South Downs
National Park Authority

Statement of Accounts 2021/22

Contents

Narrative Report

Authority Overview

The South Downs National Park ("the Park") covers the chalk downland, heaths, woodlands and river valleys of the South Downs, Western Weald and Seven Sisters within the three counties of Hampshire, West Sussex and East Sussex. The South Downs National Park Authority ("the Authority") was established in April 2010 (fully operational 1 April 2011). The Authority is a public body funded by grant allocations from the Department for Environment, Food and Rural Affairs (DEFRA) run by a committee of 27 Members. There are three committees within the Authority which are Planning, Policy & Resources and Appointment & Management.

As a National Park, the Authority has two statutory purposes to conserve and enhance the natural beauty, wildlife and cultural heritage of the area and to promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public (Environment Act 1985). 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 continues to implement its Partnership Management Plan (PMP) 2020-2025 and its Corporate Plan. The Authority took over the management of the Seven Sisters County Park in July 2021 and has made a substantial capital investment – nearly £2 million in the Seven Sisters assets. A new company, wholly owned by the Authority, South Downs Commercial Operations Ltd, has been established to run the Seven Sisters commercial activities via an operating agreement with the Authority. This will be operational from 1 April 2022.

The impact of the coronavirus pandemic has been felt everywhere and continues to impact on the National Park and its communities and partners. Added to this are the implications of Brexit for the rural economy, in particular the transition from Common Agricultural Policy payments to an entirely new system of farming support. As a body largely supported directly by central Government and through planning fees, the Authority has remained financially viable.

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

Authority Performance

In 2021/22, the Authority set an original revenue budget of £10.669m which included £0.183m contribution from reserves and £10.486m DEFRA National Park Grant.

The 2021/22 budget included a permanent staffing establishment of 143.4 full-time equivalent (fte) posts which included 9.0 fte apprenticeship posts. In addition, the budget included 9.4 posts which are externally and temporarily funded to support one-off projects. Volunteering time is also recognised as a valuable resource to the Authority and it was estimated that in 2021/22 this would provide approximately 3,800 days with an estimated value of £0.228m.

The Authority has £9.590m of fixed assets on its Balance Sheet as at 31 March 2022 which now includes Seven Sisters assets acquired from East Sussex County Council. As part of this transfer the Authority also has a 25 year loan for payment of the assets that were transferred.

The 2021/22 budget was developed in accordance with the Authority's agreed budget framework alongside the Corporate Plan and the Partnership Management Plan. The budget was allocated to the following operating segments to align operational activities to meet the Authority's priorities and objectives;

- Planning which covers development management (including major planning applications) and planning policy (including Local Plans, duty to cooperate and community led plans);

- Countryside & Policy Management which covers 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 (e.g. premises, human resources, IT, financial management, audit and legal), members services and the communications team;

- Strategic Investment Fund which provides funding to support major, multi-year partnership projects as well as support for smaller scale projects that support outcome delivery.

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.

Revenue Summary

For the 2021/22 financial year, the Authority reported an outturn variance of £0.418m below budget. Decisions about resource allocation are taken by the Authority based on an assessment of budget requirements analysed across five service areas classed by the Authority as its operating segments.

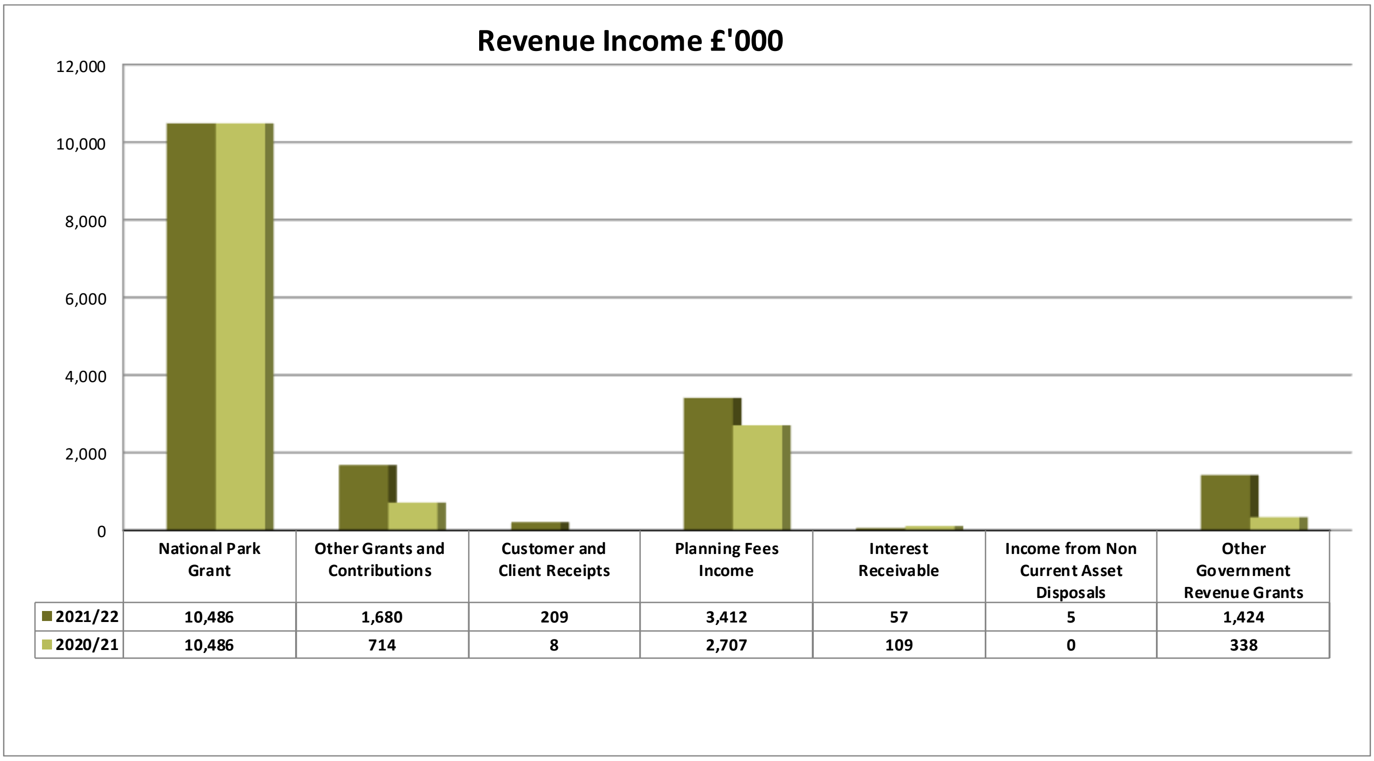
The following table summarises, by operating segment, the spending on services, including variations compared with the budget set by the Authority:

Spending on General Fund Services by Operating Segment			
Segments	Revised Budget £'000	Actual £'000	Variance £'000
Planning	3,460	3,327	**(133)**
Countryside and policy management	3,857	3,568	**(289)**
Countryside and policy management - Seven Sisters	54	141	**87**
Corporate services	4,496	4,413	**(83)**
Strategic investment fund	304	304	**0**
Total	**12,171**	**11,753**	**(418)**
National Park grant	(10,486)	(10,486)	**0**
Total	**1,685**	**1,267**	**(418)**

The financial performance in 2021/22 indicates the Authority has delivered services within its overall budget. Details of the overall provisional variance were reported to the full Authority meeting on 5 July 2022.

Revenue Income and Expenditure

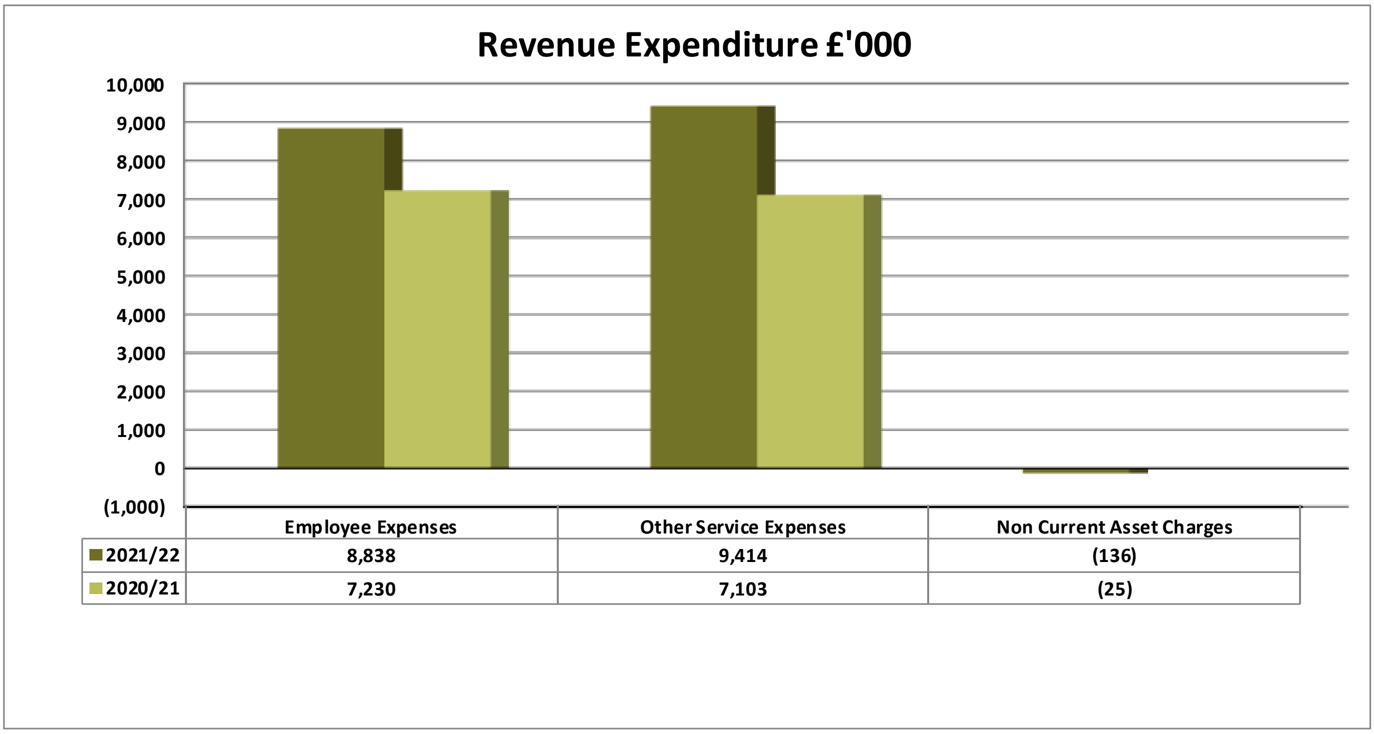
In 2021/22, the Authority received revenue income of £17.273m; this was £2.911m more than that received in 2020/21. The main reasons for the increase in income from 2020/21 are due to more planning income received and higher one-off grants and contributions. The following chart shows the revenue income 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
2021/22	10,486	1,680	209	3,412	57	5	1,424
2020/21	10,486	714	8	2,707	109	0	338

Detail on the government grants and other grants and contributions received by the Authority in 2021/22 can be found in note 15.

In 2021/22 the Authority spent £18.116m on services which was £3.808m higher than that spent in 2020/21. The following chart shows the revenue expenditure over the two financial years:



	Employee Expenses	Other Service Expenses	Non Current Asset Charges
2021/22	8,838	9,414	(136)
2020/21	7,230	7,103	(25)

Capital Summary

The Authority incurred £2.579m of capital investment in 2021/22 which included costs associated with the National Park Signage, a vehicle and Seven Sisters Country Park projects. This was fully funded in-year.

Balance Sheet

As at 31 March 2022, the Authority held long term assets of £9.950m, current assets (including cash and investments) of £17.508m, current liabilities of £7.328m and long term liabilities of £4.828m. The Authority did not borrow any funds externally and has usable reserves of £10.721m as at 31 March 2022.

Reserves

Putting in place and maintaining 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, an assessment of 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 2021/22 therefore remains prudent and reasonable.

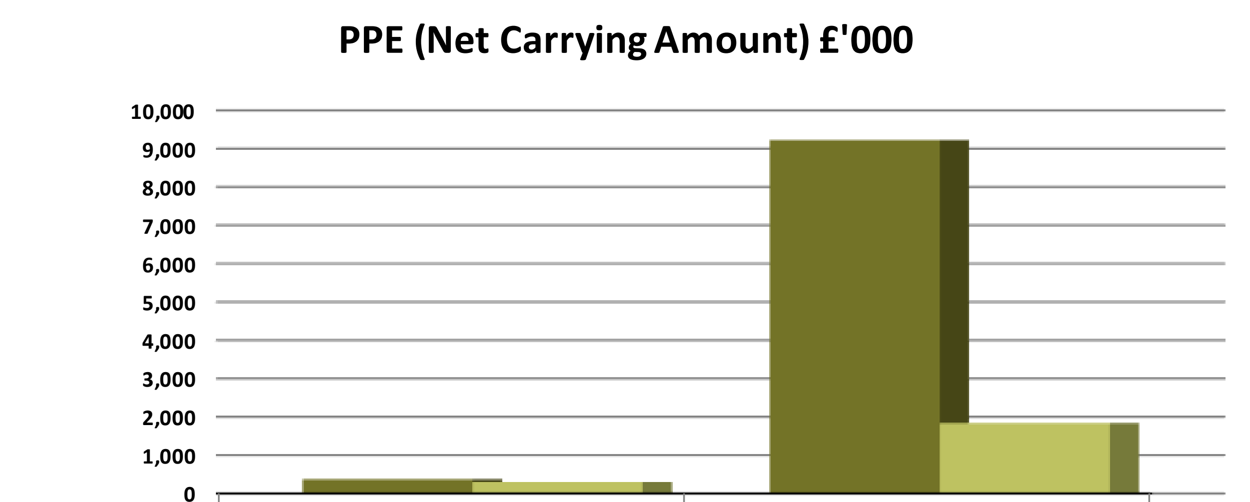
The year-end variance of £0.418m below budget in 2021/22 has been consolidated into the Authority's General Fund balance which stands at £1.011m.

The Authority also holds earmarked reserves of £3.409m as at 31 March 2022, a decrease of £1.241m. Note 8 provides information on the earmarked reserves held by the Authority for specific purposes.

Property, Plant and Equipment (PPE)

The Authority holds land and buildings, vehicles, plant, furniture and equipment as PPE assets.

The value of the Authority's PPE has increased in the financial year by £7.276m from the level reported in 2020/21 to £9.590m in 2021/22. This is due to the acquisition of Seven Sisters properties from East Sussex County Council. The following chart shows the value of the Authority's PPE as at 31 March:



	Vehicles, Plant, Furniture and Equipment	Other Land and Buildings
31 March 2022	371	9,219
31 March 2021	293	1,835

Note 9 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 decreased in the financial year by £0.668m from the level reported as at 31 March 2021 to £4.023m at 31 March 2022.

The overall deficit on the pension fund of £4.023m represents the difference between the value of the Authority's pension fund assets as at 31 March 2022 and the estimated present value of the future pension payments (i.e. liabilities) to which it was committed at that date. The value of the Authority's pension fund assets has increased by £1.124m from the level reported as at 31 March 2021 to £25.414m as at 31 March 2022. The value of the future pension payments liabilities has increased by £0.456m from the level reported as at 31 March 2021 to £29.437m as at 31 March 2022.

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 due to the pension liabilities has resulted in the pension liabilities decreasing by £3.068m of which a £2.969m decrease relates to financial assumptions and £0.175m decrease relates to demographic assumptions, which are partly offset by an increase of £0.076m for other experience adjustments as detailed in the changes in the assumptions table in note 20. Effectively, due to economic factors the financial assumptions made by the actuary at 31 March 2022 are more favourable than those made at 31 March 2021.

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 may 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 20 to the financial statements provides further information on pension costs.

Investments

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

At 31 March 2022 the Authority held investments including accrued interest of £14.950m of which:

- £2.002m was invested externally with Santander (UK), all of which is held as a short term investment;
- £3.003m was invested externally with Standard Chartered Bank, all of which is held as a short term investment;
- £1.502m was invested externally with Goldman Sachs International Bank, all of which is held as a short term investment;
- £8.443m was held as a cash equivalent investment in Brighton & Hove City Council under the terms of the management agreement.

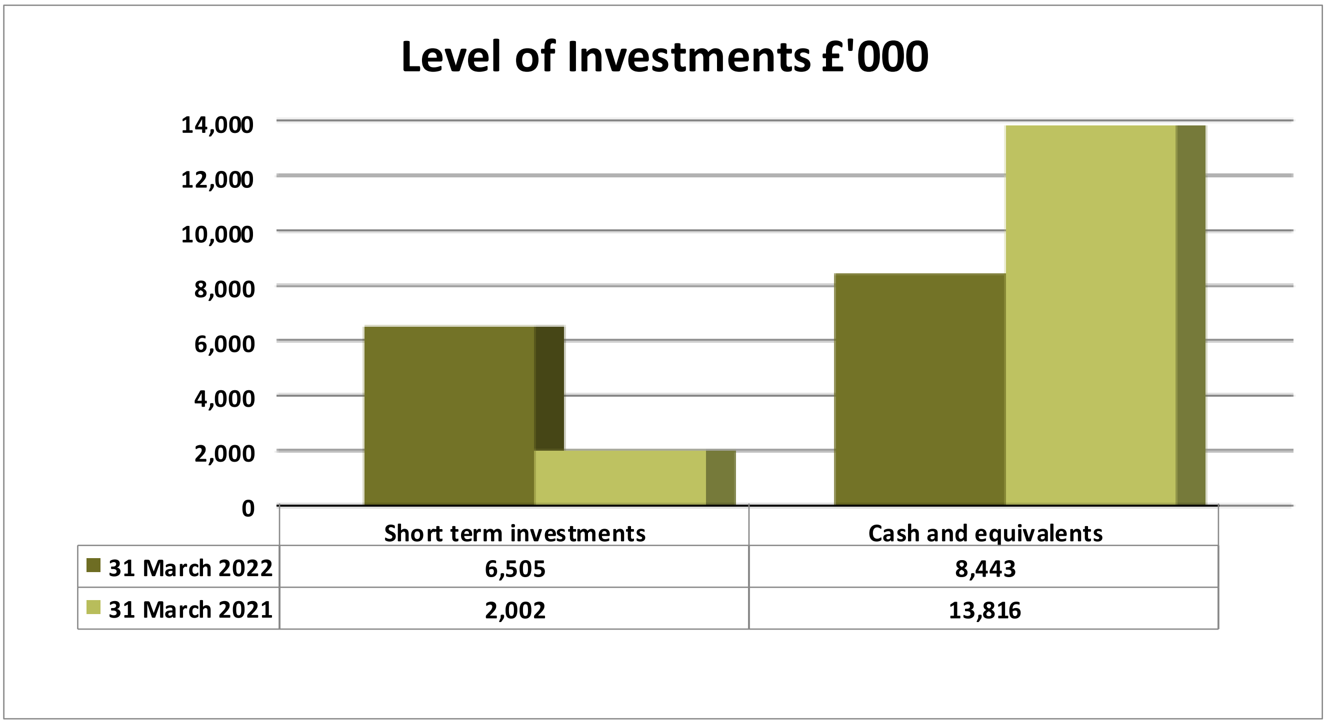
The carrying value of the short term investments is reduced by a £0.002m expected credit loss provision. Therefore the carrying value of investments is £14.948m, which has been made in accordance with accounting for Financial Instruments under IFRS9.

The Authority's Annual Investment Strategy (AIS) for 2021/22 was approved by the Authority in March 2021. 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.

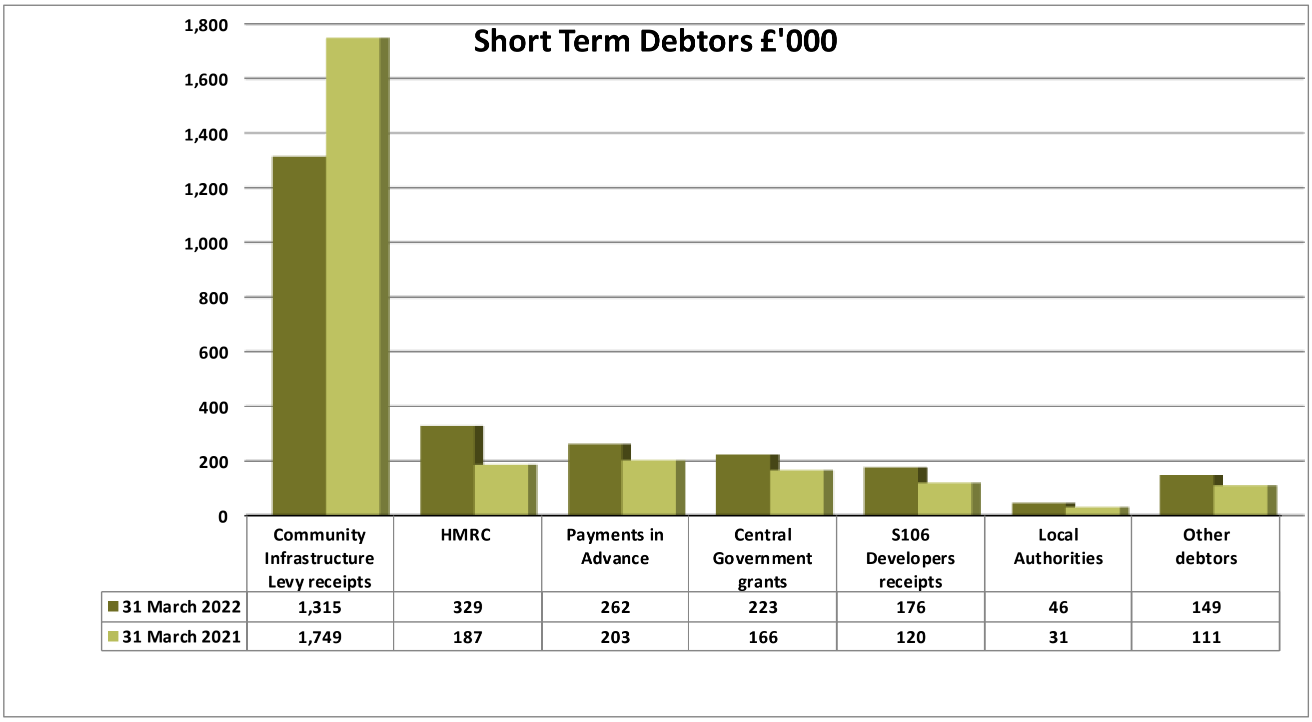
The level of investments has decreased during the financial year by £0.870m. The following chart shows the level of investments made as at 31 March 2022:



During 2021/22, the Authority placed new short term investments of £26.162m of which £19.662m relates to cash equivalents and has realised cash from the maturity of short term investments of £25.023m of which all related to cash equivalents. Note 11 to the financial statements provides further information on investments.

Debtors

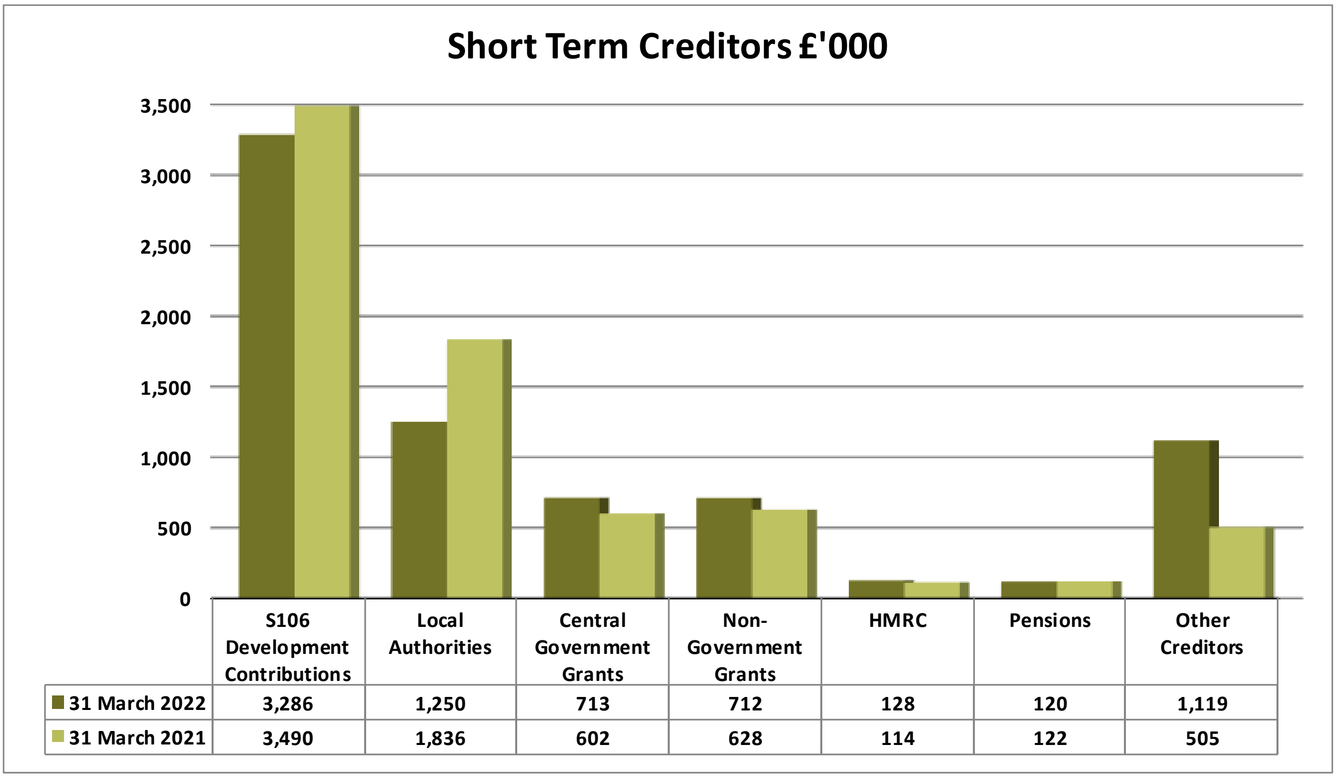
At 31 March 2022, £2.500m was owed to the Authority by debtors over the short term (i.e. 12 months). The level of short term debtors has decreased during the financial year by £0.067m. The Authority does not have any long term debtors. The following charts show the level of debts owed to the Authority at 31 March 2022:



	Community Infrastructure Levy receipts	HMRC	Payments in Advance	Central Government grants	S106 Developers receipts	Local Authorities	Other debtors
31 March 2022	1,315	329	262	223	176	46	149
31 March 2021	1,749	187	203	166	120	31	111

Creditors

At 31 March 2022, the Authority owed £7.328m to creditors; these amounts are owed over the short term. The level of short term creditors has increased during the financial year by £0.031m. The following chart shows the amounts owed by the Authority at 31 March 2022:



	S106 Development Contributions	Local Authorities	Central Government Grants	Non-Government Grants	HMRC	Pensions	Other Creditors
31 March 2022	3,286	1,250	713	712	128	120	1,119
31 March 2021	3,490	1,836	602	628	114	122	505

Performance Indicators

The Authority has developed a set of Key Performance Indicators (KPIs) to demonstrate delivery of the Corporate Plan outcomes identified above. Performance reports are reviewed by the Senior Management Team and the Policy & Resources Committee quarterly.

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

The current KPIs and PMP can be located on the Authority's website [www.southdowns.gov.uk.](http://www.southdowns.gov.uk)

Authority Outlook and Strategic Approach

Future years' budgets and corporate planning processes currently assume flat cash funding settlements from Defra over the medium term and will be developed on this basis. The starting point has therefore been the imperative of sharper focus, concentration of effort, the need to stop doing some things and deliver more impact with fewer resources. The Authority has worked hard to achieve financial sustainability, plan for the future and maintain some flexibility to fund one-off projects and unexpected costs.

The budget plans for 2022/23 include, for example, utilising a newly created Transition Reserve to support the work to adjust SDNPA's organisational and expenditure profile in line with anticipated future funding constraints, and the creation of a new reserve (Trading Company Borrowing Reserve) to allow the new company to borrow funds to purchase assets to allow them to begin operations at Seven Sisters County Park.

Explanation of the Financial Statements

The objectives of the Statement of Accounts (i.e. financial statements) are to provide information about the financial position, financial performance and cash flows of the Authority that is useful to a 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 2021/22 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2021 to 31 March 2022 ("the financial year"). The Code specifies the format of the financial statements, disclosures and terminology that are appropriate for national park authorities.

The Authority is required to present a complete set of financial statements (including comparative information). The financial statements are set out on pages 15 to 49 and are presented as follows:

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 Movement in Reserves Statement (MiRS) and the Expenditure and Funding Analysis (EFA) at Note 5 to the financial statements. 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" (i.e. 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 in accordance with the terms of the Financial Services contract.

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 South Downs National Park 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 2022 and its income and expenditure for the financial year ended 31 March 2022.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
24 November 2022

[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 24 November 2022.

Signed on behalf of the South Downs National Park Authority

Melanie Hunt
Chair
Policy & Resources Committee
Date 24 November 2022

Core Financial Statements 2021/22

Year Ended 31 March 2021					Year Ended 31 March 2022		
Comprehensive Income and Expenditure Statement							
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5,907	(3,119)	2,788		Planning	7,137	(3,815)	3,322
4,022	(631)	3,391		Countryside and policy management	3,965	(396)	3,569
0	0	0		Countryside and policy management - Seven Sisters	384	(240)	144
4,018	(17)	4,001		Corporate services	4,301	(86)	4,215
342	0	342		Strategic investment fund	2,216	(1,913)	303
14,289	**(3,767)**	**10,522**		**Cost of Services**	**18,003**	**(6,450)**	**11,553**
		Other operating expenditure					
		0		(Gains) / losses on the disposal of non-current assets			(5)
		0		**Total Other Operating Expenditure**			**(5)**
		Financing and investment income and expenditure					
		19		Net interest on the net defined benefit pension liability			113
		(109)		Interest receivable			(57)
		(90)		**Total Financing and Investment Income and Expenditure**			**56**
		Non-specific grant income					
		(10,486)		National Park grant			(10,486)
		0		Capital grants and contributions			(275)
		(10,486)		**Total Non-Specific Grant Income**			**(10,761)**
		(54)		**(Surplus) / Deficit on the Provision of Services**			**843**
		Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services					
		0		(Surplus) / deficit on the revaluation of non-current assets			(4,563)
		3,528	20	Remeasurements of the net defined benefit liability			(2,490)
		3,528		**Other Comprehensive Income and Expenditure**			**(7,053)**
		3,474		**Total Comprehensive Income and Expenditure**			**(6,210)**

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		
	2020/21	2021/22
	£'000	£'000
Employee expenses	7,230	8,838
Other service expenses	7,103	9,414
Non-current asset charges	(25)	(136)
Total Expenditure	**14,308**	**18,116**
Fees, charges and other service income	(3,429)	(5,301)
Income from non-current asset disposals	0	(5)
Interest receivable	(109)	(57)
Government grants and contributions	(10,824)	(11,910)
Total Income	**(14,362)**	**(17,273)**
(Surplus) / Deficit on the Provision of Services	**(54)**	**843**

The fees, charges and other service income (i.e. 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		
	2020/21	2021/22
	£'000	£'000
Planning	(3,099)	(3,775)
Countryside and policy management	(313)	(191)
Countryside and policy management - Seven Sisters	0	(192)
Corporate services	(17)	(86)
Strategic Investment Fund	0	(782)
Corporate & Other	0	(275)
Total Income received from External Customers	**(3,429)**	**(5,301)**

Of the £5.301m included in the table above, £3.621m is recognised under IFRS15 (Revenue from Contracts with Customers) and of this only £1.180m has significant performance obligations. This all relates to planning income (£1.119m in planning fees and £0.061m for planning performance agreements).

Further details on the income received by the Authority, in the form of grants and contributions, from government bodies is detailed in Note 15 to the financial statements.

Movement in Reserves Statements (MiRS)

Movement in Reserves Statement	Balance as at 1 April 2021	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis	(Increase) / Decrease in Year	Balance as at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
2021/22					
USABLE RESERVES					
General fund balance (including earmarked reserves)	(5,740)	843	198	1,041	(4,699)
Capital receipts reserve	(23)	0	(5)	(5)	(28)
Capital contributions unapplied	(5,446)	0	(548)	(548)	(5,994)
Total Usable Reserves	(11,209)	843	(355)	488	(10,721)
UNUSABLE RESERVES					
Unusable reserves held for revenue purposes					
Pensions reserve	4,691	(2,490)	1,822	(668)	4,023
Accumulated absences account	100	0	(6)	(6)	94
Total Held for Revenue Purposes	4,791	(2,490)	1,816	(674)	4,117
Unusable reserves held for capital purposes					
Revaluation reserve	0	(4,563)	0	(4,563)	(4,563)
Capital adjustment account	(2,314)	0	(1,461)	(1,461)	(3,775)
Total Held for Capital Purposes	(2,314)	(4,563)	(1,461)	(6,024)	(8,338)
Total Unusable Reserves	2,477	(7,053)	355	(6,698)	(4,221)
Total Reserves	(8,732)	(6,210)	0	(6,210)	(14,942)
2020/21 Comparative Figures					
USABLE RESERVES					
General fund balance (including earmarked reserves)	(6,042)	(54)	356	302	(5,740)
Capital receipts reserve	(23)	0	0	0	(23)
Capital contributions unapplied	(4,611)	0	(835)	(835)	(5,446)
Total Usable Reserves	(10,676)	(54)	(479)	(533)	(11,209)
UNUSABLE RESERVES					
Unusable reserves held for revenue purposes					
Pensions reserve	513	3,528	650	4,178	4,691
Accumulated absences account	85	0	15	15	100
Total Held for Revenue Purposes	598	3,528	665	4,193	4,791
Unusable reserves held for capital purposes					
Capital adjustment account	(2,128)	0	(186)	(186)	(2,314)
Total Held for Capital Purposes	(2,128)	0	(186)	(186)	(2,314)
Total Unusable Reserves	(1,530)	3,528	479	4,007	2,477
Total Reserves	(12,206)	3,474	0	3,474	(8,732)

Notes to the Movement in Reserves Statement (MiRS)

This note below provides more detail on the usable reserves and the adjustments made between the accounting basis and funding basis under regulations. Note 7 provides more detail on the unusable reserves.

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.

Adjustments between Accounting Basis and Funding Basis under Regulations				
	General Fund Balance	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
2021/22	£'000	£'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 with statutory requirements				
Pension costs (transferred to / (from) the pensions reserve)	(1,822)	0	0	(1,822)
Employees' paid absences (transferred to the accumulated absences account)	6	0	0	6
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	410	0	0	410
Total Adjustments to Revenue Resources	**(1,406)**	**0**	**0**	**(1,406)**
Adjustments between Revenue and Capital Resources				
Non-current asset sale proceeds	5	(5)		0
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	83	0	0	83
Total Adjustments between Revenue and Capital Resources	**88**	**(5)**	**0**	**83**
Adjustments to the Captial Resources				
Use of earmarked reserves to finance capital expenditure	968	0	0	968
Reversal of entries included in the CIES in relation to capital contributions unapplied	548	0	(548)	0
Total Adjustments to Capital Resources	**1,516**	**0**	**(548)**	**968**
Total Adjustments	**198**	**(5)**	**(548)**	**(355)**

Adjustments between Accounting Basis and Funding Basis under Regulations				
2020/21 Comparative Figures	General Fund Balance	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
	£'000	£'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 with statutory requirements				
Pension costs (transferred to / (from) the pensions reserve)	(650)	0	0	**(650)**
Employees' paid absences (transferred to the accumulated absences account)	(15)	0	0	**(15)**
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	25	0	0	**25**
Total Adjustments to Revenue Resources	**(640)**	**0**	**0**	**(640)**
Adjustments between Revenue and Capital Resources				
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	11	0	0	**11**
Total Adjustments between Revenue and Capital Resources	**11**	**0**	**0**	**11**
Adjustments to the Captial Resources				
Use of the capital receipts reserve to finance capital expenditure	150	0	0	**150**
Reversal of entries included in the CIES in relation to capital contributions unapplied	835	0	(835)	**0**
Total Adjustments to Capital Resources	**985**	**0**	**(835)**	**150**

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 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.

Capital Contributions Unapplied

The capital contributions unapplied account holds contributions received towards capital projects for which the Authority has no conditions to repay and are yet to be applied to meet expenditure. The account specifically holds contributions relating to the Community Infrastructure Levy (CIL).

Balance Sheet

Balance Sheet			
As at 31 March 2021	Note		As at 31 March 2022
£'000			£'000
Long Term Assets			
2,314	**9**	Property, plant and equipment	9,590
2,314		**Long Term Assets**	**9,590**
Current Assets			
2,002	**11**	Short term investments	6,505
8	**23**	Inventories	16
2,567	**11,12**	Short term debtors	2,500
13,851	**11**	Cash and cash equivalents	8,487
18,428		**Current Assets**	**17,508**
Current Liabilities			
(7,297)	**11,13**	Short term creditors	(7,328)
(22)	**14**	Short term provisions	0
(7,319)		**Current Liabilities**	**(7,328)**
Long Term Liabilities			
0		Long Term borrowings	(805)
(4,691)	**20**	Pension liability	(4,023)
(4,691)		**Long Term Liabilities**	**(4,828)**
8,732		**Net Assets**	**14,942**
(11,209)	**6**	Usable reserves	(10,721)
2,477	**7**	Unusable reserves	(4,221)

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 18 July 2022.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
24 November 2022

Cash Flow Statement

Cash Flow Statement		
2020/21		**2021/22**
£'000		**£'000**
54	**Net surplus / (deficit) on the provision of services**	**(843)**
(175)	Non-current asset charges - depreciation and revaluation	(134)
2,401	Increase / (decrease) in creditors	31
876	(Increase) / decrease in debtors	67
0	(Increase) / decrease in inventories	(8)
650	Movement in the pension liability (element charged to the surplus / (deficit) on the provision of services)	1,822
0	Deferred liability	805
22	Contributions to / (from) provisions	(22)
12	Other Adjustments	(3)
3,786	**Adjustment to surplus / (deficit) on the provision of services for non-cash movements**	**2,558**
0	Proceeds from the disposal of non-current assets	(5)
0	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	**(5)**
3,840	**Net Cash Flows from Operating Activities**	**1,710**
(11)	Purchase of non-current assets (including the movement in capital creditors)	(2,579)
(4,000)	Purchase of short term investments	(6,500)
3,500	Proceeds from short term investments	2,000
0	Proceeds from the sale of non-current assets	5
(511)	**Net Cash Flows from Investing Activities**	**(7,074)**
2,000	Reclassification of investments from short term investments to cash equivalents	0
5,329	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(5,364)**
52	Bank current accounts	35
8,470	Short term deposits	13,816
8,522	**Cash and Cash Equivalents as at 1 April**	**13,851**
35	Bank current accounts	44
13,816	Short term deposits	8,443
13,851	**Cash and Cash Equivalents as at 31 March**	**8,487**

Net Cash Flows from Operating Activities relating to Interest		
2020/21		**2021/22**
£’000		**£’000**
109	Interest received	57
(3)	Adjustments for differences between effective interest rates and actual interest receivable (including movement in interest debtor)	5
106	**Interest Received**	**62**

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 52 to 59.

2 Accounting Standards that have been Issued but not yet Adopted

At the balance sheet date, the following amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS1 (First-time Adoption) – relating to foreign operations of acquired subsidiaries;
IFRS16 (Leases) – removal of a misleading example;
IAS37 (Onerous Contracts) – a clarification of the accounting standard's intention;
IAS41 (Agriculture) – only applies to local authorities in limited circumstances.

These are not expected to have a material impact on the Authority's financial statements or disclosure notes.

Please note that IFRS 16 Leases implementation (which will require authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities) has been deferred to 1 April 2024. The impact on the Authority's balance sheet will be net neutral (with lease assets matching lease liabilities).

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 Authority does not have any critical accounting judgements to report the 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 20.

- **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 balance sheet value is also highly sensitive to variations in value estimates. A 1% movement in the estimate of value for property assets would result in a £92k movement in the balance sheet value.

4 Events after the Reporting Period

These financial statements were authorised for issue by the Chief Finance Officer on 24 November 2022 . Events taking place after this date are not reflected in the financial statements or notes.

5 Expenditure and Funding Analysis (EFA)

The objective of the EFA is to demonstrate how the funding available to the Authority (i.e. 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 departments. Income and expenditure accounted for under generally accepted accounting practices is presented fully in the CIES. 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.

The following table 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 (i.e. the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure):

Expenditure and Funding Analysis						
Year Ended 31 March 2021				Year Ended 31 March 2022		
Net Expenditure chargeable to the General Fund balance	Adjustments between Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure chargeable to the General Fund balance	Adjustments between Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
2,785	3	**2,788**	Planning	3,327	(5)	**3,322**
3,387	4	**3,391**	Countryside and policy management	3,568	1	**3,569**
0	0	**0**	Countryside and policy management - Seven Sisters	141	3	**144**
4,043	(42)	**4,001**	Corporate services	4,413	(198)	**4,215**
342	0	**342**	Strategic investment fund	304	(1)	**303**
(604)	604	**0**	Adjustments between funding & accounting basis for items within the operating segments	(775)	775	**0**
9,953	**569**	**10,522**	**Cost of Services**	**10,978**	**575**	**11,553**
(10,486)	0	**(10,486)**	Non Specific Grant Income	(10,761)	0	**(10,761)**
835	(925)	**(90)**	Other income and expenditure	824	(773)	**51**
302	**(356)**	**(54)**	**(Surplus) / Deficit on the Provision of Services**	**1,041**	**(198)**	**843**
		(6,042)	Opening General Fund balance at 1 April (including earmarked reserves)			**(5,740)**
		302	Less (surplus) / deficit on General Fund balance in year			**1,041**
		(5,740)	**Closing General Fund Balance at 31 March (including earmarked reserves)**			**(4,699)**

Note to the Expenditure and Funding Analysis					
2021/22	**Adjustments for Capital Purposes (note 1)**	**Net Change for the Pensions Adjustment (note 2)**	**Other Statutory Differences (note 3)**	**Other (Non-Statutory) Adjustments (note 4)**	**Total Adjustments**
	£'000	£'000	£'000	£'000	£'000
Planning	0	0	(4)	0	**(4)**
Countryside and policy management	(5)	0	0	0	**(5)**
Countryside and policy management - Seven Sisters	0	0	3	0	**3**
Corporate services	(251)	0	(2)	57	**(196)**
Strategic investment fund	0	0	(3)	0	**(3)**
Adjustments between funding & accounting basis for items within the operating segments	(934)	1,709	0	0	**775**
Net Cost of Services	**(1,190)**	**1,709**	**(6)**	**57**	**570**
Other income and expenditure	(824)	113	0	(57)	**(768)**
Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure (Surplus) / Deficit	**(2,014)**	**1,822**	**(6)**	**0**	**(198)**

Note to the Expenditure and Funding Analysis					
2020/21 Comparative Figures	Adjustments for Capital Purposes (note 1)	Net Change for the Pensions Adjustment (note 2)	Other Statutory Differences (note 3)	Other (Non-Statutory) Adjustments (note 4)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000
Planning	0	0	3	0	3
Countryside and policy management	0	0	4	0	4
Corporate services	(160)	0	9	109	(42)
Adjustments between funding & accounting basis for items within the operating segments	(26)	630	0	0	604
Net Cost of Services	**(186)**	**630**	**16**	**109**	**569**
Other income and expenditure	(835)	19	0	(109)	(925)
Difference between General Fund (Surplus) / Deficit and Comprehensive Income and Expenditure (Surplus) / Deficit	**(1,021)**	**649**	**16**	**0**	**(356)**

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 (i.e. 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 Statutory Differences

This column includes other statutory adjustments 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.

Note 4 - Other (Non-Statutory) Adjustments

Other non-statutory adjustments between amounts debited / credited to service segments which need to be adjusted to comply with the presentational requirements in the CIES and includes adjustments for surplus / deficit for interest receivable.

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

6 Usable Reserves

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

7 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		
	2020/21	2021/22
	£'000	£'000
Balance as at 1 April	**(2,128)**	**(2,314)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non-current assets	135	117
Upward revaluations reversing previous revaluation losses on non-current assets	(310)	(251)
Revenue expenditure funded from capital under statute	150	0
Capital grants and contributions credited to the CIES that have been applied to capital financing	0	(275)
Capital investment charged against the General Fund balance	(11)	(83)
Use of earmarked reserves to finance new capital investment	(150)	(968)
Total adjustments between accounting basis and funding basis under regulations	**(186)**	**(1,460)**
Balance as at 31 March	**(2,314)**	**(3,774)**

Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of property, plant and equipment. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired (gains lost), used in the provision of services and (gains consumed via depreciation) or disposed of (gains realised). The following table shows the balances on the Revaluation Reserve at the beginning and end of the financial year and the detailed movements during the financial year:

Revaluation Reserve		
	2020/21	2021/22
	£'000	£'000
Balance as at 1 April	**0**	**0**
Other comprehensive income and expenditure		
Upward revaluation of non-current assets	0	(4,563)
Total other comprehensive income and expenditure	**0**	**(4,563)**
Adjustments between accounting basis and funding basis under regulations		
Total adjustments between accounting basis and funding basis under regulations	**0**	**0**
Balance as at 31 March	**0**	**(4,563)**

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		
	2020/21	2021/22
	£'000	£'000
Balance as at 1 April	**513**	**4,691**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	3,528	(2,490)
Total other comprehensive income and expenditure	**3,528**	**(2,490)**
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	1,573	2,816
Employer's pensions contributions payable	(923)	(994)
Total adjustments between accounting basis and funding basis under regulations	**650**	**1,822**
Balance as at 31 March	**4,691**	**4,023**

The reserve is normally at the same level as the pensions liability carried on the top half of the Balance Sheet. Note 20 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 (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to / 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		
	2020/21	2021/22
	£'000	£'000
Balance as at 1 April	**85**	**100**
Adjustments between accounting basis and funding basis under regulations		
Settlement / cancellation of accrual made at the end of the preceding financial year	(85)	(99)
Amounts accrued at the end of the current financial year	100	93
Total adjustments between accounting basis and funding basis under regulations	**15**	**(6)**
Balance as at 31 March	**100**	**94**

8 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 2021/22:

Transfers to/from Earmarked Reserves							
	Balance at 1 April 2020	Transfers To 2020/21	Transfers From 2020/21	Balance at 31 March 2021	Transfers To 2021/22	Transfers From 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue reserves							
Carry forwards reserve	**(603)**	(727)	603	**(727)**	(580)	727	**(580)**
Revenue grants reserve	**(408)**	(448)	408	**(448)**	(450)	448	**(450)**
Planning reserve	**(708)**	0	150	**(558)**	0	0	**(558)**
Partnership Management Plan Reserve	**(512)**	0	211	**(301)**	0	0	**(301)**
Strategic fund reserve	**(670)**	(652)	588	**(734)**	(309)	390	**(653)**
South Downs Way reserve	**(20)**	0	0	**(20)**	0	0	**(20)**
Affordable Housing Reserve	**(146)**	0	20	**(126)**	(35)	0	**(161)**
Climate Levy Reserve	**0**	(141)	15	**(126)**	0	124	**(2)**
Repairs and renewals - vehicles reserve	**(32)**	0	1	**(31)**	0	30	**(1)**
S106 receipts reserve	**(729)**	(165)	193	**(701)**	(88)	156	**(633)**
Capital reserves							
Estates management reserve	**(1,178)**	0	300	**(878)**	0	828	**(50)**
Total Earmarked reserves	**(5,006)**	**(2,133)**	**2,489**	**(4,650)**	**(1,462)**	**2,703**	**(3,409)**
Other Usable reserves							
Capital Receipts	**(23)**	0	0	**(23)**	(5)	0	**(28)**
CIL Contributions Unapplied	**(4,611)**	(1,181)	346	**(5,446)**	(2,034)	1,486	**(5,994)**
Working Balance	**(900)**	(190)	0	**(1,090)**	(11,940)	12,019	**(1,011)**
General Reserves	**(136)**	0	136	**0**	(279)	0	**(279)**
Total Other Usable Reserves	**(5,670)**	**(1,371)**	**482**	**(6,559)**	**(14,258)**	**13,505**	**(7,312)**
Total Usable Reserves	**(10,676)**	**(3,504)**	**2,971**	**(11,209)**	**(15,720)**	**16,208**	**(10,721)**

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 Partnership Management Plan reserve is held to fund outcomes indented in the Authority's Partnership Management Plan.

The Strategic Fund reserve provides funding for specific strategic projects.

The Affordable Housing Reserve is held to fund actions identified in the Authority's Affordable Housing Strategy.

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.

9 **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			
2021/22	**Other Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Total PPE**
	£'000	**£'000**	**£'000**
Gross carrying amount	2,100	703	**2,803**
Accumulated depreciation	0	(489)	**(489)**
Net Carrying Amount at 1 April 2021	**2,100**	**214**	**2,314**
Capital Additions			
Additions	2,356	223	**2,579**
Asset Disposals			
Derecognition - disposals	0	(16)	**(16)**
Derecognition - disposals (depreciation)	0	16	**16**
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve			
Revaluation increases	4,563	0	**4,563**
Transactions charged to the surplus / deficit on the provision of services in the CIES			
Reversal of previous revaluation losses	251	0	**251**
Depreciation charge	(51)	(66)	**(117)**
Net Carrying Amount at 31 March 2022	**9,219**	**371**	**9,590**
Gross carrying amount	9,219	926	**10,145**
Accumulated depreciation	0	(555)	**(555)**
Net Carrying Amount at 31 March 2022	**9,219**	**371**	**9,590**

Non-Current Assets			
2020/21 Comparative Figures	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total PPE
	£'000	£'000	£'000
Gross carrying amount	1,835	692	2,527
Accumulated depreciation	0	(399)	(399)
Net Carrying Amount at 1 April 2020	1,835	293	2,128
Capital Additions			
Additions	0	11	11
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	310	0	310
Depreciation charge	(45)	(90)	(135)
Net Carrying Amount at 31 March 2021	2,100	214	2,314
Gross carrying amount	2,100	703	2,803
Accumulated depreciation	0	(489)	(489)
Net Carrying Amount at 31 March 2021	2,100	214	2,314

Valuations

The valuation of other land and buildings are based upon a valuation report issued annually by the Authority's valuers, Savills UK Ltd. The valuation is carried out as at 31 March 2022 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 2021/22, 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.

Contractual Commitments

At 31 March 2022, the Authority had entered into the following contractual commitments in respect of non-current assets:

Contractual Commitments in respect of Non Current Assets		
Scheme Name	Description	Total £'000
Other Land and Buildings		
Seven Sisters Country Park - Phase 1	Visitor Centre works	371
Vehicles, Plant, Furniture and Equipment		
Vehicle Purchase	Replacement of vehicle	19
National Park Signage	Signage	7

10 Capital Investment and Capital Financing

The Authority incurred £2.579m of capital investment in 2021/22 which was fully financed in the reporting period. The table below shows the total amount of capital investment together with the resources that have been used to finance the assets.

Capital Investment and Capital Financing		
	2020/21 £'000	2021/22 £'000
Capital investment		
Property, plant and equipment	11	2,579
Revenue expenditure funded from capital under statute	150	0
Total Capital Investment	**161**	**2,579**
Sources of finance		
Capital receipts	0	0
Capital grants and contributions	0	(275)
Reserves	(150)	(968)
Revenue contributions	(11)	(83)
Unsupported borrowing	0	(1,253)
Total Capital Financing	**(161)**	**(2,579)**

11 Financial Assets and Liabilities – Financial Instruments

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

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 2021	31 March 2022
	£'000	£'000
Investments		
Amortised Cost	15,853	14,992
Total Investments	**15,853**	**14,992**
Debtors		
Amortised Cost	1,995	1,683
Total Debtors	**1,995**	**1,683**
Creditors		
Amortised Cost	(5,521)	(5,408)
Total Creditors	**(5,521)**	**(5,408)**
Long Term Borrowing		
Amortised Cost	0	(805)
Total Borrowings	**0**	**(805)**

The above table includes the following investments:

- investments with the Santander (UK) plc totalling £2.002m (£2.002m 2020/21), of which all is held as short term investment;
- investments with Standard Chartered Bank totalling £3.003m (£nil 2020/21), of which all is held as a short term investment;
- investments with Goldman Sachs International Bank totalling £1.502m (£nil 2020/21), of which all is held as short term investment;
- an investment in Brighton & Hove City Council of £8.443m held as a cash equivalent (£11.798m 2020/21).

The carrying value of short term investments is reduced by less than £0.002m expected credit loss provision to £14.948m, which has been made due to accounting for Financial Instruments under IFRS9.

The Authority's bank account was in credit by £0.044m as at 31 March 2022 (£0.035m in credit as at 31 March 2021) and is included as part of the amortised investments value in the table above.

Income, Expense, Gains and Losses

In 2021/22, there was a net gain of £0.057m (£0.109m 2020/21) on loans and receivables which has been charged to the CIES. This is interest income that has been generated through a combination of external investments and balances invested in Brighton & Hove City Council.

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

All financial liabilities and financial assets (represented by amortised cost and debtors and creditors) are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the 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 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors	(5,521)	(5,521)	(5,408)	(5,408)
Long term borrowing	0	0	(805)	(805)
Total Financial Liabilities	**(5,521)**	**(5,521)**	**(6,213)**	**(6,213)**

All financial liabilities are short term at 31 March 2022; therefore the fair value of liabilities is equal to the carrying amount. The fair values shown above would be classed as Level 2 (using other significant observable inputs) in the fair value hierarchy table.

Financial Assets

Financial Assets				
	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Debtors	15,818	15,818	14,948	14,948
Cash at bank	35	35	44	44
Total Investments	**15,853**	**15,853**	**14,992**	**14,992**
Debtors	1,995	1,995	1,683	1,683
Total Financial Assets	**17,848**	**17,848**	**16,675**	**16,675**

All financial assets are short term at 31 March 2022; therefore the fair value of investments is equal to the carrying amount. The fair values shown above would be classed as Level 2 (using other significant observable inputs) in the fair value hierarchy table.

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.

Risk management is carried out by a central treasury team through a management agreement with Brighton & Hove City Council, under policies approved by the Authority in the annual treasury management strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit 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.

The Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swaps) spreads to give early warning of likely changes in credit ratings.

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.

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

Amounts Arising from Expected Credit Losses

The loss allowance for financial assets carried at amortised cost bought forward as at 1 April 2021 was £0.001m, and the loss allowance calculated as at 31 March 2022 was £0.002m. No change in expected credit loss for financial assets held at amortised cost was therefore recognised in 2021/22.

The Authority's financial assets are all due within 12 months, and no significant increase in risk has been assessed. All the expected credit loss on all investments in financial institutions has therefore been calculated on a 12 month expected loss basis, taking account of the credit rating of each investment, the historic default experience for each credit rating and the time to maturity of each investment.

Collateral

During the Reporting period the Authority held no collateral as security.

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 £14.992m (£15.853m in 2020/21) 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 £8.443m investments subject to variable interest rates at 31 March 2022. A 1.00% rise in interest rates would have the impact of increasing the interest receivable on this investment during 2021/22 by £0.144m. There would be no impact of a 1.00% rise in interest rates on fair value as investments are all for less than one year.

The impact of a 1.00% 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.

12 Debtors

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

Short Term Debtors		
	31 March 2021	31 March 2022
	£'000	£'000
Community Infrastructure Levy receipts	1,749	1,315
HMRC	187	329
Payments in Advance	203	262
Central Government grants	166	223
S106 Developers receipts	120	176
Local Authorities	31	46
Other debtors	111	149
Total Short Term Debtors	**2,567**	**2,500**

£1.683m of short term debtors are classed as financial instruments and are included in note 11; those debtors not included are statutory debtors, grant debtors and payments in advance.

13 Creditors

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

Short Term Creditors		
	31 March 2021	31 March 2022
	£'000	£'000
S106 Development Contributions	(3,490)	(3,286)
Local Authorities	(1,836)	(1,250)
Central Government grants	(602)	(713)
Non-Government grants	(628)	(712)
HMRC	(114)	(128)
Pensions	(122)	(120)
Other Creditors	(505)	(1,119)
Total Short Term Creditors	**(7,297)**	**(7,328)**

£5.408m of short term creditors are classed as financial instruments and are included in note 11; those creditors not included are statutory creditors and receipts in advance.

14 Provisions

The Authority sets aside amounts as provisions for liabilities of uncertain timing or amount. The following table shows the level of the Authority's provisions as at 31 March:

Provisions					
		2021/22			
	Balance at 1 April 2021	Additional Provisions Made	Amounts Used	Unused Amounts Reversed	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Short Term Provisions					
Legal Costs	(22)	0	22	0	0
Total	**(22)**	**0**	**22**	**0**	**0**

15 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		
	2020/21	2021/22
	£'000	£'000
Non-ring fenced government grants credited to taxation and non-specific grant income		
Department for Environment, Food and Rural Affairs	(10,486)	(10,486)
Total	**(10,486)**	**(10,486)**
Ring fenced government grants credited to cost of services		
Department for Environment, Food and Rural Affairs	(17)	(581)
Heritage Lottery Fund	(197)	(534)
Natural England	(89)	(193)
Rural Payments Agency	(15)	(76)
Department for Levelling Up, Housing and Communities	(20)	(40)
Total	**(338)**	**(1,424)**
Total Government Revenue Grants	**(10,824)**	**(11,910)**

Non-Ring Fenced Grants

The non-ring fenced government grant received by the Authority from the Department for Environment, Food and Rural Affairs of £10.486m is the National Park grant which can be used by the Authority to finance revenue expenditure on any service.

Revenue Contributions

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

Revenue Contributions		
	2020/21	2021/22
	£'000	£'000
Revenue contributions credited to cost of services		
Contributions from developers and stakeholders	(394)	(534)
Contributions from other local authorities	(121)	(443)
Other contributions, donations and sponsorship	(61)	(288)
Contributions from other agencies / external bodies	(138)	(140)
Total Revenue Contributions	**(714)**	**(1,405)**

Revenue contributions received by the Authority include:

- contributions from developers and stakeholders relates to Section 106 funding towards community development across the Park;
- contributions from other local authorities include East Hampshire District Council (£0.140m) contribution to the Heathlands Reunited project; Brighton & Hove City Council (£0.010m) contribution to Aquifer Partnership.

Capital Grants and Contributions		
	2020/21	2021/22
	£'000	£'000
Capital grants and contributions credited to taxation and non-specific grant income		
Other contributions	0	(275)
Total	**0**	**(275)**

16 Leases

Authority as Lessee – Operating Leases

As lessee, the Authority does not have any finance leases; however, it leases office space and vehicles under operating leases with lease periods of between one and five years. The office space relates to the Authority's area offices and is expected to be leased for the foreseeable future.

Future Minimum Lease Payments under Operating Leases (Lessee)		
	31 March 2021	31 March 2022
	£'000	£'000
Not later than one year	63	78
Later than one year and not later than five years	80	18
Total Future Minimum Lease Payments	**143**	**96**

In 2021/22, the Authority made lease payments of £0.077m (£0.062m 2020/21) in respect of these leases; the lease payments were charged to the relevant cost of service in the CIES.

17 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 2021/22 can be found in note 15.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in note 21. During 2021/22, works and services to the value of £3.093m (£3.352m 2020/21) were commissioned from entities, including 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 2021/22, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.314m (£0.305m 2020/21). As shown in Note 11, the Authority also had an investment in Brighton & Hove City Council of £8.443m held as a cash equivalent as at 31 March 2022 (£11.798m 31 March 2021) in accordance with the service contract and the Authority's Annual Investment Strategy. The existing contract ended on 31 March 2022. A full retendering process was completed in 2021/22 and Brighton & Hove City Council was awarded a new contract for financial services from 1 April 2022 for three years. The contract is independently monitored by the Authority's Head of Business Services.

During 2021/22, Hampshire County Council provided Monitoring Officer services to the Authority on a contractual basis to the value of £0.045m (£0.053m 2020/21). The Monitoring Officer contract was secured through a formal tender process and is independently monitored by the Authority's Head of Business Services. Senior officers of Hampshire County Council were not in a position to influence these financial transactions as they were paid in accordance with the agreed contract terms.

Entities Controlled or Significantly Influenced by the Authority

The South Downs National Park Trust

The South Downs National Park Trust was established by the Authority in April 2017 to raise funds to benefit the National Park. The Trust is governed by an independent board of 9 trustees who oversee its work, two of which are Members of the Authority. Not more than one or one third of the Trustees, whichever is the higher number, shall be members of the Authority. There is currently a Memorandum of Understanding and Grant Agreement in place for the Authority to provide an annual grant to the Trust for the first three years of operations to the value of £0.040m per year. The South Downs National Park Trust made contributions to the Authority of £0.287m during the 2021/22 financial year to fund various project costs. The creditors balance of the Authority as at 31 March 2022 includes £0.469m relating to the South Downs National Park Trust.

South Downs Commercial Operations Ltd (SDCO)

As part of the appropriate legal management of the Seven Sisters County Park commercial operations (for example; visitor centre, holiday lets, etc), the authority has set up a separate commercial company to operate these activities in its behalf. The company will be active from 1 April 2022 under an operating agreement with the authority. The company board of five directors made up of representatives of the authority including an independent director with land management experience. The company will receive an equity loan of £0.1 million to cover its start-up costs in its first year of operation (2022/23) from the authority. As the company is under the sole control of the authority, group accounts will be required for the authority and South Downs Commercial Operations Ltd from 2022/23 onwards.

18 Officers' Remuneration

In 2021/22 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 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					
2021/22					
Post Holder Information	Salary (including Fees & Allowances) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive	112,338	112,338	22,335	134,673
Director of Planning	99,788	99,788	19,785	119,573
Director of Countryside Policy and Management	85,992	85,992	17,112	103,105
Total	**298,119**	**298,119**	**59,232**	**357,351**

Senior Employee Remuneration - salary between £50,000 and £149,999				
2020/21 Comparative Figures				
Post Holder Information	Salary (including Fees & Allowances) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive	112,306	112,306	22,262	134,568
Director of Planning	97,988	97,988	19,333	117,321
Director of Countryside Policy and Management	84,306	84,306	16,722	101,028
Total	294,600	294,600	58,317	352,917

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		
	2020/21	2021/22
Remuneration Band	Employees	Employees
£50,000 - £54,999	8	5
£55,000 - £59,999	4	6
£60,000 - £64,999	1	1
£65,000 - £69,999	1	1
£70,000 - £74,999	0	0
Total	14	13

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

Other Staff				
	2020/21		2021/22	
Nature of Employment	Number of Staff	Actual Cost £'000	Number of Staff	Actual Cost £'000
Employed	155	4,550	172	4,906
Total	155	4,550	172	4,906

Note: all costs include expenses.

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

19 **Exit Packages**

The Authority terminated the contract of no employees during 2021/22 and one during 2020/21. The following table shows the number of exit packages with the total cost per band and total cost of compulsory and other redundancies:

Exit Packages								
Cost Band	Number of Compulsory Redundancies		Number of Other Departures		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £'000	2021/22 £'000
£0 - £20,000	0	0	1	0	1	0	6	0
Total	0	0	1	0	1	0	6	0

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

20 **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 have been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 July 2017 (version 3).

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 2019. Liabilities for the scheme have been assessed on an actuarial basis using the projected unit credit method (i.e. 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 31 March 2022:

Basis for Estimating Assets and Liabilities		
	31 March 2021	31 March 2022
Long term expected rate of return on assets in the scheme		
Equity investments	2.05%	2.75%
Bonds	2.05%	2.75%
Property	2.05%	2.75%
Cash	2.05%	2.75%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	22.1 years	21.9 years
• women	24.4 years	24.2 years
Longevity at 65 for future pensioners:		
• men	23.1 years	22.8 years
• women	26.1 years	25.9 years
Financial assumptions		
Rate of inflation	2.8%	3.15%
Rate of increase in salaries	3.3%	3.65%
Rate of increase in pensions	2.8%	3.15%
Rate for discounting scheme liabilities	2.05%	2.75%
Expected total return on assets	2.05%	2.75%
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 2022 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 (i.e. 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 2022	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in real discount rate	3%	805
1 year increase in member life expectancy	4%	1,177
0.5% increase in salary increase rate	0%	64
0.5% Increase in the pension increase rate	3%	737

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 reporting period.

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		
	2020/21	2021/22
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services		
Service Cost Comprising:		
Current service cost	1,554	2,703
Past service cost	0	0
Financing and Investment Income and Expenditure		
Net interest expense	19	113
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**1,573**	**2,816**
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)	(4,533)	578
Changes in demographic assumptions	32	(175)
Changes in financial assumptions	8,236	(2,969)
Other experience adjustments	(207)	76
Adjustment re remeasurements of the pension scheme	0	0
Adjustment re incorrect actuary's assumptions	0	0
Total Post Employment Benefits charged to the CIES	**3,528**	**(2,490)**
Actual amount charged against the General Fund balance for pensions in the financial year		
Employer's contributions payable to the scheme	(923)	(994)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	1,573	2,816
Net Adjustment to the Pension Reserve	**4,178**	**(667)**

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		
	2020/21	2021/22
	£'000	£'000
Present value of the scheme liabilities	(28,981)	(29,437)
Fair value of scheme assets	24,290	25,414
Net Liability arising from Defined Benefit Obligation	**(4,691)**	**(4,023)**

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 £29.437m has a substantial impact on the net assets of the Authority as recorded on the Balance Sheet, resulting in a negative overall balance of £4.023m. 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 (i.e. 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)		
	2020/21	2021/22
	£'000	£'000
Opening Balance at 1 April	**(18,714)**	**(28,981)**
Adjustment re incorrect actuary's assumptions	0	0
Opening Balance at 1 April	**(18,714)**	**(28,981)**
Current service cost	(1,554)	(2,703)
Interest cost	(450)	(623)
Contributions from scheme participants	(334)	(360)
Remeasurements:		
Actuarial gain / (loss) arising on changes in demographic assumptions	(32)	175
Changes in financial assumptions	(8,236)	2,969
Other experience adjustments	207	(76)
Benefits paid	132	162
Past service cost	0	0
Balance at 31 March	**(28,981)**	**(29,437)**

There has been an increase in the overall scheme liabilities, based on the assumptions made by the actuary at 31 March 2022. 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
	£'000	%
2021/22		
Active members	21,396	72.7%
Deferred members	5,326	18.1%
Pensioner members	2,715	9.2%
Total	**29,437**	**100.0%**
2020/21 Comparative Figures		
Active members	20,262	69.9%
Deferred members	5,822	20.1%
Pensioner members	2,897	10.0%
Total	**28,981**	**100.0%**

Note: the figures in the above tables are for the funded liabilities only and do not include any unfunded pensioner liabilities.

Pension Scheme Assets

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		
	2020/21 £'000	2021/22 £'000
Opening Balance at 1 April	**18,201**	**24,290**
Adjustment re incorrect actuary's assumptions	0	0
Opening Balance at 1 April	**18,201**	**24,290**
Interest income	431	510
Remeasurements:		
Return on scheme assets (excluding the amount included in the net interest expense)	4,533	(578)
Contributions from employer	923	994
Contributions from employees	334	360
Benefits paid	(132)	(162)
Balance at 31 March	**24,290**	**25,414**

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								
	2020/21				2021/22			
	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	2,523.4	0.0	2,523.4	10%	0.0	0.0	0.0	0%
Manufacturing	1,418.0	0.0	1,418.0	6%	0.0	0.0	0.0	0%
Energy and utilities	372.1	0.0	372.1	2%	0.0	0.0	0.0	0%
Financial institutions	2,200.7	0.0	2,200.7	9%	0.0	0.0	0.0	0%
Health and care	1,624.4	0.0	1,624.4	7%	0.0	0.0	0.0	0%
Information technology	3,371.0	0.0	3,371.0	14%	0.0	0.0	0.0	0%
Other	804.9	0.0	804.9	3%	0.0	0.0	0.0	0%
Total	**12,314.5**	**0.0**	**12,314.5**	**51%**	**0.0**	**0.0**	**0.0**	**0%**
Debt Securities								
UK government	308.5	0.0	308.5	1%	0.0	0.0	0.0	0%
Total	**308.5**	**0.0**	**308.5**	**1%**	**0.0**	**0.0**	**0.0**	**0%**
Real Estate								
UK property	0.0	1,648.3	1,648.3	7%	0.0	2,480.1	2,480.1	10%
Overseas property	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Total	**0.0**	**1,648.3**	**1,648.3**	**7%**	**0.0**	**2,480.1**	**2,480.1**	**10%**
Investment Funds and Unit Trusts								
Infrastructure	0.0	0.0	0.0	0%	0.0	1,092.5	1,092.5	4%
Commodities	0.0	0.0	0.0	0%	0.0	553.9	553.9	2%
Equities	0.0	0.0	0.0	0%	11,892.0	0.0	11,892.0	47%
Bonds	8,173.8	0.0	8,173.8	34%	8,784.5	0.0	8,784.5	35%
Other	381.0	0.0	381.0	2%	0.0	0.0	0.0	0%
Total	**8,554.8**	**0.0**	**8,554.8**	**36%**	**20,676.5**	**1,646.4**	**22,322.9**	**88%**
Private Equity	0.0	387.0	387.0	2%	0.0	519.3	519.3	2%
Cash and cash equivalents	1,076.9	0.0	1,076.9	4%	91.7	0.0	91.7	0%
Total Assets	**22,254.7**	**2,035.3**	**24,290.0**	**100%**	**20,768.2**	**4,645.8**	**25,414.0**	**100%**

Asset and Liability Modelling (ALM) Strategy

The Fund has the following objectives:

- reduce the risk of deficits emerging to protect against increases in the secondary (deficit contribution) rate;
- generate sufficient returns to keep the cost of new benefits accruing reasonable. The future service rate is difficult to manage through an investment strategy but the investment strategy must support the Actuary's funding assumptions;
- identify sources of income in order to generate cash as the Fund requires. The Fund is currently cash flow positive but if cash-flow drops then the Fund does not want to be a forced seller of assets to pay benefits.

The Panel have translated their objectives and beliefs into a suitable customised benchmark which is based on advice from the Fund Actuary and Investment Adviser and which sets out the intended long term weighting to various types of investment (or asset classes), such as equities, bonds and property and reflects the Pension Fund's investment strategy. The benchmark is set using Asset Liability Modelling in order to understand the impact of different investment strategies on the chances of "success" and corresponding downside risks. "Success" here is defined as maintaining a 2/3 or better chance of being fully funded (on an on-going basis) over 20 years.

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 2022, and complete by 31 March 2023.

The 2019 actuarial valuation takes 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 2019), or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2023 are set out in the Rate and Adjustments certificate. The actuary has estimated the employer's contributions for the period to 31 March 2023 will be approximately £0.993m.

The following table shows an analysis of the projected amount to be charged to the CIES for the financial year to 31 March 2023:

Projected Defined Benefit Cost for the Period Ended 31 March 2023			
	Assets	Liabilities	Net Liability
	£'000	£'000	£'000
Projected current service cost	0	(2,366)	**(2,366)**
Total Service Cost	**0**	**(2,366)**	**(2,366)**
Interest income on scheme assets	714	0	**714**
Interest cost on scheme liabilities	0	(844)	**(844)**
Total Net Interest Cost	**714**	**(844)**	**(130)**
Total Charge to CIES	**714**	**(3,210)**	**(2,496)**

The weighted average duration (i.e. 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 29 years.

21 Members' Allowances and Expenses

During 2021/22, the Authority paid £0.130m (£0.116m 2020/21) of allowances to members; in addition, members claimed £0.007m (£0.003m 2020/21) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2021/22 are published on the Authority's website.

22 External Audit Costs

The Authority is due to pay £0.021m (£0.021m 2020/21) to the external auditor in respect of the audit of the financial statements.

In 2021/22 the Authority received a refund of £0.002m from Public Sector Audit Appointments (PSAA) as a result of a national refund. The Authority also, received a contribution from central government of £0.006m towards the increase in the 2020/21 audit fee from the previous year.

23 **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 2021	Purchases	Recognised as an Expense	Balance at 31 March 2022
	£'000	£'000	£'000	£'000
Inventories held for sale / distribution in the ordinary course of operations	8	19	(11)	16
Total	**8**	**19**	**(11)**	**16**

24 **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 £0.329m (£0.186m 2020/21) 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 £0.127m (£0.121m 2020/21) 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 2021/22, 5 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 ten 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 5 local authorities in 2021/22 amounted to £1.669m which included £0.605m income received in relation to application fees

South Downs
National Park Authority

Accounting Policies 2021/22

Accounting Policies Contents

Accounting Policies

1. General

The Statement of Accounts (i.e. 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.

It is not the Authority's policy to adjust for immaterial cross-casting differences between the main statements and the disclosure notes.

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 (i.e. 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 (i.e. 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. As National Park Authorities cannot be created or dissolved without statutory prescription, the Authority must prepare its financial statements on a going concern basis.

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 recognised in accordance with IFRS 15 - Revenue Recognition from Contracts with Customers and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). Prior to this revenue was recognised under IAS 18 – Revenue. Under IFRS15, the principles of revenue recognition are determining if the transaction is an exchange or non-exchange transaction. With non-exchange transactions there is no or only nominal consideration in return. The obligating extent is often determined by statutory prescription (e.g. council tax, VAT or a fine for breach of law) or may be a donation or bequest. For exchange transactions, assets or services and liabilities of approximately equal value are exchanged. There is a contract which creates right and obligations. Performance obligations in the contract have to be measured and the transaction price allocated to these obligations. Revenue is recognised when the performance obligations are satisfied. Examples include sales, fees and charges for services provided by the Authority.

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 (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and 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 (i.e. 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

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

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

The authority's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost 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.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

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

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 (i.e. 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 (i.e. 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 (i.e. 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) (i.e. 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 (i.e. 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 (i.e. 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 (e.g. 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 2021/22

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of South Downs National Park Authority (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Notes to the Comprehensive Income and Expenditure Statement, the Notes to the Movement in Reserves Statement and the Other Notes to the Core Financial Statements including the Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Policy and Resources Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972 and the Local Government Act 2003.
- We enquired of senior officers and the Policy and Resources Committee, concerning the Authority's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Policy and Resources Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of: fraudulent revenue and expenditure recognition; management override of controls and the risk of management bias in accounting estimates. We determined that the principal risks were in relation to:
    - Large and unusual manual journal entries;
    - Material accounting estimates which were subject to significant management judgement, a high level of estimation uncertainty and high sensitivity to small changes in assumptions.
- Our audit procedures involved:
    - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
    - journal entry testing, with a focus on large and unusual and high risk journals particularly manual journals, made during the year and the accounts production stage;
    - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
    - testing income and expenditure recognition; and
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The audit team discussed the risk of the Authority's potential non-compliance with relevant laws and regulations, the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the local government sector;
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation;
    - guidance issued by CIPFA, LASAAC and SOLACE;
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report.

We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Authority

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

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for South Downs National Park Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London
30th November 2022

31 July 2019

South Downs
National Park Authority

Glossary of Terms 2021/22

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 (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the 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 (i.e. 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 (i.e. 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, e.g. 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 (e.g. 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 (i.e. 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.

South Downs Centre, North Street, Midhurst, West Sussex GU29 9DH
T: 0300 303 1053 E: info@southdowns.gov.uk www.southdowns.gov.uk
South Downs National Park Authority
Statement of Accounts 2021/22
A copy of this document can be found on the Authority's website www.southdowns.gov.uk