(366)	(230)	0	(596)	0	5	(591)
Total	(2,895)	(1,762)	1,093	(3,564)	(2,588)	1,774	(4,378)

The sustainable communities fund was used to provide small community grants to support community action in the delivery of local and national priorities of the Park.

The carry forwards reserve holds approved carry forward of budget to meet future specific costs.

The revenue grants reserve holds revenue grants received by the Authority that have no conditions attached for which expenditure has not yet been incurred.

The planning reserve is a long term risk reserve covering potential costs resulting from planning inquiries, changes to future delegation agreements and significant falls in planning income and support for neighbourhood plans.

The strategic fund reserve provides funding for specific projects.

The South Downs Way reserve and volunteer ranger service reserve have been funded from reserves held by other local authorities from the South Downs Joint Committee. These reserves will be used to fund expenditure incurred on these areas in the future.

The repairs and renewals vehicle reserve is used to replace existing vehicles as they come to the end of their useful live.

The restructure / redundancy reserve was ~~be~~ used to fund approved redundancy payments and associated severance and pension payments. It also funded other costs arising from service restructures such as additional recruitment and training costs.

The S106 receipts reserve holds contributions made to the Authority by developers under a non-statutory agreement. These receipts will be primarily used to develop infrastructure within the Park.

The capital reserves hold resources which are used to fund capital projects as part of the Authority's capital investment programme.

8 Property, Plant and Equipment (PPE)

The Authority categorises its PPE into sub categories, namely other land and buildings and vehicles, plant, furniture and equipment. The following table shows the gross carrying amount and the accumulated depreciation at the beginning and end of the financial year and summarises the movement in value over the financial year for each sub category of PPE:

Non-Current Assets			
2016/17	**Other Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Total PPE**
	£'000	**£'000**	**£'000**
Gross carrying amount	1,600	493	**2,093**
Accumulated depreciation	0	(197)	**(197)**
Net Carrying Amount at 1 April 2016	**1,600**	**296**	**1,896**
Asset Disposals			
Derecognition - disposals	0	(48)	**(48)**
Derecognition - disposals (depreciation)	0	48	**48**
Transactions charged to the surplus / deficit on the provision of services in the CIES			
Reversal of previous revaluation losses	39	0	**39**
Depreciation charge	(39)	(80)	**(119)**
Net Carrying Amount at 31 March 2017	**1,600**	**216**	**1,816**
Gross carrying amount	1,600	445	**2,045**
Accumulated depreciation	0	(229)	**(229)**
Net Carrying Amount at 31 March 2017	**1,600**	**216**	**1,816**

Non-Current Assets			
2015/16 Comparative Figures	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total PPE
	£'000	£'000	£'000
Gross carrying amount	1,500	385	1,885
Accumulated depreciation	0	(150)	(150)
Net Carrying Amount at 1 April 2015	**1,500**	**235**	**1,735**
Capital Additions			
Additions	(2)	136	134
Asset Disposals			
Derecognition - disposals	0	(28)	(28)
Derecognition - disposals (depreciation)	0	28	28
Reversal of previous revaluation losses	283	0	283
Depreciation charge	(31)	(75)	(106)
Revaluation losses	(150)	0	(150)
Net Carrying Amount at 31 March 2016	**1,600**	**296**	**1,896**
Gross carrying amount	1,600	493	2,093
Accumulated depreciation	0	(197)	(197)
Net Carrying Amount at 31 March 2016	**1,600**	**296**	**1,896**

Valuations

The valuation of other land and buildings (ie the South Downs Centre) is based upon a valuation report issued annually by the Authority's valuers, Savills UK Ltd. The valuation is carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The Authority requires that all valuers are RICS qualified.

Componentisation and Useful Lives

During 2016/17, the Authority componentised the South Downs Centre using information provided by Brighton & Hove City Council's quantity surveyors. The building is componentised into five components: main asset building, roof, windows and external doors, mechanical installations and electrical installations. The separate components have individual useful lives: 50 years for the main asset building, 25 years for electrical installations and 20 years for the remaining components.

Asset lives for vehicles, plant, furniture and equipment are set at five years.

9 Financial Assets and Liabilities – Financial Instruments

The Authority's treasury management function is provided by Brighton & Hove City Council through a management agreement.

Categories of Financial Instruments

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

Categories of Financial Instruments		
	Short Term	
	31 March 2016	31 March 2017
	£'000	£'000
Investments		
Loans and receivables	5,687	7,510
Total Investments	**5,687**	**7,510**
Debtors		
Financial assets carried at contract amounts	561	250
Total Debtors	**561**	**250**
Creditors		
Financial liabilities carried at contract amounts	(2,434)	(2,867)
Total Creditors	**(2,434)**	**(2,867)**

The above table includes the following investments:

- an investment with the Lloyds Bank plc of £4.020m. of which £1.007m is held as a cash equivalent and £3.013m held as a short term investment (£2.014m 2015/16);
- investments with the Santander (UK) plc totalling £2.018m, of which £1.008m is held as a cash equivalent and £1.010m is held as a short term investment (£2.005m 2015/16);
- an investment with Brighton & Hove City Council of £1.472m held as a cash equivalent (£0.664m 2015/16)

The Authority's bank account was in credit by £0.172m as at 31 March 2017 (£0.086m in credit as at 31 March 2016).

The Authority does not have any long term financial instruments.

Income, Expense, Gains and Losses

In 2016/17, there was a net gain of £0.061m (£0.054m 2015/16) on loans and receivables which has been charged to the CIES; this includes a fee expense of £0.005m (£0.005m 2015/16) and interest income of £0.066m (£0.059m 2015/16). The interest income has been generated through a combination of external investments and balances held by Brighton & Hove City Council.

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

Financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Financial assets represented as debtors and financial liabilities represented by creditors are both carried on the Balance Sheet at contract amounts. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments using the following assumptions:

- where a financial instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding;
- the fair value of creditors is taken to be the invoiced amount;
- the fair value of debtors is taken to be the billed amount.

The fair values calculated are as follows:

Financial Liabilities

Financial Liabilities				
	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors	(2,434)	(2,434)	(2,867)	(2,867)
Total Financial Liabilities	**(2,434)**	**(2,434)**	**(2,867)**	**(2,867)**

All financial liabilities are short term at 31 March 2017; therefore the fair value of liabilities is equal to the carrying amount.

Financial Assets

Financial Assets				
	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and receivables	5,687	5,687	7,510	7,510
Cash at bank	86	86	172	172
Total Investments	**5,773**	**5,773**	**7,682**	**7,682**
Debtors	561	561	250	250
Total Financial Assets	**6,334**	**6,334**	**7,932**	**7,932**

All financial assets are short term at 31 March 2017; therefore the fair value of investments is equal to the carrying amount.

Nature and extent of risks arising from financial instruments and how the Authority manages those risks

The Authority'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 Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- refinancing risk – the possibility that the Authority 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 as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise the losses resulting from this risk. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance and for the following three years, prudential indicators to: limit the Authority's (a) overall borrowing, (b) maximum and minimum exposure to fixed and variable rates, (c)

maximum and minimum exposure regarding the maturity structure of its debt and (d) maximum annual exposure to investments maturing beyond a year;
- by approving an investment strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These items are reported within the annual Treasury Management Strategy (TMS), which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. The strategy was approved by the Authority on 24 March 2016 and can be found on the Authority's website, www.southdowns.gov.uk.. Actual performance is also reported annually to members.

The key issues within the strategy were:

- the Authority would not raise borrowing during the financial year and therefore no borrowing limits or prudential indicators in relation to borrowing were set for 2016/17;
- investment would only be made in institutions with good credit quality.

These procedures and strategies are implemented through a management agreement with Brighton & Hove City Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements set out in the Authority's investment strategy. Additional selection criteria are also applied before an investment is made.

The minimum criteria set out in the investment strategy for investment counterparties were:

- major banks and building societies to have a short term rating that indicates the highest credit quality;
- money market funds to have a rating equal to "AAA" (triple A).

Investment counterparties also included other local authorities and government institutions. All investments were subject to a maximum period dependent upon their credit rating.

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

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £7.510m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there is no evidence at 31 March 2017 that this was likely to crystallise.

The Authority does not expect any losses from non-performance of any of its counterparties in relation to deposits and bonds.

The Authority maintains strict credit criteria for investment counterparties.

During the financial year, the Authority did not hold collateral as security for any investment.

The Authority does not generally allow credit for its customers; however, an element of the outstanding debtors at the 31 March is past their due date for payment. The following table shows the level of debtors past their due date for payment analysed by age:

Debtors past their due date for Payment		
	31 March 2016	31 March 2017
	£'000	£'000
Less than 3 months	3	83
Between 3 and 6 months	8	60
Between 6 and 12 months	1	1
More than 12 months	0	7
Total	**12**	**151**

Liquidity Risk

The Authority has projected that it will have sufficient funds to cover any day to day cash flow need. There is therefore no significant risk that it will be unable to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures mentioned above (the setting and approval of prudential indicators and the approval of the treasury and investment strategies), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Authority maintains an investment portfolio, with a proportion of the funds available at call. The Authority is not exposed to refinancing and maturity risk as all financial instruments are held for less than one year.

The maturity analysis of the financial assets (excluding debtors) invested in the financial year of £7.510m (£5.687m in 2015/16) is less than one year.

Market Risk

Interest rate risk

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

- investments at variable rates - the interest income credited to the CIES will rise;
- investments at fixed rates - for long term investments the fair value of the assets will fall.

Changes in interest receivable on variable rate investments are posted to the surplus / deficit on the provision of services and affect the Authority's General Fund balance.

The Authority has a number of strategies for managing interest rate risk. The annual TMS draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this statement a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Brighton & Hove City Council's treasury management team monitors market and forecast interest rates within the financial year to adjust exposures appropriately.

The Authority held no borrowing and £1.467m investments subject to variable interest rates at 31 March 2017. A 1% rise in interest rates would have the impact of increasing the interest receivable on this investment during 2016/17 by £0.031m. There would be no impact of a 1% rise in interest rates on fair value as investments are all for less than one year.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Authority does not invest in equity shares.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies; therefore, it has no exposure to loss arising from movements in exchange rates.

10 Debtors

The following table shows an analysis of the Authority's short term debtors:

Short Term Debtors		
	31 March 2016	31 March 2017
	£'000	£'000
Central government bodies	401	418
Other local authorities	480	75
Other entities and individuals	160	401
Total Short Term Debtors	**1,041**	**894**

£0.250m of short term debtors are classed as financial instruments and are included in note 9; those debtors not included are statutory debtors, grant debtors and payments in advance.

11 Creditors

The following table shows an analysis of the Authority's short term creditors:

Short Term Creditors		
	31 March 2016	31 March 2017
	£'000	£'000
Central government bodies	(167)	(104)
Other local authorities	(1,473)	(2,176)
Other entities and individuals	(994)	(767)
Total Short Term Creditors	**(2,634)**	**(3,047)**

£2.867m of short term creditors are classed as financial instruments and are included in note 9; those creditors not included are statutory creditors and receipts in advance.

12 Provisions

The Authority sets aside amounts as provisions for liabilities of uncertain timing or amount.

The Authority has an accumulated absences provision which relates to the accumulated compensated absences (eg annual leave and flexi leave) that are carried forward for use in future periods if the current period's entitlements are not used in full. The entire previous year's provision was utilised in year with an additional provision being made of £0.061m. The level of the provision as at 31 March 2017 was £0.061m (£0.053m 31 March 2016).

During 2016/17, the Authority has also made provision totalling £0.107m to meet obligations relating to two resolved planning appeals and challenges where the exact value and timing of costs are uncertain as at 31st March 2017 but reliable estimates can be made.

The following table shows the level of the Authority's provisions as at 31 March together with the movement during the financial year:

Provisions				
		2016/17		
	Balance at 1 April 2016	Additional Provisions Made	Amounts Used	Balance at 31 March 2017
	£'000	£'000	£'000	£'000
Short Term Provisions				
Accumulated absences	(53)	(61)	53	(61)
Other provisions	0	(107)	0	(107)
Total	**(53)**	**(168)**	**53**	**(168)**

13 Grant Income and Contributions

The Authority receives grants from central government and contributions for revenue purposes.

Government Revenue Grants

Grants received from central government can be either ring fenced for a specific purpose or non-ring fenced. The table below shows the government grants received by the Authority and credited to the CIES:

Government Revenue Grants		
	2015/16	2016/17
	£'000	£'000
Non-ring fenced government grants credited to taxation and non-specific grant income		
Department for Environment, Food and Rural Affairs	(9,795)	(9,963)
Total	**(9,795)**	**(9,963)**
Ring fenced government grants credited to cost of services		
Natural England	(96)	(114)
Heritage Lottery Fund	(219)	(424)
Rural Payments Agency	(19)	(11)
Department for Communities and Local Government	(125)	(85)
Department for Transport	(1,008)	(1)
Department for Environment, Food and Rural Affairs	(9)	(41)
Historic England	0	(22)
Total	**(1,476)**	**(698)**
Total Government Revenue Grants	**(11,271)**	**(10,661)**

Non-Ring Fenced Grants

The non-ring fenced government grant received by the Authority from the Department for Environment, Food and Rural Affairs of £9.963m is the Natural England grant which can be used by the Authority to finance revenue expenditure on any service.

Ring Fenced Government Grants

The significant ring fenced grants received by the Authority are:

- grants from the Heritage Lottery Fund totalling £0.424m are used to fund archaeological and heathland restoration projects within the Park;
- the grant from Natural England of £0.114m is used to fund improvements to the South Downs Way.

Revenue Contributions

The table below shows the revenue contributions received by the Authority:

Revenue Contributions	2015/16 £'000	2016/17 £'000
Revenue contributions credited to cost of services		
Contributions from other agencies / external bodies	(46)	(66)
Contributions from other local authorities	(660)	(149)
Other contributions, donations and sponsorship	(13)	(2)
Contributions from developers and stakeholders	(81)	(26)
Total Revenue Contributions	**(800)**	**(243)**

14 Leases

Authority as Lessee – Operating Leases

The Authority leases vehicles under operating leases with lease periods of between one and five years. The future minimum lease payments due under non-cancellable operating leases in future financial years are:

Future Minimum Lease Payments under Operating Leases (Lessee)	31 March 2016 £'000	31 March 2017 £'000
Not later than one year	15	32
Later than one year and not later than five years	32	32
Total Future Minimum Lease Payments	**47**	**64**

In 2016/17, the Authority made lease payments of £0.031m (£0.018m 2015/16) in respect of these leases; the lease payments were charged to the relevant cost of service in the CIES.

15 Related Parties

The Authority has the following material related party transactions:

Central Government

Central government has significant influence over the general operations of the Authority and provides the statutory framework within which the Authority operates. Central government also provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the grants received from government departments in 2016/17 can be found in note 13. Details of the amounts owed to / from central government are included in notes 10 and 11.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in note 19. During 2016/17, works and services to the value of £3.666m (£4.520m 2015/16) were commissioned from companies and other local authorities in which members have declared an interest. Contracts were entered into in full compliance with the Authority's standing orders. Details of the entities that members are involved with are recorded in the Register of Members' Interests which is held by the Authority.

Officers

Senior officers of the Authority, such as the chief executive and other chief officers have the authority and responsibility for planning, directing and controlling the activities of the Authority, including the oversight of these activities. During 2016/17, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.484m (£0.448m 2015/16). Senior officers of Brighton & Hove City Council were in a position to influence financial transactions of the Authority. The financial services contract was secured through a formal tender process for an initial period 1 April 2012 to 31 March 2015 with the option to extend for a further two years; this option has been exercised. The contract was retendered in full in Summer 2016 and Brighton & Hove City Council were successful in securing a three year contract to provide financial services and Chief Finance Officer S151 services to the Authority until 2019/20. The contract is independently monitored by the Authority's Business Services Manager.

16 Officers' Remuneration

In 2016/17 senior employee posts (the Chief Executive and the directors who make up the Senior Management Team of the Authority) and other officer posts of the Authority were filled through a combination of permanent appointments and interim and agency appointments. The remuneration paid to the Authority's senior employees is detailed in the following tables:

Senior Employee Remuneration - salary between £50,000 and £149,999						
2016/17						
Post Holder Information	Salary (including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive	103,696	876	0	104,572	20,559	125,131
Director of Corporate Services	25,957	22	38,617	64,596	3,672	68,268
Interim Director of Corporate Services	30,206	0	0	30,206	0	30,206
Director of Planning	92,193	104	0	92,297	18,328	110,625
Director of Countryside Policy and Management	77,336	0	0	77,336	15,390	92,726
Director of Operations	11,051	132	74,503	85,686	2,199	87,885
Total	**340,439**	**1,134**	**113,120**	**454,693**	**60,148**	**514,841**

Senior Employee Remuneration - salary between £50,000 and £149,999						
2015/16						
Post Holder Information	Salary (including Fees & Allowances) £	Expense Allowances £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive	98,640	0	0	98,640	19,365	118,005
Director of Corporate Services	21,342	0	0	21,342	4,200	25,542
Interim Director of Corporate Services	73,087	0	0	73,087	0	73,087
Director of Planning	85,501	0	0	85,501	16,975	102,476
Director of Strategy	74,590	0	0	74,590	14,580	89,170
Director of Operations	65,757	0	0	65,757	12,937	78,694
Total	**418,917**	**0**	**0**	**418,917**	**68,057**	**486,974**

Note: In 2016/17, the interim Director of Corporate Services was employed on an agency basis up to July 2016.

Other Employee Remuneration

The following table provides an analysis of the remuneration paid to other employees receiving more than £50,000 remuneration (excluding employer's pension contributions):

Other Officer Remuneration		
	2015/16	2016/17
Remuneration Band	Number of Employees	Number of Employees
£50,000 - £54,999	3	4
Total	**3**	**4**

The following table shows an analysis of the cost of non-senior employees:

Other Staff				
	2015/16		2016/17	
Nature of Employment	Number of Staff	Actual Cost £'000	Number of Staff	Actual Cost £'000
Employed	134	3,526	146	4,095
Interim Staff	7	125	9	124
Total	**141**	**3,651**	**155**	**4,219**

Note: all costs include expenses and agency fees, interim staff includes all agency staff and consultants.

The figures included in the above table represent the number of staff not full time equivalent (FTE) figures.

17 Exit Packages

The Authority terminated the contracts of 9 employees during 2016/17, incurring liabilities in respect of termination benefits of £0.215m (£0.027m 2015/16). These amounts were paid to employees, employed across different services within the Authority and were fully charged to the CIES in the financial year.

The following table shows the numbers of exit packages with the total cost per band and total cost of the compulsory and other redundancies:

Exit Packages								
	Number of Compulsory Redundancies		Number of Other Departures		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2015/16	2016/17	2015/16	2016/17	205/16	2016/17	2015/16	2016/17
Cost Band							£'000	£'000
£0 - £20,000	0	1	5	4	5	5	27	46
£20,001 - £40,000	0	1	0	2	0	3	0	48
£40,001 - £60,000	0	0	0	0	0	0	0	46
£60,001 - £80,001	0	1	0	0	0	1	0	75
Total	**0**	**3**	**5**	**6**	**5**	**9**	**27**	**215**

Note: the costs included in the above table include voluntary redundancy costs, early retirement pension costs and pay in lieu of notice

18 Defined Benefit Pension Schemes

The Authority makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its employees. Although these benefits will not actually be payable until employees retire, the Authority has to disclose the commitment in respect of the future payment of these benefits at the time that the employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS). West Sussex County Council acts as the Scheme Administrator of the West Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. Within the responsibilities of the Scheme Administrator is the requirement to liaise and communicate with employing authorities that participate in the Fund, ensure adequate record keeping in respect of each member of the Fund, to calculate and pay appropriate benefits to members and to produce the required information to comply with disclosure requirements.

The scheme is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Hymans Robertson LLP, an independent firm of actuaries, assesses the position of the Authority's Pension Fund.

The calculations and advice given by Hymans Robertson LLP in their actuarial report has been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013 (version 2).

Basis for Estimating Assets and Liabilities

The scheme has been estimated by the actuary based on the latest full valuation of the scheme as at 31 March 2016. Liabilities for the scheme have been assessed on an actuarial basis using the projected unit credit method (ie an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.).

Actuarial assumptions are used by the actuary to calculate the valuation of the scheme. Risks and uncertainties are inherently associated with the assumptions that are adopted. The assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty inherent in what constitutes the "best estimate" with such projections as required by IAS 19. The actuary has interpreted "best estimate" to mean that the proposed assumptions are "neutral" and has advised that there is an equal chance of actual experience being better or worse than the assumptions used. The following table shows the principal assumptions used by the actuary as at the 31 March:

Basis for Estimating Assets and Liabilities		
	31 March 2016	31 March 2017
Long term expected rate of return on assets in the scheme		
Equity investments	3.6%	2.7%
Bonds	3.6%	2.7%
Property	3.6%	2.7%
Cash	3.6%	2.7%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	24.4 years	23.6 years
• women	25.8 years	25.0 years
Longevity at 65 for future pensioners:		
• men	26.9 years	26.0 years
• women	28.5 years	27.8 years
Financial assumptions		
Rate of inflation	2.2%	2.4%
Rate of increase in salaries	3.7%	3.1%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.6%	2.7%
Expected total return on assets	3.6%	2.7%
Take up of option to convert annual pension in retirement grant	*	*

** Pre April 2008 50% and post April 2008 75%*

IAS 19 requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures prepared by the actuary in their actuarial report are unlikely to reflect either the actual eventual cost of providing the benefits or the likely level of contributions to fund the authority's obligations to the Fund. Also, the net liability position may change significantly due to relative changes in the equity and bond markets at the reporting date.

Sensitivity to Assumptions

The estimation of the defined benefit obligation is sensitive to the methods and assumptions used by the actuary:

- the costs of a pension arrangement require estimates regarding future experience. The financial assumptions used by the actuary are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment) can have a significant effect on the value of the liabilities reported. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2017 on varying bases;
- a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude;
- there is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment. To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Authority of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3 to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (ie if improvements to survival rates predominately apply at younger or older ages).

The following table shows the sensitivities regarding the principle assumptions that show the increase in percentage terms and monetary values that the changes have on the scheme liabilities.

Change in assumptions at 31 March 2017	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in real discount rate	15%	2,188
1 year increase in member life expectancy	4%	579
0.5% increase in salary increase rate	10%	1,564

The figures in the above table have been derived based on the membership profile of the Authority as at the date of the most recent actuarial valuation. The approach taken by the actuary in preparing the sensitivity analysis in the table above is consistent with that adopted in the previous financial year.

Transactions relating to Post-Employment Benefits

The Authority recognises post-employment benefits in the surplus / deficit on the provision of services in the CIES when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make to its General Fund balance is based on the cash payable during the financial year rather than the earned post-employment benefits which are therefore reversed out of the General Fund balance to the pensions reserve and reported in the MiRS. The following transactions have been made in the CIES and MiRS during the financial year in relation to the scheme:

Transactions relating to Post Employment Benefits in respect of the Local Government Pension Scheme		
	2015/16 £'000	2016/17 £'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services		
Service Cost Comprising:		
Current service cost	1,048	899
Past service cost	0	140
Financing and Investment Income and Expenditure		
Net interest expense	60	27
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**1,108**	**1,066**
Other Post Employment Benefits charged to the CIES		
Remeasurement of the Net Defined Benefit Liability comprising:		
Return on scheme assets (excluding the amount included in the net interest expense)	88	(4,598)
Changes in demographic assumptions	0	(237)
Changes in financial assumptions	(1,502)	3,131
Other experience adjustments	(1)	1,965
Adjustment re remeasurements of the pension scheme	4	(69)
Total Post Employment Benefits charged to the CIES	**(1,411)**	**192**
Actual amount charged against the General Fund balance for pensions in the financial year		
Employer's contributions payable to the scheme	(718)	(695)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	1,108	1,066
Net Adjustment to the Pension Reserve	**(1,021)**	**563**

Note: the re-measurements of the scheme in 2016/17 were £0.261m; this is different to the re-measurements recorded in the financial statements of £0.192m due to timing differences upon production of the actuarial report.

Assets and Liabilities in relation to Post-Employment Benefits

The amount included on the Balance Sheet arising from the Authority's obligation in respect of the scheme is shown in the following table:

Pension Assets and Liabilities recognised in the Balance Sheet		
	2015/16 £'000	2016/17 £'000
Present value of the scheme liabilities	(8,469)	(14,916)
Fair value of scheme assets	7,849	13,733
Net Liability arising from Defined Benefit Obligation	**(620)**	**(1,183)**

Pension Scheme Liabilities

The present value of scheme liabilities shows the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £14.916m has a substantial impact on the net assets of the Authority as recorded on the Balance Sheet, resulting in a negative overall balance of £1.183m. There are statutory arrangements in place for funding the pension deficit. The Authority is only required to fund the defined benefits when the pensions are actually paid. The actuary will assess the need to increase contributions over the remaining working life of employees (ie before payments fall due) to make good the deficit on the Fund.

The following table shows a reconciliation of the movements in the present value of the scheme liabilities:

Reconciliation of Present Value of the Pension Scheme Liabilities (Defined Benefit Obligation)		
	2015/16 £'000	2016/17 £'000
Opening Balance at 1 April	**(8,521)**	**(8,469)**
Current service cost	(1,048)	(899)
Interest cost	(300)	(327)
Contributions from scheme participants	(254)	(274)
Remeasurements:		
Actuarial gain / (loss) arising on changes in demographic assumptions	0	237
Changes in financial assumptions	1,502	(3,131)
Other experience adjustments	1	(1,965)
Benefits paid	151	52
Past service cost	0	(140)
Balance at 31 March	**(8,469)**	**(14,916)**

There has been a significant increase in the overall scheme liabilities, based on the assumptions made by the actuary at 31 March 2017. The application of assumptions has resulted in a loss of £3.131m relating to financial assumptions and a loss of £1.965m in relation to other experience adjustments. There has also been a gain of £0.237m due to changes in demographic assumptions. The following table shows the scheme liabilities in respect of active members, deferred members and pensioner members:

Scheme Liabilities in respect of Active, Deferred and Pensioner Members			
	Liability Split	Liability Split	Weighted Average Duration
	£'000	%	Years
2016/17			
Active members	11,836	79.3%	28.3
Deferred members	2,084	14.0%	29.0
Pensioner members	996	6.7%	15.1
Total	**14,916**	**100.0%**	**27.3**
2015/16 Comparative Figures			
Active members	(8,418)	99.4%	29.2
Deferred members	(40)	0.5%	36.6
Pensioner members	(11)	0.1%	0.0
Total	**(8,469)**	**100.0%**	**29.2**

Note: the figures in the above tables are for the funded liabilities only and do not include any unfunded pensioner liabilities. The weighted average durations are as at the previous formal valuation as at 31 March 2016.

Pension Scheme Assets

During 2016/17, there has been an increase in the return on the scheme assets by £5.884m. The following table shows a reconciliation of the movements in the fair value of the scheme assets:

Reconciliation of the Movements in the Fair Value of the Pension Scheme Assets		
	2015/16	2016/17
	£'000	£'000
Opening Balance at 1 April	**6,880**	**7,849**
Interest income	240	300
Remeasurements:		
Return on scheme assets (excluding the amount included in the net interest expense)	(88)	4,598
Contributions from employer	714	764
Contributions from employees	254	274
Benefits paid	(151)	(52)
Balance at 31 March	**7,849**	**13,733**

The scheme assets are broken down into categories that accurately reflect the risks that are faced by the scheme, splitting the assets into two types, those that have a quoted market price in an active market and those that do not. The pension scheme assets comprised:

Proportion of the Fair Value of the Scheme Assets by Category								
	2015/16				2016/17			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	% of Total Assets	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	% of Total Assets
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	1,282.2	0.0	1,282.2	16%	1,953.7	0.0	1,953.7	14%
Manufacturing	268.3	0.0	268.3	3%	1,255.2	0.0	1,255.2	9%
Energy and utilities	271.5	0.0	271.5	3%	663.2	0.0	663.2	5%
Financial institutions	1,271.5	0.0	1,271.5	16%	2,236.8	0.0	2,236.8	16%
Health and care	506.6	0.0	506.6	7%	951.5	0.0	951.5	7%
Information technology	1,014.0	0.0	1,014.0	13%	1,876.7	0.0	1,876.7	14%
Other	687.0	0.0	687.0	9%	632.7	0.0	632.7	5%
Total	5,301.1	0.0	5,301.1	67%	9,569.8	0.0	9,569.8	70%
Debt Securities								
UK government	136.7	0.0	136.7	2%	254.6	0.0	254.6	2%
Total	136.7	0.0	136.7	2%	254.6	0.0	254.6	2%
Real Estate								
UK property	708.2	0.0	708.2	9%	1,083.0	0.0	1,083.0	8%
Overseas property	0.9	0.0	0.9	0%	0.0	0.0	0.0	0%
Total	709.1	0.0	709.1	9%	1,083.0	0.0	1,083.0	8%
Investment Funds and Unit Trusts								
Bonds	1,102.9	0.0	1,102.9	14%	1,720.8	0.0	1,720.8	13%
Other	60.2	0.0	60.2	1%	161.0	0.0	161.0	1%
Total	1,163.1	0.0	1,163.1	15%	1,881.8	0.0	1,881.8	14%
Private Equity	0.0	377.2	377.2	5%	590.4	0.0	590.4	4%
Cash and cash equivalents	161.8	0.0	161.8	2%	353.4	0.0	353.4	2%
Total Assets	7,471.8	377.2	7,849.0	100%	13,733.0	0.0	13,733.0	100%

Asset and Liability Matching (ALM) Strategy

The primary objective of investment policy is the maximisation of the Fund's long term return, consistent with the degree of risk appropriate for a pension fund, in order to minimise the level of employer contributions to the Fund.

The Fund's customised benchmark (which comprises equities, bonds, private equity and property) was determined by setting an asset allocation appropriate for the Fund's liabilities, based on an asset / liability study carried out by the actuary. The asset / liability study considers the risk tolerance of the Authority (ie the extent to which it is prepared to take on a higher level of risk in pursuit of higher returns) in determining the customised benchmark. An investment strategy of lowest risk, but not necessarily the most cost effective in the long term, would be 100% investment in index linked government bonds. However, the Fund maintains significant exposure to equities in pursuit of potentially higher returns in the longer term than from index linked bonds, consistent with its relatively immature liabilities and strength of employers' covenants. Asset / liability studies are carried out after the triennial actuarial valuations.

Risk is also constrained by diversification of managers and assets, scrutiny of monitoring of performance, asset allocation and risk and investment restrictions within the Investment Manager Agreements. The fund managers are required to implement appropriate risk management measures and to operate in such a way that the probability of undershooting the performance target is kept within acceptable limits.

Performance for all mandates is calculated by an independent performance measurement company and is reported to the Pensions Panel quarterly. An extensive review of Fund performance is conducted each July.

Impact on the Authority's Cash Flows

The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible.

The overall funding position for the Pension Fund is monitored each quarter. The next triennial valuation is due to start on 31 March 2019, and complete by 31 March 2020.

The 2017 actuarial valuation will take into account changes to the benefit structure following the introduction of LGPS 2014 as well as employer experience since the last valuation, changes to the actuary's assumptions and changes to asset values.

The contributions paid by the Authority are set by the Fund actuary at each triennial actuarial valuation (the most recent being as at 31 March 2016), or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2020 are set out in the Rate and Adjustments certificate. The actuary has estimated the employer's contributions for the period to 31 March 2018 will be approximately £0.762m.

The following table shows an analysis of the projected amount to be charged to the CIES for the financial year to 31 March 2018:

Projected Defined Benefit Cost for the Period Ended 31 March 2018			
	Assets	Liabilities	Net Liability
	£'000	£'000	£'000
Projected current service cost	0	(1,501)	**(1,501)**
Total Service Cost	**0**	**(1,501)**	**(1,501)**
Interest income on scheme assets	384	0	**384**
Interest cost on scheme liabilities	0	(426)	**(426)**
Total Net Interest Cost	**384**	**(426)**	**(42)**
Total Charge to CIES	**384**	**(1,927)**	**(1,543)**

The weighted average duration (ie the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation) of the defined benefit obligation for scheme members is 27.3 years.

19 Members' Allowances and Expenses

During 2016/17, the Authority paid £0.094m (£0.091m 2015/16) of allowances to members; in addition members claimed £0.017m (£0.016m 2015/16) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2016/17 are published on the Authority's website.

20 External Audit Costs

In 2016/17, the Authority made payments of £0.014m (£0.014m 2015/16) to the external auditor in respect of the audit of the financial statements.

21 Inventories

The following table shows the total carrying amount of inventories at the beginning and end of the financial year and the movement during the financial year:

Analysis of Movement in Inventories				
	Balance at 31 March 2016	Purchases	Recognised as an Expense	Balance at 31 March 2017
	£'000	£'000	£'000	£'000
Inventories held for sale / distribution in the ordinary course of operations	11	9	(10)	10
Total	**11**	**9**	**(10)**	**10**

22 Publicity

Under Section 5 of the Local Government Act 1986, a national park authority is required to keep a separate account of its expenditure on publicity. Publicity is defined in the Act as "any communication, in whatever form, addressed to the public at large or to a section of the public". The following table shows the expenditure on publicity:

Publicity		
	2015/16	2016/17
	£	£
Recruitment advertising	21,543	63,681
Public relations	159,859	156,207
Other publicity and marketing	141,687	49,916
Total	**323,089**	**269,804**

The cost of publicity has decreased by £0.053m; this is mainly due to a decrease in the spend on major projects.

23 Agency Services

The Authority has the following significant agency arrangements:

Value Added Tax (VAT)

The Authority acts as an agent of Her Majesty's Revenue and Customs (HMRC) for the collection of VAT. The Authority has included a net debtor in its Balance Sheet of £0.181m (£0.235m 2015/16) for the amount due from HMRC at the end of the financial year.

Payroll Taxes and National Insurance

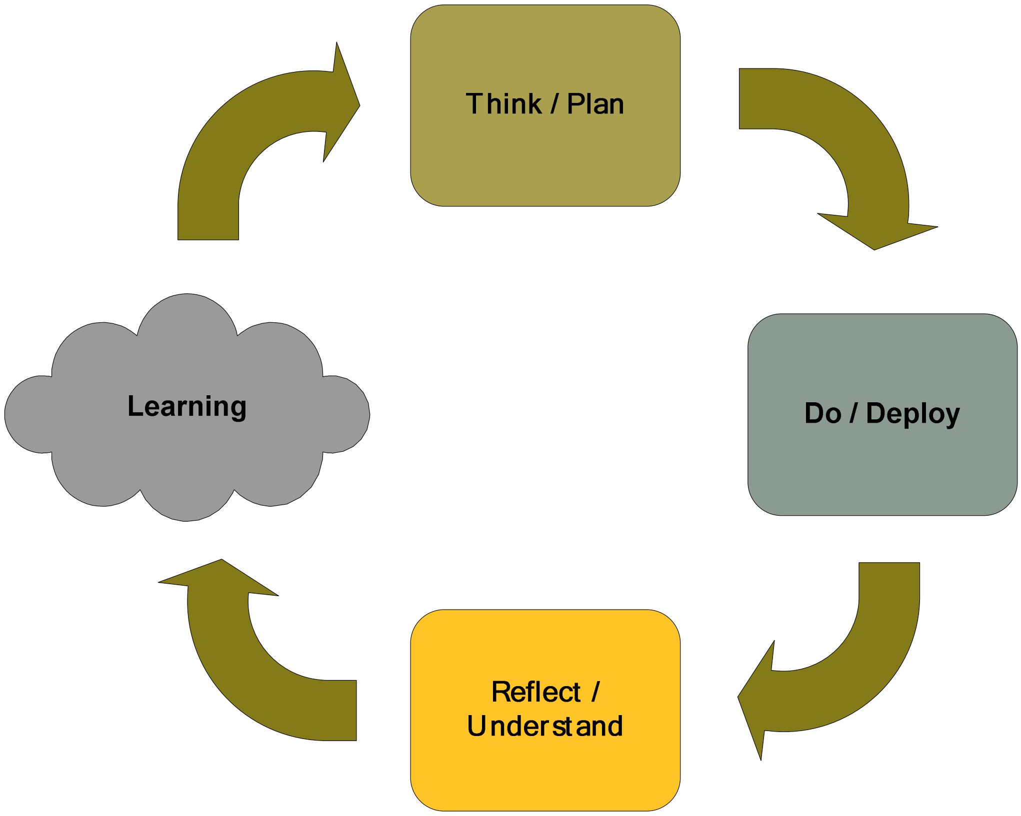
The Authority acts as an agent of HMRC for the collection of income tax and national insurance on behalf of employees. The Authority has included a net creditor in its Balance Sheet of £0.101m (£0.095m 2015/16) for the amount due to HMRC at the end of the financial year.

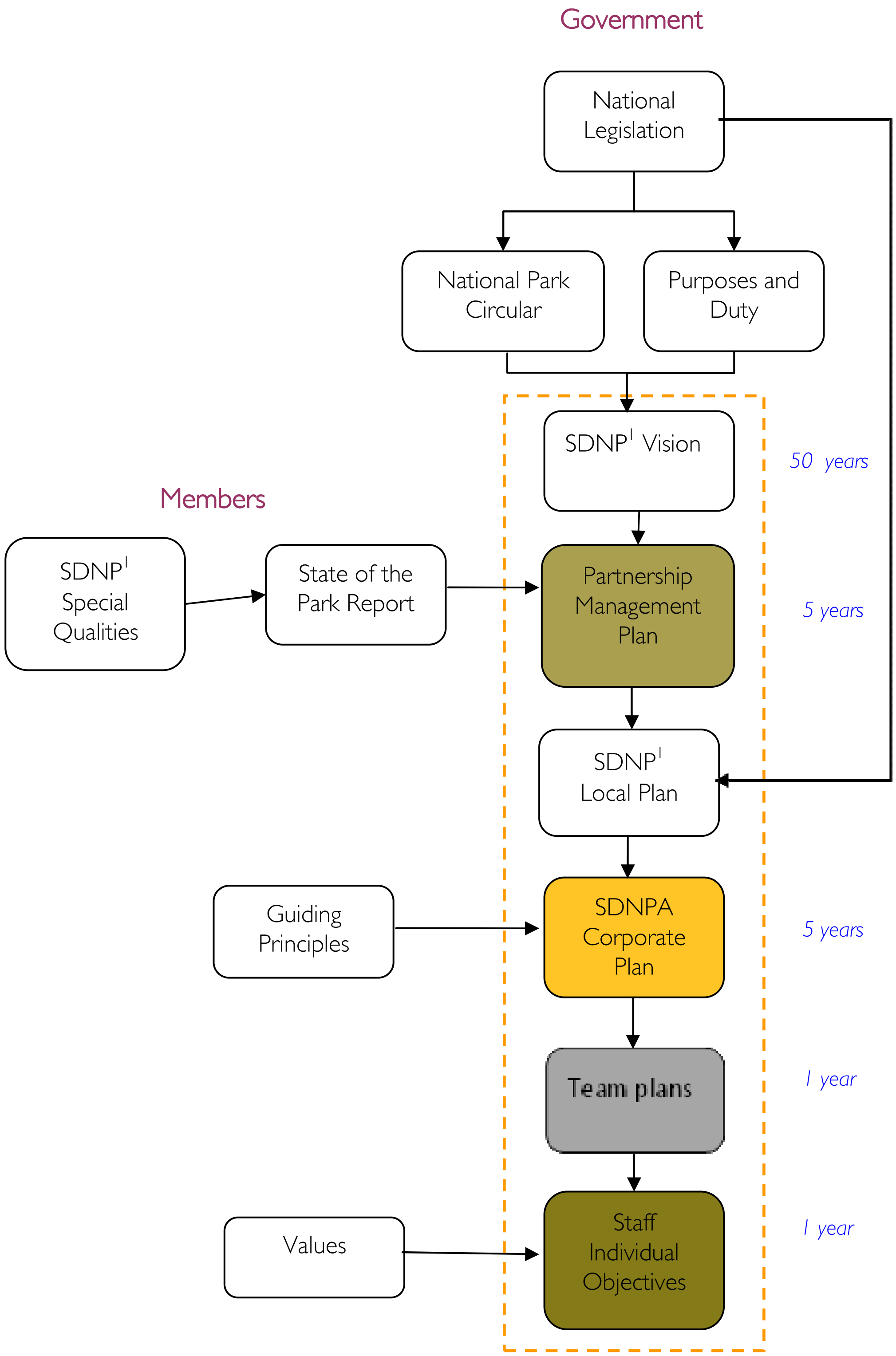
Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2016/17, 10 of these local authorities provided the majority of the planning service on behalf of the Authority under a legal agreement signed between each local authority and the Park. The remaining five local authorities continue to opt out of this arrangement and applications within these boundaries were dealt with by the Authority. The net payment to these 10 local authorities in 2016/17 amounted to £2.024m which included £0.651m income received in relation to application fees.

Appendix 1- Performance Indicators

Performance Framework





[1] South Downs National Park

SDNP Vision	The vision was agreed jointly with Partners and provides a high level set of aspirations for the National Park. The South Downs National Park Authority (SDNPA) is one of many organisations working to achieve the 50 year vision.
Partnership Management Plan	The Partnership Management Plan (PMP) is a shared strategy, owned jointly by the National Park Authority and Partners, setting out objectives, outcomes and policies across the National Park delivered jointly. The Partnership Management Plan is reviewed every year, following a review of the State of the National Park Report.
SDNP Local Plan	The Single Local Plan is informed by the South Downs National Park (SDNP) Vision and the Partnership Management Plan. It is developed in partnership but is owned by the National Park Authority.
SDNPA Corporate Plan	The Corporate Plan is shaped by the Partnership Management Plan and the Single Local Plan. It is wholly owned and monitored by the National Park Authority and sets out what the SDNPA will do to deliver the objectives and outcomes in the Partnership Management Plan. The Corporate Plan is a three year rolling plan reviewed and revised annually.
Team Plans	The Team plans set out on an annual basis how each part of the organisation will deliver the higher level objectives set out in the Corporate Plan. They are reviewed every year.
Staff Individual Objectives	Each individual member of staff has personal objectives which are clearly related to Operational and Corporate Plans; they are reviewed formally twice a year and should be reviewed regularly between formal meetings.
	The dotted line represents the main elements of our Performance Framework and shows the 'golden thread' linking personal objectives for each individual directly to the strategic plans for the SDNPA and the National Park.

The Authority's Key Performance Indicators (KPIs)

Objective 1: A thriving, living landscape We will work to ensure that cultural heritage, natural beauty and wildlife is conserved and enhanced through everything we and our partners do. We will achieve this by being a focus for specialist expertise and advice, and by developing knowledge, policy, projects and partnerships, supported by advocacy and interdepartmental working.		
	Measure	Frequency
CP1.1	Work towards the submission, defence at examination and adoption of the Local Plan	Annually until 2018
CP 1.2	Work towards the submission, defence at examination and adoption of the joint West Sussex Minerals Local Plan	Annually until 2018
CP 1.3	Work towards the submission, defence at examination and adoption of the joint East Sussex Waste and Minerals Sites Plan	Annually until 2018
CP 1.4	South Downs Green Infrastructure Framework approved by SDNPA and partners signed up	Annually until 2018
CP 1.5	% Ha of chalk grassland restored	Annually
CP 1.6	% of chalk grassland in good or improving condition	Annually
CP 1.7	% woodland in good or improving condition	Annually
CP1.8	% water bodies and rivers in good or improving condition	Annually
CP1.9	% of Heritage Coast Strategy action plan completed	Annually
CP1.10	Identify indicator species to highlight the condition of heathland	Annually
CP1.11	Identify indicator species to highlight the condition of woodland	Annually
CP1.12	Identify indicator species to highlight the condition of chalk grassland	Annually
CP1.13	Identify indicator species to highlight the condition of water	Annually
CP1.14	Farm clusters within SDNP to produce action plans which reference PMP outcomes	Annually
CP1.15	Increase the number of stakeholders actively engaged in woodland management	Annually
CP1.16	Increase in Ha of woodland in active management	Annually
CP1.17	Establish 3 forestry apprenticeships within the SDNP	Annually
CP1.18	Demonstrable SDNPA impact on the process and formal outcome of the Stanmer Park Partnership to regenerate the Home Farm complex	Annually until 2020
CP1.19	Proportion of planning decisions which add value in line with the PMP outcomes	Annually
CP1.20	Landscape and habitat mapping and spatial targeting tools developed and available to use	Annually
CP1.21	Influence progress of the two pilot PES projects	Annually
CP1.22	Develop two schemes for undergrounding cables per year	Annually until 2017
CP1.23	To maintain or increase the extent of dark night skies in the SDNP	Annually
CP1.24	Partnership established to develop heritage conservation apprenticeship standards	Annually until 2019

Objective 2: People connected with places We will promote opportunities for awareness, learning and engagement, seek to ensure quality access management and accessibility and support the development of sustainable tourism.		
	Measure	Frequency
CP 2.1	Number of young people attending the SDNP during National Citizen Service week	Annually until 2018
CP 2.2	Health and wellbeing projects and partnerships established	Annually
CP 2.3	Establish and implement an Access Land maintenance programme	Annually
CP 2.4	Demonstrable influence on major infrastructure decision making – eg changes to routes or reports as a result of SDNPA comments / input	Annually
CP 2.5	Develop and implement projects which add value to LHA's delivery of their rights of way statutory responsibilities	Annually
CP 2.6	Collect baseline figures and measure increase in diversity of the volunteer service in terms of age, ability, social background and ethnicity	Annually
CP 2.7	Total number of volunteer days undertaken by the SDVRS	Annually

Objective 3: Towards a sustainable future We will provide information and support to help communities better understand their environment and the impact of their action on it and make sure they are engaged in the design and development of their local surroundings. We will support the growth of sustainable local businesses.		
	Measure	Frequency
CP 3.1	Total value of Local Enterprise Partnership (LEP) funded projects within the National Park and 10km buffer area	Annually
CP 3.2	Total value of LEADER funded projects within the National Park and 10km buffer area	Annually
CP 3.3	Number of Whole Estate Plans agreed by Policy and Resources committee	Annually
CP 3.4	Number of businesses using the shared identity	Annually
CP 3.5	Number of partnership projects using the shared identity resources	Annually
CP 3.6	Number of sustainable tourism businesses we have shared our customer insight research with	Annually
CP 3.7	Identify opportunities for and develop five hubs and gateways over the five year plan period	Annually
CP 3.8	Five year housing land supply against South Downs Local Plan (SDLP) requirements	Annually
CP 3.9	% satisfied with the quality of advice and support for Community-Led Plans	Annually

Objective 4: An efficient and effective organisation that supports partnership working We will manage our own resources to deliver high levels of customer services and value for money. We will seek to reduce the environmental impact of our activities. We will support and develop staff, Members and volunteers to enable them to perform effectively.		
	Measure	Frequency
CP 4.1	Business cases to support shared services approach developed and approved	Annually
CP 4.2	Develop Natural Capital Accounting concept and SDNP balance sheet	Annually until 2019
CP 4.3	Positive use of the Citizens Panel for measuring behaviour change and awareness	Annually
CP 4.4	Charitable Trust established and starting to generate income	Annually until 2018
CP 4.5	Publish information on the achievement of projects set up in the PMP by partners	Annually until 2020
CP 4.6	Area teams housed in appropriate accommodation	Annually
CP 4.7	% of planning application appeals determined in favour of SDNPA	Quarterly
CP 4.8	Increased satisfaction from Planning Service users	Annually

Joint National Park indicators

These indicators are collected annually by all National Parks but have a range of reporting dates as indicated.

Conservation of Cultural Heritage

PI CH 2 Total no. of Listed Buildings 'at risk' conserved during the last three years
PI CH 3 Total no. of scheduled monuments 'at high or medium risk' conserved during the last three years

Conservation of Natural Environment

PI NE1 % of SSSI Land in favourable condition in:
a) NPA Management
b) the National Park as a whole
% of SSSI Land in 'unfavourable but recovering' condition in:
c) NPA Management
d) the National Park as a whole
PI NE2 % length of water courses with:
a) "high" or "good" ecological status
b) "moderate" ecological status

Corporate & Democratic

PI CD3 % change in greenhouse gas emissions from National Park Authority operation

Development Management

PI DC 0 % all planning applications determined which have been approved
PI DC 1 % of planning applications by type dealt with in a timely manner:
a) major applications determined within 13 weeks
b) minor applications determined within 8 weeks

c) other applications determined within 8 weeks
PI DC 2 % of planning applicants satisfied with the quality of service received

Promoting Understanding - Case study to be provided

Recreation Management
PI RM 1 % of the total length of footpaths and other rights of way that were easy to use by the general public (even though they may not follow the exact definitive line).
PI RM 3 Volunteer Days
a) Total No. of volunteer days organised or supported by the NPA
b) Value of volunteer days organised or supported by the NPA
c) No. of those days attended by 'under represented' groups

South Downs
National Park Authority

Accounting Policies 2016/17

Accounting Policies Contents

Accounting Policies

1. General

The Statement of Accounts (ie financial statements) summarises the Authority's transactions for the reported financial year and its position at the end of the financial year. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS).

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

2. 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. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Changes in accounting estimates are accounted for prospectively (ie in the current and future financial years affected by the change) and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3. Accounting Concepts

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items within the financial statements. In preparing information for the financial statements, the Authority has regard to the underlying assumptions and qualitative characteristics:

- Relevance – the financial statements are prepared with the objective of providing information about the Authority's financial performance and position that is useful for assessing the stewardship public funds and for making financial decisions;
- Materiality – the concept of materiality has been utilised in preparing the financial statements (ie if omitting or misstating information would affect the interpretation of the financial statements and influence decisions that users make);
- Faithful Representation – the financial information included in the financial statements is complete within the boundaries of materiality, free from material error and free from deliberate or systematic bias;
- Comparability – the financial statements are prepared in accordance with the requirements of the Code which establishes proper practice in relation to consistent financial reporting and aids comparability with other national park authorities;

- Verifiability – the financial information included in the financial statements faithfully represents the financial position, performance and cash flows of the Authority. The Authority includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements;
- Timeliness – the information included in the financial statements is available to decision makers in time to be capable of influencing their decisions;
- Understandability – the financial statements are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to ensure that the financial information included in the financial statements is presented clearly and concisely and notes and commentaries are provided that explain and interpret the key elements of the financial statements for the user;
- Going Concern – the financial statements are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

4. Grants and Contributions

Whether paid on account, by instalments or in arrears, grants and contributions are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or condition are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Revenue grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (in respect of attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (in respect of non-ring fenced revenue grants) within the CIES.

Revenue grants or contributions with no conditions attached are recognised as income within the CIES at the point of receipt.

5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

- revenue from the sale of goods is recognised when the amount of revenue can be measured reliably, the significant risks and rewards of ownership are transferred to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- revenue from the provision of services is recognised when the Authority can measure the amount of revenue reliably, it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority and the stage of completion of the service can be measured;
- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments is accounted for retrospectively as income and expenditure on the basis of the effective interest rate (ie the rate that exactly discounts estimated future cash payments or

receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability) for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

6. Charges to Revenue for Property, Plant and Equipment (PPE)

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

- depreciation attributable to the assets used by the relevant service;
- revaluation losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which losses can be written off.

The Authority is not required to raise funds to fund depreciation and revaluation losses, therefore the charges are transferred from the General Fund balance to the CAA through the MiRS.

7. Value Added Tax (VAT)

The CIES excludes amounts relating to VAT and VAT payable is included as an expense only to the extent that it is not receivable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the CIES.

The net amount due to / from HMRC in respect of VAT is included as a creditor / debtor on the Balance Sheet.

8. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on demand.

The Authority defines cash equivalents as highly liquid investments which are no longer than three months and represent the investment of cash surpluses lent to cover cash shortages. They are readily convertible to known amounts of cash with insignificant risk of change in value.

In terms of cash flow and treasury management, the Authority collectively manages its cash equivalents and cash on the Balance Sheet. The Authority uses the indirect method to present its revenue activities cash flows, whereby the surplus / deficit on the provision of services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

9. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is attributed to identified items of inventory. Where this is not possible, the Authority assigns the cost of inventories using the first in, first out (FIFO).

When inventories are sold or distributed, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised.

10. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the end of the financial year. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees. They are recognised as an expense for services in the financial year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by the employees but not taken before the end of the financial year which employees can carry forward into the next financial year in which the employee takes the benefit. The accrual is charged to services within the CIES but then reversed out through the MiRS to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the leave absence occurs.

Termination Benefits

When the Authority is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy, the costs of termination benefits are charged on an accruals basis to the respective service within the CIES, this is at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the financial year, not the amount calculated according to the relevant accounting standards. In the MiRS, transfers are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the end of the financial year.

Post Employment Benefits

Employees of the Authority are entitled to become members of the Local Government Pension Scheme, administered by West Sussex County Council, according to the terms of their employment.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

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

The liabilities of the pension scheme attributable to the Authority are included on the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method (ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees).

Liabilities are discounted to their present value, using a discount rate (determined in reference to market yields at the 31 March of high quality bonds).

The assets of the pension scheme attributable to the Authority are included on the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

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

- service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned in the current financial year – this cost is allocated within the CIES 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 financial years – this cost is debited to non-distributed costs within the CIES;
  - net interest on the net defined benefit liability (ie net interest expense for the Authority) – the change during the financial year in the net defined benefit liability that arises from the passage of time calculated by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the financial year taking into account any changes in the net defined benefit liability during the financial year as a result of contribution and benefit payments – this is charged to financing and investment income and expenditure within the CIES;
- remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve;
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve;
- contributions paid to the pension scheme – cash paid as employer's contributions to the scheme in settlement of liabilities – these are charged to services within the CIES.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension scheme or directly to pensioners in the financial year, not the amount calculated according to the relevant accounting standards. Transfers are made through the MiRS 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 scheme and pensioners and any such amounts payable but unpaid the end of the financial year. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

11. Financial Assets and Liabilities– Financial Instruments

Financial Liabilities

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

Financial Assets

Loans and receivables are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits for interest receivable are credited to financing and investment income and expenditure within the CIES and are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument; for most of the loans that the Authority has made, this means that the amount presented on the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the loan agreement in the financial year.

Any gains / losses that arise on derecognition of the asset are credited / debited to financing and investment income and expenditure within the CIES.

12. Provisions

Provisions are made where an event has taken place whereby the Authority has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential to settle the obligation and a reliable estimate can be made of the amount of the obligation. For example, 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 within the CIES in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the year end. 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 within the CIES.

13. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover general contingencies and cash flow management.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then transferred back to the General Fund balance in the MiRS so that there is no net charge against the General Fund for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority; these reserves are covered in the relevant accounting policies and explained in the relevant notes.

The Authority carries out an annual review of the reserves to ensure they are still required and are set at the appropriate level.

14. Overheads and Support Services

The costs of central and departmental overheads (ie management and administration costs) and support services are charged to those services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance.

15. Property, Plant and Equipment (PPE)

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 PPE.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE 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 and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver economic benefits or service potential (ie repairs and maintenance) is charged as an expense to the relevant cost of service within the CIES as it is incurred.

The Authority has a deminimis level of £5,000 for land and buildings and vehicles, plant and equipment; items of expenditure below this deminimis level are charged to the relevant cost of services within the CIES in the year it is incurred. The Authority has no deminimis level for enhancement expenditure and therefore all enhancement expenditure is capitalised.

Measurement

PPE assets are initially measurement at cost comprising purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The costs of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority).

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

- non-property assets that have short useful lives or low values (or both) (ie vehicles, plant and equipment) – depreciated historical cost is used as a proxy for current value;
- land and building assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Assets included on the Balance Sheet at current value are revalued annually by the Authority. The Authority's land and building asset became operational in 2014/15 at which time it was revalued incurring a decrease in revaluation. As there is no historic revaluation gains a revaluation reserve has not been created and therefore decreases in valuations are charged to the CIES against the relevant service as a revaluation loss. Revaluation losses are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA.

At the end of each financial year, assets are assessed as to whether there is any indication that an asset may be impaired.

Depreciation

Depreciation is applied to all PPE assets, except for assets without a determinable finite useful life (ie freehold land).

The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a straight line allocation method and is charged to the relevant service(s) within the CIES.

General Fund depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA.

The Authority does not charge depreciation in the year of acquisition but does charge a full year's depreciation in the year of disposal.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet is written off to other operating expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

Capital receipts are required to be credited to the capital receipts reserve, and can then only be used for new capital investment. Receipts are credited to the CIES and subsequently transferred to the capital receipts reserve from the General Fund balance in the MiRS.

The written off value of disposals is not a charge against the General Fund balance, as the cost of PPE is fully provided for under separate arrangements for capital financing. Amounts are transferred to the CAA from the General Fund balance in the MiRS.

Asset Componentisation

The Authority only considers assets for componentisation in the financial year the assets are valued and / or in the year following capital investment being incurred on the asset. As the Authority does not depreciate assets in the year of acquisition, capital additions are not considered for componentisation until the following financial year.

Componentisation is only applied to building elements of assets categorised as PPE and that are subject to depreciation. Vehicles, plant and equipment assets are not componentised as they do not have separately identifiable components of significant value or a significant difference in asset life.

16. Leases

The Authority classifies leases as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. A lease is classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. When the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term.

When accounting for a lease of land and buildings, the minimum lease payments are allocated between the land and the buildings elements in proportion to their relative fair values. Where the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for lease classification.

The Authority only has leases, as lessee, which have been classified as operating leases.

Lessee Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased asset. Charges are made on a straight line basis over the life of the lease; even if this does not match the pattern of payments (eg there is a rent free period at the commencement of the lease).

17. Events after the Reporting Period

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

- Adjusting events - those that provide evidence of conditions that existed at the end of the financial year. In this instance, the Statement of Accounts is adjusted to reflect such events;
- Non-adjusting events - those that are indicative of conditions that arose after the financial year end. In this instance, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

South Downs
National Park Authority

Independent Auditor's Report
2016/17

Independent Auditor's Report to the Members of the South Downs National Park Authority

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Certificate

Paul King
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
XX July 2017

South Downs
National Park Authority

Glossary of Terms
2016/17

Glossary

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its financial statements.

The **Accruals Basis** is the recognition of items as assets, liabilities, income and expenses when they satisfy the definitions and recognition criteria. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the financial year in which those effects are experienced and not necessarily in the period in which any cash is received or paid.

The **Accumulated Absences Account** absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the financial year (eg annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the accumulated absences account.

Actuarial Gains and Losses (Pensions) are changes in the present value of the defined benefit obligation resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred);
- the effects of changes in actuarial assumptions.

The **Amortised Cost of a Financial Asset or Financial Liability** is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method (ie a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period) of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

An **Asset** is 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.

An **Audit of Financial Statements** is an examination by an independent expert of the Authority's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

The **Balance Sheet** shows the value of the assets and liabilities recognised by the Authority as at the 31 March.

Benefits Payable during Employment covers:

- short term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees;
- benefits earned by current employees but payable 12 months or more after the end of the financial year, such as long service leave or jubilee payments and long term disability benefits.

A **Budget** expresses the Authority's service delivery plans and capital investment programmes in monetary terms.

The **Capital Adjustment Account (CAA)** absorbs the timing differences arising from the different arrangements for accounting for the consumption of PPE and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Investment is expenditure on the acquisition of an asset that will be used to provide services beyond the financial year or expenditure which adds to and not merely maintains the value of existing PPE.

The Capital Investment Programme is a financial summary of the capital projects that the Authority intends to carry out over a specified period of time.

A Capital Receipt is the proceeds from the sale of an asset.

The Capital Receipts Reserve holds the proceeds from the disposal of non-current assets, which are restricted by statute from being used other than to fund new capital investment to be set aside to finance historical capital investment.

Capital Reserves represent resources earmarked to fund capital schemes as part of the Authority's capital investment strategy.

The Carrying Amount is the amount at which an asset is recognised on the Balance Sheet after deducting any accumulated depreciation.

Cash comprises cash in hand and demand deposits.

Cash Equivalents are 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 Flows are the inflows and outflows of cash and cash equivalents.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the financial year.

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.

Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

A Current Asset is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Authority expects to realise the asset within 12 months after the reporting date.

A Current Liability is an amount which will become payable or could be called in within the next financial year.

Current Service Cost (Pensions) is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Current Value is the amount that reflects the economic environment prevailing for the service or function the asset is supporting.

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

A Defined Benefit Scheme (Pensions) is a pension scheme where the benefits to employees are based on their salaries, and where employers' contributions have to be adjusted to match estimates of future liabilities.

Depreciation is a method of allocating the cost of a tangible asset over its useful life.

Employee Benefits are all forms of consideration given by the Authority in exchange for service rendered by employees.

Employee Expenses include total salaries, employers' national insurance contributions, employers' pension contributions and indirect employee expenses including redundancy costs and pension accounting adjustments.

Estimation Techniques are the methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue.

The **Expenditure and Funding Analysis (EFA)** shows how the available funding (ie the National Park Grant) has been used in providing services in comparison with those resources consumed or in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the service directorates.

Exit Packages are departure costs paid to former employees who negotiate a package as part of their terms of leaving the Authority.

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves.

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fees, Charges and Other Service Income include contributions received from other local authorities and other bodies.

A **Financial Asset** is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Authority.

A **Financial Liability** is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Authority.

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 and includes trade payables and other payables, bank deposits, trade receivables and loans receivable.

Financing Activities are activities that result in changes in the size and composition of the principal received from or repaid to external providers of finance.

The **General Fund** is the statutory fund into which all the receipts of the 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.

The **General Fund Balance** shows the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Going Concern defines that the functions of the Authority will continue in operational existence for the foreseeable future.

Government Grants are grants made by the Government towards either revenue or capital investment to support the cost of the provision of the Authority's services.

Grants and Contributions are assistance in the form of transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities.

Historical Cost is the carrying amount of an asset at the date of acquisition and adjusted for subsequent depreciation.

Income is the gross inflow of economic benefits or service potential when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves.

The **Interest Cost (Pensions)** is the expected increase in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Interest Income (Pensions) is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate.

International Accounting Standards (IAS) are standards for the preparation and presentation of financial statements.

International Financial Reporting Standards (IFRS) advise the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present fairly the financial position of the Authority.

Inventories are assets:
- in the form of materials or supplies to be consumed in the production process;
- in the form of materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or
- in the process of production for sale or distribution.

Investing Activities are activities relating to the acquisition and disposal of PPE and other investments not included in cash equivalents.

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.

A **Liability** is 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.

Loans and Receivables are financial assets with fixed or determinable payments that are not quoted in an active market, other than:
- those that the entity intends to sell immediately or in the near term (held for trading); or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (available for sale).

Materiality - omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

The **Movement in Reserves Statement (MiRS)** shows the movement during the financial year on the different reserves held by the Authority, analysed into usable reserves and unusable reserves.

The **Net Defined Benefit Liability (Obligation) (Pensions)** is the deficit, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The **Net Interest on the Net Defined Benefit Liability (Pensions)** is the change during the period in the net defined liability that arises from the passage of time.

The **Net Realisable Value** is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Non-Ring Fenced Government Grants are revenue grants distributed by central government that do not relate to the performance of a specific service. The Authority is free to use all of its non-ring fenced funding as it sees fit to support the delivery of local, regional and national priorities in the Park's area.

An **Operating Lease** is a type of lease, eg computer equipment, office equipment, furniture etc. where the balance of risks and rewards of holding the asset remains with the lessor.

Operating Activities are the activities of the Authority that are not investing or financing activities.

Other Comprehensive Income and Expenditure comprises items of expense and income (including reclassification adjustments) that are not recognised in the surplus / deficit on the provision of services as required or permitted by the Code. Examples include changes in the remeasurement of the net defined benefit pension liability on a defined benefit scheme.

Other Service Expenses include:

- premises expenses including all running costs, expenditure on goods, services and contractors directly related to property;
- transport expenses including all costs connected with the provision, hire or use of transport;
- supplies and services covering all direct supplies and services expenditure incurred;
- third party payments including, for example, payments to third party providers of local authority services and other bodies;
- support service charges including the recharge of management and administration costs and support service costs (eg financial services, human resources, legal services and property services) to front line services and internal recharges between services.

Past Service Cost (Pensions) is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a scheme amendment (the introduction of, or withdrawal of, or changes to, a defined benefit scheme) or a curtailment (a significant reduction by the Authority in the number of employees covered by a scheme).

The **Pension Reserve** is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the Authority's recognised liability under IAS 19 *"Employee Benefits"*, for the same period.

Post Employment Benefits are employee benefits (other than termination benefits and short term employee benefits) that are payable after the completion of employment.

The **Present Value of a Defined Benefit Liability (Pensions)** is the present value, without deducting any scheme assets, of expected future payments required to settle the liability resulting from employee service in the current and prior periods.

Property, Plant and Equipment (PPE) are tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and which are expected to be used during more than one financial year.

A **Provision** is a liability of uncertain timing or amount. The Authority recognises a provision where an event has taken place that gives the Authority a present obligation (legal or constructive) that requires settlement by either a transfer of economic benefits or service potential to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A **Qualified Valuer** is a person conducting the valuations who holds a recognised and relevant professional qualification and having sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

Related Party - parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

A **Related Party Transaction** is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Reserves are the residual interest in the assets of the Authority after deducting all its liabilities.

The **Residual Value** is the estimated amount that the Authority would currently obtain from the disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Revenue is the gross inflow of economic benefits or service potential during the financial year when those inflows result in an increase in the Authority's net assets.

Revenue Expenditure is the day to day running costs relating to the financial year irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Ring Fenced Government Grants are revenue grants distributed by central government that relate to a specific service.

A **Scheme Amendment (Pensions)** occurs when the Authority introduces, or withdraws a defined benefit scheme or changes the benefits payable under an existing defined benefit scheme.

Scheme Assets (Pensions) comprise assets held by a long term employee benefit scheme.

Scheme Liabilities (Pensions) comprise liabilities in relation to a long term employee benefit scheme.

Short Term Paid Absences are periods during which an employee does not provide services to the Authority, but benefits continue to be paid.

Short Term Employee Benefits are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

The **Surplus or Deficit on the Provision of Services** is the total of income less expenses, excluding the components of other comprehensive income and expenditure.

A **Tangible Asset** is an asset that has a physical form.

Termination Benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Authority's decision to terminate an employee's employment before the normal retirement date, or the Authority's decision to accept an offer of benefits in exchange for the termination of employment.

Total Comprehensive Income and Expenditure comprises all components of surplus / deficit on the provision of services and of other comprehensive income and expenditure.

Unusable Reserves are those reserves that the Authority is not able to use to provide services and includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the MiRS as adjustments between accounting basis and funding basis under regulations.

Usable Reserves are those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The Useful Life is the period which an asset is expected to be available for use by the Authority.

Value Added Tax (VAT) is an indirect tax levied on most business transactions and on many goods and some services.

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South Downs National Park Authority
Statement of Accounts 2016/17
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