South Downs
National Park Authority

Audited Statement of Accounts 2022/23

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Chief Finance Officer's Narrative Report

Introduction
The impact of the UK's economic challenges (high pay and price inflation and post pandemic) are being felt across the South Downs National Park area and its communities and partners. These impacts are also felt by the Authority but as a body largely supported directly by central government (and planning fees) the park has remained financially viable.

Authority Overview
The South Downs National Park Authority was established in April 2010 (and fully operational from April 2011). From July 2021, the park expanded to include Seven Sisters Country Park. The South Downs National 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.

As a National Park, the Authority has two statutory purposes which are 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. The Authority also has a duty to work in partnership to foster the economic and social wellbeing of local communities within the national park. The Authority is a public body run by a board of 27 members. Operationally the park is managed by its Senior Management Team and structured into five service areas - Planning, Countryside and Policy Management, Corporate Services (support services), Strategic Investment Fund (projects), and Seven Sisters.

The Authority's overarching strategy documents are its Partnership Management Plan 2020-2025 annually updated Corporate Plan which includes high level targets focused on Nature Recovery, Climate Action and creating 'A National Park for All'. Key Performance Indicators are in place to measure the delivery of these plans. Performance reports monitoring the progress of key projects, plans and actions are reviewed by the Senior Management Team and the Policy & Resources Committee at least quarterly. A full annual review of the Authority's performance for 2022/23 is available at: Agenda-Item-11-with-appendices.pdf (southdowns.gov.uk) (Appendix 9). For example, creating 404 of new and 4,314 of improved hectares of habitat for nature in 2022/23.

The Authority took over the management of the Seven Sisters Country Park in July 2021 and has made a substantial capital investment in the Seven Sisters assets. A new company, wholly owned by the Authority – South Downs Commercial Operations Ltd – runs the Seven Sisters commercial activities via an operating agreement with the Authority which has been operational from 1 April 2022.

Full details can be found on the Authority's website: www.southdowns.gov.uk.

2022/23 Budget Setting

In 2022/23, the Authority set an original revenue budget of £10.685 million funded by £10.486 million of Department for Environment, Food and Rural Affairs national park grant and a £0.199 million contribution from reserves. The park also agreed a 5-year capital programme of £0.382 million funded from internal borrowing (£0.200 million) and existing resources (reserves).

The budget setting report 2022/23 (including the Capital Strategy 2022/23, Treasury Management Strategy 2022/23 and Medium Term Financial Strategy) was approved by the March 2022 National Park Authority meeting and can be found on the Authority's website.

2022/23 Outturn

Revenue

The revenue outturn is an overall underspend of £0.509 million below budget.

Spending on Services by Operating Segment			
	Budget	Actual	Variance
Segments	£'000	£'000	£'000
Corporate services	4,161	4,129	**(31)**
Seven Sisters	(3)	30	**32**
Countryside and policy management	3,658	3,733	**75**
Planning	3,208	3,055	**(153)**
Strategic investment fund	258	266	**8**
Total	**11,282**	**11,213**	**(69)**
National Park grant	(10,486)	(10,926)	**(440)**
Contributions to/(from) reserves	(796)	(796)	**0**
Total (under)/overspend	**0**	**(509)**	**(509)**

This is adjusted by a reduction in the underspend of £0.017 million compared with the draft outturn position reported to the National Park Authority's meeting in July 2023. This was due to reclassified transactions between the Authority and the South Downs Commercial Operations.

Capital

The Authority made £1.247 million of capital investment in 2022/23 (of which £0.100 million was an equity investment in Seven Sisters Commercial Operations Limited). The bulk of this was investment in Seven Sisters assets and was funded from £0.748 million of internal borrowing (i.e. from cash balances) with the balance from existing resources.

Full 2022/23 outturn details were reported to the full Authority meeting in July 2023.

Cash flow Management

The Authority regularly reviews its cash flow requirements and approves an annual Treasury Management Strategy as part of its budget setting report which sets parameters within which the Authority's cash balances and reserves will be invested. Please see the relevant section of the budget setting report 2022/23 approved by the March 2022 National Park Authority meeting.

Budget Planning 2023/24 and Beyond

Future years' budgets and corporate planning processes assume flat cash funding settlements from government over the medium term. The starting point has therefore been 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 and maintain financial sustainability and maintain some flexibility to fund one-off projects and unexpected costs.

The budget setting report 2023/24 (including the Capital Strategy 2023/24, Treasury Management Strategy 2023/24 and the Medium Term Financial Strategy) was approved by the March 2023 National Park Authority meeting and can be found on the Authority's website.

Explanation of the Financial Statements

The Statement of Accounts sets out the Authority's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary statements together with disclosure notes. The Statement of Accounts has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

The four core statements are:

The Comprehensive Income and Expenditure Statement (CIES) which records the Authority's income and expenditure for the year. The top half of the statement provides an analysis by service area (operating segment). The bottom half of the statement deals with corporate transactions and funding.

The Movement in Reserves Statement (MiRS) is a summary of the changes to the Authority's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.

The Balance Sheet is a "snapshot" of the Authority's assets, liabilities, cash balances and reserves at the year-end date.

The Cash Flow Statement shows the reason for changes in the Authority's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The Group Accounts show the Authority's single entity financial statements combined with the assets and liabilities of group companies and similar entities, which the Authority either controls or significantly influences.

The notes to these financial statements provide further detail about the Authority's accounting policies and individual transactions. A glossary of key terms can be found at the end of this publication.

Further Information

These financial statements have been prepared by Brighton & Hove City Council in accordance with the terms of the Financial Services contract with South Downs National Park Authority. Further information about the financial statements is available from Brighton & Hove City Council. 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 (Chartered Institute of Public Finance and Accountancy) 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 2023 and its income and expenditure for the financial year ended 31 March 2023.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)

Certification by Chair

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

Signed on behalf of the South Downs National Park Authority

Melanie Hunt
Chair, Policy & Resources Committee
Date

South Downs
National Park Authority

Core Financial Statements 2022/23

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) records the Authority's revenue income and expenditure for the year.

Year Ended 31 March 2022			Comprehensive Income and Expenditure Statement	Year Ended 31 March 2023		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
7,137	(3,815)	**3,323**	Planning	6,911	(3,858)	**3,052**
3,965	(396)	**3,569**	Countryside and policy management	4,037	(315)	**3,722**
384	(240)	**144**	Countryside and policy management - Seven Sisters	465	(434)	**31**
4,301	(86)	**4,215**	Corporate services	4,585	(205)	**4,381**
2,216	(1,914)	**302**	Strategic investment fund	2,783	(2,514)	**269**
18,004	**(6,450)**	**11,553**		**18,781**	**(7,326)**	**11,455**
			Other operating expenditure			
		(5)	(Gains)/losses on the disposal of non-current assets			**0**
		(5)	**Total Other Operating Expenditure**			**0**
			Financing and investment income and expenditure			
		113	Net interest on the net defined benefit pension liability			**157**
		(57)	Interest receivable			**(313)**
		56	**Total Financing and Investment Income and Expenditure**			**(156)**
			Non-specific grant income			
		(10,486)	National Park grant			**(10,926)**
		(275)	Capital grants and contributions			**(446)**
		(10,761)	**Total Non-Specific Grant Income**			**(11,373)**
		843	**(Surplus)/Deficit on the Provision of Services**			**(73)**
			Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services			
		(4,563)	(Surplus)/deficit on the revaluation of non-current assets			**731**
		(2,490)	Remeasurements of the net defined benefit liability			**(5,181)**
		(7,054)	**Other Comprehensive Income and Expenditure**			**(4,450)**
		(6,210)	**Total Comprehensive Income and Expenditure**			**(4,524)**

Movement in Reserves Statement

The Movement in Reserves Statement Shows the movement in year on reserve balances held by the Authority.

Movement in Reserves Statement	Balance as at 1 April	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March
	£'000	£'000	£'000	£'000	£'000
2022/23					
Working balance and earmarked reserves	(4,700)	(73)	(304)	(378)	(5,077)
Capital receipts reserve	(28)	0	0	0	(28)
Capital contributions unapplied	(5,993)	0	(447)	(447)	(6,441)
Usable Reserves	(10,721)	(73)	(751)	(825)	(11,546)
Pensions reserve	4,023	(5,181)	1,158	(4,023)	0
Accumulated absences account	93	0	(15)	(15)	78
Revaluation reserve	(4,563)	731	23	754	(3,810)
Capital adjustment account	(3,774)	0	(414)	(414)	(4,189)
Unusable Reserves	(4,221)	(4,450)	751	(3,699)	(7,920)
Total Reserves	(14,943)	(4,524)	0	(4,524)	(19,466)
2021/22					
Working balance and 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)
Usable Reserves	(11,209)	843	(355)	488	(10,721)
Pensions reserve	4,691	(2,490)	1,822	(668)	4,023
Accumulated absences account	100	0	(6)	(6)	94
Revaluation reserve	0	(4,563)	0	(4,563)	(4,563)
Capital adjustment account	(2,314)	0	(1,461)	(1,461)	(3,775)
Unusable Reserves	2,477	(7,053)	355	(6,698)	(4,221)
Total Reserves	(8,732)	(6,210)	0	(6,210)	(14,943)

Balance Sheet

The balance sheet shows the values of assets and liabilities held by the Authority. The net assets are matched by the reserves.

Balance Sheet			
As at 31 March 2022 £'000	Note		As at 31 March 2023 £'000
Long Term Assets			
9,590	**10**	Property, plant and equipment	9,857
0	**17**	Investment in associates and joint ventures	100
9,590		**Long Term Assets**	**9,957**
Current Assets			
6,505	**12**	Short term investments	6,082
16	**23**	Inventories	5
2,500	**12,13**	Short term debtors	2,187
8,487	**12**	Cash and cash equivalents	8,795
17,508		**Current Assets**	**17,070**
Current Liabilities			
(7,327)	**12,14**	Short term creditors	(6,791)
(7,327)		**Current Liabilities**	**(6,791)**
Long Term Liabilities			
(805)	**12**	Long term borrowings	(770)
(4,023)	**20**	Pension liability	0
(4,828)		**Long Term Liabilities**	**(770)**
14,943		**Net Assets**	**19,466**
(10,721)	**8**	Usable reserves	(11,546)
(4,221)	**9**	Unusable reserves	(7,920)
(14,943)		**Total Reserves**	**(19,466)**

The unaudited Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 May 2023 and on 16 November 2023 by the Chief Finance Officer (Section 151 Officer) Nigel Manvell CPFA.

Cash Flow Statement

Cash Flow Statement		
2021/22		2022/23
£'000		£'000
(843)	**Net surplus/(deficit) on the provision of services**	**73**
(134)	Non-current asset charges - depreciation and revaluation	(149)
31	Increase/(decrease) in creditors	(536)
67	(Increase)/decrease in debtors	313
(8)	(Increase)/decrease in inventories	11
1,822	Movement in the pension liability (element charged to the surplus/(deficit) on the provision of services)	1,158
840	(Increase)/decrease in deferred liability	35
(22)	Contributions to/(from) provisions	0
(3)	Other Non-Cash Adjustments	186
2,593	**Adjustment to surplus/(deficit) on the provision of services for non-cash movements**	**1,017**
(5)	Proceeds from the disposal of non-current assets	0
(5)	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	**0**
1,745	**Net Cash Flows from Operating Activities**	**1,090**
(2,579)	Purchase of non-current assets (including the movement in capital creditors)	(1,147)
(6,500)	Purchase of short term investments	(7,500)
2,000	Proceeds from sale of short term investments	6,500
5	Proceeds from the sale of non-current assets	0
(7,074)	**Net Cash Flows from Investing Activities**	**(2,147)**
(35)	Repayment of deferred liability	(35)
0	Equity investment in South Downs Commercial Operations Ltd	(100)
(35)	**Net Cash Flows from Financing Activities**	**(135)**
0	Reclassification of investments from short term to cash equivalents	1,500
(5,364)	**Net Increase/(Decrease) in Cash and Cash Equivalents**	**307**

35	Bank current accounts	44
13,816	Short term deposits	8,443
13,851	**Cash and Cash Equivalents as at 1 April**	**8,487**
44	Bank current accounts	(189)
8,443	Short term deposits	8,984
8,487	**Cash and Cash Equivalents as at 31 March**	**8,795**
(5,364)	**Movement in Cash and Cash Equivalents**	**307**

Notes to the Core Financial Statements

1 Accounting Policies (summary)

The Accounts and Audit Regulations 2015 (SI 2015 No 234 as amended) require the Authority to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2022/23, these proper accounting practices principally comprise:

the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) supported by International Financial Reporting Standards (IFRS)

the Service Reporting Code of Practice 2022/23 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. The detailed accounting policies are set out at the end of this document.

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:

IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year) and where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.

Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These are not expected to have any 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

Estimation of the net pension liability depends on complex judgements and estimates on discount rate used, 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 an estimate. Changes in the assumptions can have a significant effect on the value of the Authority's retirement benefit obligation. The assumptions made are set out in **Note 20 Defined benefit pensions schemes**.

Property, Plant and Equipment (PPE)

Assets are depreciated over their useful lives dependent, for example on assumptions the expected life of the asset. The balance sheet value is also highly sensitive to estimates of value. The Authority engages appropriately qualified valuers to value land and property assets. A 1% movement in the estimate of value for property assets would result in a £0.095 million movement in the balance sheet value.

4 Events after the Reporting Period

There is one non-adjusting post balance sheet event to report. The Angel Hotel in Midhurst was significantly damaged and made unsafe in March 2023. The park, as the emergency planning authority, incurred the initial costs of making the site safe. The costs – currently around £400k – are in the process of being reclaimed from the relevant parties.

5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the Authority has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the council has consumed or earned in accordance with generally accepted accounting practices.

	2022/23					2021/22				
	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning	3,055	(460)	2,595	457	**3,052**	3,327	0	3,327	(5)	**3,323**
Countryside and policy management	3,733	(1,106)	2,627	1,096	**3,722**	3,568	0	3,568	1	**3,569**
Countryside and policy management - Seven Sisters	30	(87)	(58)	88	**31**	141	0	141	3	**144**
Corporate services	4,129	(435)	3,694	687	**4,381**	4,413	0	4,413	(198)	**4,215**
Strategic investment fund	266	(90)	176	93	**269**	304	0	304	(1)	**302**
Net Cost of Services	**11,213**	**(2,179)**	**9,034**	**2,421**	**11,455**	**11,753**	**0**	**11,753**	**(200)**	**11,553**
Other Income and Expenditure/Financing	(11,213)	1,801	(9,412)	(2,117)	**(11,529)**	(11,753)	1,041	(10,712)	2	**(10,710)**
(Surplus)/Deficit on Provision of Services	**0**	**(378)**	**(378)**	**304**	**(73)**	**0**	**1,041**	**1,041**	**(198)**	**843**

	2022/23				2021/22			
	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Working Balance	(1,011)	(91)	(1,102)	(509)	(1,092)	80	(1,011)	(416)
General Fund Earmarked Reserves	(3,688)	(287)	(3,975)		(4,650)	962	(3,688)	
Total Revenue Reserves	**(4,700)**	**(378)**	**(5,077)**	**(509)**	**(5,741)**	**1,041**	**(4,700)**	**(416)**

	2022/23				2021/22			
	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning	0	460	(3)	**457**	0	0	(4)	**(4)**
Countryside and policy management	0	1,106	(10)	**1,096**	(5)	0	0	**(5)**
Countryside and policy management - Seven Sisters	0	87	1	**88**	0	0	3	**3**
Corporate services	149	543	(6)	**687**	(251)	0	(2)	**(253)**
Strategic investment fund	0	90	3	**93**	(934)	1,709	(3)	**772**
Net Cost of Services	**149**	**2,287**	**(15)**	**2,421**	**(1,190)**	**1,709**	**(6)**	**513**
Other Income and Expenditure/Financing	**(988)**	**(1,129)**	**0**	**(2,117)**	**(824)**	**113**	**0**	**(711)**
Difference between surplus/deficit and the CIES surplus/deficit on Provision of Services	**(839)**	**1,158**	**(15)**	**304**	**(2,014)**	**1,822**	**(6)**	**(198)**

Explanatory Notes

Adjustments for Capital Purposes

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

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 (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.

Other 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.

6 Adjustments between an accounting basis and a funding basis under regulation

The resources available to the Authority in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases.

Adjustments between Accounting Basis and Funding Basis under Regulations	General Reserves	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
	£'000	£'000	£'000	£'000
2022/23				
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)	(1,158)	0	0	(1,158)
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)	297	0	0	297
Adjustments to Revenue Resources	**(846)**	**0**	**0**	**(846)**
Non-current asset sale proceeds	0	0	0	0
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	10	0	0	10
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	41	0	0	41
Adjustments between Revenue and Capital Resources	**51**	**0**	**0**	**51**
Use of earmarked reserves to finance capital expenditure	43	0	0	43
Reversal of entries included in the CIES in relation to capital contributions unapplied	447	0	(447)	0
Total Adjustments to Capital Resources	**491**	**0**	**(447)**	**43**
Total Adjustments	**(304)**	**0**	**(447)**	**(751)**
2021/22				
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
Adjustments to Revenue Resources	**(1,406)**	**0**	**0**	**(1,406)**
Non-current asset sale proceeds	5	(5)	0	0
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	83	0	0	83
Adjustments between Revenue and Capital Resources	**88**	**(5)**	**0**	**83**
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)**

7 Expenditure and Income By Nature

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

Expenditure and Income analysed by Nature		
	2022/23	2021/22
	£'000	£'000
Employee expenses	8,761	8,838
Other service expenses	10,028	9,416
Non-current asset charges	149	(135)
Total Expenditure	**18,938**	**18,118**
Income from non-current asset disposals	0	(5)
Interest receivable	(313)	(58)
Fees, charges and other service income	(6,239)	(5,026)
Government grants and contributions	(12,459)	(12,186)
Total Income	**(19,011)**	**(17,275)**
(Surplus)/Deficit on the Provision of Services	**(73)**	**843**

Fees, charges and other service income (income received from external customers) is analysed by service area below.

Income received from External Customers on an Operating Segment Basis		
	2022/23	2021/22
	£'000	£'000
Planning	(3,858)	(3,775)
Countryside and policy management	(215)	(191)
Countryside and policy management - Seven Sisters	(434)	(192)
Corporate services	(193)	(86)
Strategic Investment Fund	(1,539)	(783)
Total Income received from External Customers	**(6,239)**	**(5,026)**

IFRS15 Revenue from contracts with customers
Of the £6.239 million of income from fees, charges and other service income, £1.856 million of this is income from contracts with customers. The balance of £4.383 million is outside the scope of this reporting standard and includes, for example, Community Infrastructure Levy income, donations and contributions from outside bodies.

8 Usable Reserves (Earmarked Reserves)

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

Transfers to/from Usable Reserves					
Usable Reserve	Balance at 31 March 2021	Transfers To/From 2021/22	Balance at 31 March 2022	Transfers To/From 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Affordable Housing	(126)	(35)	(161)	0	(161)
Capital Receipts	(23)	(5)	(28)	0	(28)
Carry Forwards	(727)	147	(580)	(490)	(1,070)
CIL Contributions Unapplied	(5,445)	(549)	(5,993)	(447)	(6,441)
Climate Change	(126)	124	(2)	0	(2)
Estates Management	(878)	828	(50)	0	(50)
General Reserves	(1)	(279)	(279)	279	(0)
Green Finance (Nitrates)	0	0	0	(167)	(167)
Partnership Management Plan	(301)	0	(301)	0	(301)
Planning	(558)	0	(558)	200	(358)
Repairs and Renewals - Vehicles	(31)	30	(2)	0	(2)
Revenue Grants	(448)	(3)	(450)	405	(45)
S106 Receipts (including interest)	(701)	68	(633)	10	(622)
South Downs Way	(20)	0	(20)	0	(20)
Strategic Fund	(734)	82	(653)	149	(503)
Trading Company Borrowing	0	0	0	(80)	(80)
Transition	0	0	0	(593)	(593)
Working Balance	(1,092)	80	(1,011)	(91)	(1,102)
Total Usable Reserves	**(11,209)**	**488**	**(10,721)**	**(825)**	**(11,546)**

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

9 Unusable Reserves

Unusable reserves are held to manage accounting processes and do not represent usable resources.

	2022/23	2021/22	2020/21
	£'000	£'000	£'000
Balance as at 1 April	**(4,221)**	**2,477**	**1,530**
Pensions Reserve	0	4,023	4,691
Capital Adjustment Account	(4,189)	(3,774)	(2,314)
Revaluation Reserve	(3,810)	(4,563)	0
Accumulated Absences Account	78	93	99
Balance as at 31 March	**(7,920)**	**(4,221)**	**2,477**

Capital Adjustment Account		
	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**(3,775)**	**(2,314)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non-current assets	205	117
Upward revaluations reversing previous revaluation losses on non-current assets	(56)	(251)
Revenue expenditure funded from capital under statute	0	0
Capital grants and contributions credited to the CIES that have been applied to capital financing	(446)	(275)
Capital investment charged against the General Fund balance	(10)	(83)
Use of earmarked reserves to finance new capital investment	(43)	(968)
Minimum Revenue Provision	(41)	0
Difference between fair value and historic cost depreciation	(23)	0
Total adjustments between accounting basis and funding basis under regulations	**(414)**	**(1,461)**
Balance as at 31 March	**(4,189)**	**(3,775)**

The Capital Adjustment Account (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.

Revaluation Reserve		
	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**(4,563)**	**0**
Other comprehensive income and expenditure		
Upward revaluation of non-current assets	0	(4,563)
Revaluation losses on non-current assets	731	0
Total other comprehensive income and expenditure	**731**	**(4,563)**
Adjustments between accounting basis and funding basis under regulations		
Difference between fair value and historic cost depreciation	23	0
Total adjustments between accounting basis and funding basis under regulations	**23**	**0**
Balance as at 31 March	**(3,810)**	**(4,563)**

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).

Pensions Reserve		
	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**4,023**	**4,691**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	(5,181)	(2,490)
Total other comprehensive income and expenditure	**(5,181)**	**(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	2,478	2,816
Employer's pensions contributions payable	(1,320)	(994)
Total adjustments between accounting basis and funding basis under regulations	**1,158**	**1,822**
Balance as at 31 March	**0**	**4,023**

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 balance on the pensions reserve therefore shows the difference in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements in place ensure that funding will have been set aside by the time the benefits come to be paid.

Accumulated Absences Account		
	2022/23	2021/22
	£'000	£'000
Balance as at 1 April	**93**	**99**
Adjustments between accounting basis and funding basis under regulations		
Settlement/cancellation of accrual made at the end of the preceding financial year	(93)	(99)
Amounts accrued at the end of the current financial year	78	93
Total adjustments between accounting basis and funding basis under regulations	**(15)**	**(6)**
Balance as at 31 March	**78**	**93**

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.

10 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			
2022/23	**Other Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Total PPE**
	£'000	**£'000**	**£'000**
Gross carrying amount	9,219	926	**10,145**
Accumulated depreciation	0	(555)	**(555)**
Net Carrying Amount at 1 April 2022	**9,219**	**371**	**9,590**
Capital Additions			
Additions	1,104	43	**1,147**
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	9	0	**9**
Revaluation increases (depreciation)	9	0	**9**
Revaluation losses	(779)	0	**(779)**
Revaluation losses (depreciation)	31	0	**31**
Transactions charged to the surplus / deficit on the provision of services in the CIES			
Reversal of previous revaluation losses	56	0	**56**
Depreciation charge reversed out on revaluation	0	0	**0**
Depreciation charge	(95)	(110)	**(205)**
Net Carrying Amount at 31 March 2023	**9,553**	**304**	**9,857**
Gross carrying amount	9,553	954	**10,507**
Accumulated depreciation	0	(649)	**(649)**
Net Carrying Amount at 31 March 2023	**9,553**	**304**	**9,857**

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**

Valuations

The valuation of other land and buildings are based upon valuation reports issued annually by the Authority's valuers, Savills UK Ltd. The valuations are carried out as at 31 March 2023 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Componentisation and Useful Lives

For the purposes of calculating depreciation, 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 2023, the Authority had entered into the following contractual commitments in respect of non-current assets:

Commitments in respect of Property, Plant and Equipment		
Scheme Name	**Description**	**Total £'000**
Other Land and Buildings		
Seven Sisters Country Park	Visitor Centre works	195
Vehicles, Plant, Furniture and Equipment		
Vehicle Purchase	Purchase of vehicle	24
National Park Signage	Signage	28

11 Capital Investment and Capital Financing

The Authority incurred £1.247 million of capital investment in 2022/23 funded as set out below.

Capital Investment and Capital Financing		
	2021/22 £'000	**2022/23 £'000**
Capital Investment		
Property, plant and equipment	2,579	1,147
Equity loan to Seven Sisters Commercial Operations Limited	0	100
Total Capital Investment	**2,579**	**1,247**
Sources of finance		
Capital contributions	(275)	(446)
Reserves	(968)	(43)
Revenue contributions	(83)	(10)
Borrowing	(1,253)	(748)
Total Capital Financing	**(2,579)**	**(1,247)**

Capital Financing Requirement			
	Underlying need to borrow	**Long Term Leases**	Total
	£'000	**£'000**	**£'000**
Opening Balance	**378**	**840**	**1,218**
In year borrowing requirement	748	0	748
Minimum Revenue Provision/Loan Repayment	(6)	(35)	(41)
Closing Balance	**1,120**	**805**	**1,925**

The Authority's Capital Financing Requirement is the value of historic capital investment funded from borrowing which will be repaid in future years.

12 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 2023	31 March 2022
	£'000	£'000
Amortised Cost	14,879	14,992
Investments and cash equivalents	**14,879**	**14,992**
Amortised Cost	1,324	1,683
Debtors	**1,324**	**1,683**
Amortised Cost	(5,102)	(5,408)
Creditors	**(5,102)**	**(5,408)**
Amortised Cost	(770)	(805)
Long Term Borrowing	**(770)**	**(805)**

Income, Expense, Gains and Losses

In 2022/23 there was a net gain of £0.313 million (£0.057 million 2021/22) 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 and the fair value of debtors is taken to be the billed amount.

Financial Assets

Financial Assets				
	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Debtors	15,069	15,069	14,948	14,948
Cash at bank	0	0	44	44
Debtors	1,324	1,324	1,683	1,683
Total Financial Assets	**16,393**	**16,393**	**16,675**	**16,675**

All financial assets are short term at 31 March 2023 so 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.

Financial Liabilities

Financial Liabilities				
	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Bank overdraft	(189)	(189)	0	0
Long term borrowing	(770)	(770)	(805)	(805)
Creditors	(5,102)	(5,102)	(5,408)	(5,408)
Financial Liabilities	**(6,061)**	**(6,061)**	**(6,213)**	**(6,213)**

Financial liabilities are either short term or contractually fixed (long term borrowing) at 31 March 2023 so 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.

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 and 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 and 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 2022 was £0.002 million and the loss allowance calculated as at 31 March 2023 was £0.002 million. No change in expected credit loss for financial assets held at amortised cost was therefore recognised in 2022/23.

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.

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 £0.770 million of long term borrowing and £7.455 million investments subject to variable interest rates at 31 March 2023. A 1% change in interest rates would have the impact of increasing or decreasing the interest receivable on this investment during 2022/23 by £0.081 million.

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.

13 Debtors

Short Term Debtors		
	31 March 2023	31 March 2022
	£'000	£'000
Community Infrastructure receipts	577	1,315
HMRC	193	329
Payments in Advance	33	262
Central Government grants	617	223
S106 Developers receipts	142	176
Local Authorities	180	46
Other debtors	445	149
Total Short Term Debtors	**2,187**	**2,500**

£1.324 million of short term debtors are classed as financial instruments and are included in **Note 12 Financial Instruments** (excluded are statutory debtors, grant debtors and payments in advance).

14 Creditors

Short Term Creditors		
	31 March 2023	31 March 2022
	£'000	£'000
S106 Development Contributions	(2,832)	(3,286)
Local Authorities	(1,174)	(1,250)
Central Government Grants	(609)	(713)
Non-Government Grants	(722)	(712)
HMRC	(136)	(128)
Pensions	(412)	(120)
Other Creditors	(907)	(1,119)
Total Short Term Creditors	**(6,791)**	**(7,328)**

£5.102 million of short term creditors are classed as financial instruments and are included in **Note 12 Financial Instruments** (excluded are statutory creditors and receipts in advance).

15 Grant Income and Contributions

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

Government Revenue Grants

Government Revenue Grants		
	2022/23	2021/22
	£'000	£'000
Department for Environment, Food and Rural Affairs	(10,926)	(10,486)
Non-ring fenced government grants credited to taxation and non-specific grant income	**(10,926)**	**(10,486)**
Department for Environment, Food and Rural Affairs	(745)	(581)
Heritage Lottery Fund	(235)	(534)
Department for Levelling Up, Housing and Communities	(98)	(40)
Rural Payments Agency	(3)	(76)
Other Government Departments	(6)	0
Natural England	0	(193)
Ring fenced government grants credited to cost of services	**(1,087)**	**(1,424)**
Total Government Revenue Grants	**(12,013)**	**(11,910)**

Revenue and Capital Contributions

Revenue Contributions		
	2022/23	2021/22
	£'000	£'000
Other contributions, donations and sponsorship	(1,023)	(288)
Contributions from developers and stakeholders	(913)	(534)
Contributions from other local authorities	(498)	(443)
Contributions from other agencies / external bodies	(215)	(140)
Total Revenue Contributions credited to cost of services	**(2,649)**	**(1,405)**

Capital Grants and Contributions		
	2022/23	2021/22
	£'000	£'000
Other contributions	(446)	(275)
Capital grants and contributions credited to taxation and non-specific grant income	**(446)**	**(275)**

16 Leases

The Authority leases office space and vehicles under operating leases with lease periods of between one and five years.

Future Minimum Lease Payments under Operating Leases (Lessee)		
	31 March 2022 £'000	31 March 2023 £'000
Not later than one year	78	24
Later than one year and not later than five years	18	12
Later than five years	0	0
Total Future Minimum Lease Payments	**96**	**36**

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 most 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 2022/23 can be found in **Note 15 Grants and Contributions.**

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in **Note 21 Member's Allowances and Expenses**. Details of the entities that members are involved with are recorded in the Register of Members' Interests which is held by the Authority. There is nothing to declare for elected members.

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 2022/23, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.332 million (£0.314 million 2021/22). The Authority also had an investment in Brighton & Hove City Council of £7.455 million held as a cash equivalent on 31 March 2023 (£8.443 million 31 March 2022) in accordance with the service contract and the Authority's Annual Investment Strategy. The Authority has a contract with Brighton & Hove City Council for financial services from 1 April 2022 for three years. The contract is independently monitored by the Authority's Head of Finance and Corporate Services.

During 2022/23, Hampshire County Council provided Monitoring Officer services to the Authority on a contractual basis to the value of £0.037 million (2021/22 £0.045 million). 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

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. In 2022/23, the South Downs National Park Trust made contributions to the Authority of £0.589 million (£0.287 million 2021/22) to fund various project costs.

South Downs Commercial Operations Limited
As part of the appropriate legal management of the Seven Sisters County Park commercial operations (the visitor centre, holiday lets, etc), the authority has set up a separate commercial company to operate these activities in its behalf. The company was 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 received an equity investment of £0.1 million to cover its start-up costs in 2022/23 from the Authority. As the company is under the sole control of the Authority, group accounts are required for the authority and South Downs Commercial Operations Ltd from 2022/23 onwards.

18 Officers' Remuneration

In 2022/23 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 as follows:

Senior Employee Remuneration of Permanent Appointments - salary between £50,000 and £149,999 per the reporting period						
2021/22	2022/23					
Total Remuneration including Pension Contributions	Post Holder Information	Salary (including Fees & Allowances)	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
£		£	£	£	£	£
134,673	Chief Executive	115,410	0	115,410	22,818	138,228
119,573	Director of Planning	100,539	0	100,539	19,888	120,427
103,105	Director of Countryside Policy and Management	89,118	0	89,118	17,615	106,733
357,351	Total	305,068	0	305,068	60,321	365,388

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		
	2022/23	2021/22
Remuneration Band	Employees	Employees
£50,000 - £54,999	7	5
£55,000 - £59,999	4	6
£60,000 - £64,999	1	1
£65,000 - £69,999	2	1
£70,000 - £74,999	1	0
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
£85,000 - £89,999	1	0
Total	16	13

19 Exit Packages

The Authority terminated the contract of 11 employees during 2022/23 and none during 2021/22. 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								
Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
							£'000	£'000
£0 - £20,000	0	0	5	0	5	0	47	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	2	0	2	0	104	0
£60,001 - £80,000	0	0	2	0	2	0	136	0
£80,001 - £100,000	0	0	2	0	2	0	192	0
	0	0	11	0	11	0	478	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) and 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 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 2022. 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 at 31 March 2023:

Basis for Estimating Assets and Liabilities		
	31 March 2023	31 March 2022
Long term expected rate of return on assets in the scheme		
Equity investments	4.75%	2.75%
Bonds	4.75%	2.75%
Property	4.75%	2.75%
Cash	4.75%	2.75%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	21.2 years	21.9 years
• women	25.1 years	24.2 years
Longevity at 65 for future pensioners:		
• men	23.0 years	22.8 years
• women	26.0 years	25.9 years
Financial assumptions		
Rate of inflation	3.0%	3.2%
Rate of increase in salaries	4.5%	3.7%
Rate of increase in pensions	3.0%	3.2%
Rate for discounting scheme liabilities	4.8%	2.8%
Expected total return on assets	4.8%	2.8%
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 2023 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 2023	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	3%	512
1 year increase in member life expectancy	4%	792
0.1% increase in the Salary Increase Rate	0%	53
0.1% Increase in the Pension Increase Rate	2%	466

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	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services		
Service Cost Comprising:		
Current service cost	2,321	2,703
Past service cost	28	0
(Gain) / loss from settlements		
Financing and Investment Income and Expenditure		
Net interest expense	129	113
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**2,478**	**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)	1,450	578
Actuarial gain / (loss) arising on changes in demographic assumptions	(2,426)	(175)
Actuarial gain / (loss) arising on changes in financial assumptions	(14,826)	(2,969)
Other experience adjustments including asset ceiling	10,311	76
Adjustment for pension strain not yet paid	310	0
Total Post Employment Benefits charged to the CIES	**(5,181)**	**(2,490)**
Actual amount charged against the General Fund for pensions in the reporting		
Employer's contributions payable to the scheme	(1,320)	(994)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	2,478	2,816
Net Adjustment to the Pension Reserve	**(4,023)**	**(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		
	2022/23	2021/22
	£'000	£'000
Present value of the scheme liabilities	(19,802)	(29,437)
Fair value of scheme assets	26,333	25,414
Net Liability arising from Defined Benefit Obligation (Unadjusted)	**6,531**	**(4,023)**
Asset ceiling adjustment for economic benefit	(6,531)	0
Net Liability arising from Defined Benefit Obligation	**0**	**(4,023)**

Pension Scheme Liabilities/Assets

The present value of scheme liabilities/assets shows the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £19.802 million has a substantial impact on the net assets of the Authority as recorded on the balance sheet resulting in a positive overall balance of £6.531 million. 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. B 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)		
	2022/23	2021/22
	£'000	£'000
Opening Balance at 1 April	**(29,437)**	**(28,981)**
Adjustment re incorrect actuary's assumptions		0
Opening Balance at 1 April revised	**(29,437)**	**(28,981)**
Current service cost	(2,321)	(2,703)
Interest cost	(843)	(623)
Contributions from scheme participants	(403)	(360)
Remeasurement (gains) /losses:		
Actuarial gain / (loss) arising on changes in demographic assumptions	2,426	175
Actuarial gain / (loss) arising on changes in financial assumptions	14,826	2,969
Other experience adjustments	(4,289)	(76)
Total Remeasurement (gains)/losses	**12,963**	**3,068**
(Losses) / gains on curtailment	0	0
Benefits paid	267	162
Past service cost	(28)	0
Liabilities extinguished on settlements	0	0
Balance at 31 March	**(19,802)**	**(29,437)**

There overall scheme liabilities have increased based on the assumptions made by the actuary at 31 March 2023. 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
2022/23	**£'000**	**%**
Active members	13,420	67.8%
Deferred members	3,825	19.3%
Pensioner members	2,557	12.9%
Total	**19,802**	**100.0%**
2021/22 Comparative Figures		
Active members	21,396	72.7%
Deferred members	5,326	18.1%
Pensioner members	2,715	9.2%
Total	**29,437**	**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		
	2022/23	**2021/22**
	£'000	**£'000**
Opening Balance at 1 April	**25,414**	**24,290**
Adjustment re incorrect actuary's assumptions		0
Opening Balance at 1 April revised	**25,414**	**24,290**
Interest income	714	510
Remeasurement (gains) /losses:		
Return on scheme assets (excluding the amount included in the net interest expense)	(941)	(578)
Contributions from employer	1,010	994
Contributions from employees into the scheme	403	360
Benefits paid	(267)	(162)
Balance at 31 March	**26,333**	**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								
	2022/23				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	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Manufacturing	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Energy and utilities	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Financial institutions	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Health and care	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Information technology	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Total	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Debt Securites								
Corporate bonds (investment grade)	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Corporate bonds (non-investment grade)	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
UK government	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Total	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Real Estate								
UK property	0.0	2,620.8	2,620.8	10%	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	2,620.8	2,620.8	10%	0.0	2,480.1	2,480.1	10%
Investment Funds and Unit Trusts								
Hedge funds	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Infrastructure	0.0	1,281.4	1,281.4	5%	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	13,031.8	0.0	13,031.8	49%	11,892.0	0.0	11,892.0	47%
Bonds	7,502.1	0.0	7,502.1	28%	8,784.5	0.0	8,784.5	35%
Other	0.0	1,006.5	1,006.5	4%	0.0	0.0	0.0	0%
Total	20,533.9	2,287.9	22,821.8	87%	20,676.5	1,646.4	22,322.9	88%
Derivatives								
Inflation	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Interest rates	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Foreign exchange	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Total	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%
Private Equity	0.0	750.0	750.0	3%	0.0	519.3	519.3	2%
Cash and cash equivalents	140.4	0.0	140.4	1%	91.7	0.0	91.7	0%
Total Assets	20,674.3	5,658.7	26,333.0	100.0%	20,768.2	4,645.8	25,414.0	100%

Asset and Liability Modelling (ALM) Strategy

The Fund has the following objectives to reduce the risk of deficits emerging to protect against increases in the secondary (deficit contribution) rate and to 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 and identify sources of income 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 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 contributions paid by the Authority are set by the Fund actuary at each triennial actuarial valuation (the most recent being as 31 March 2022) 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 following table is 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 2024			
	Assets	Liabilities	Net Liability
	£'000	£'000	£'000
Projected current service cost	0	(1,024)	(1,024)
Total Service Cost	**0**	**(1,024)**	**(1,024)**
Interest income on scheme assets	1,280	0	1,280
Interest cost on scheme liabilities	0	(969)	(969)
Total Net Interest Cost	**714**	**(844)**	**311**
Total Charge to CIES	**714**	**(1,868)**	**(713)**

The weighted average duration (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 25 years.

21 Members' Allowances and Expenses

During 2022/23, the Authority paid £0.131 million (2021/22 £0.130 million) of allowances to members. Members claimed £0.007 million (2021/22 £0.007 million) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2022/23 are published on the Authority's website.

22 External Audit Costs

The Authority is due to pay £0.022 million (2021/22 £0.022 million) to the external auditor in respect of the audit of the financial statements. In 2022/23 the Authority received a contribution from central government of £0.006 million towards the increase in the 2021/22 audit fee (£0.006 million 2021/22).

23 Inventories

The 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 2022	Purchases	Recognised as an Expense	Balance at 31 March 2023
	£'000	£'000	£'000	£'000
Inventories held for sale / distribution in the ordinary course of operations	16	13	(24)	5
Total	**8**	**13**	**(24)**	**5**

24 Agency Services

The Authority has the following 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 a net debtor of £0.331 million at 31 March 2023 (2021/22 £0.329 million) 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 a net creditor of £0.130 million at 31 March 2022 (2021/22 £0.127 million) 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 2022/23, five 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 five local authorities in 2022/23 amounted to £1.552 million which included £0.632 million income received in relation to application fees

25 Group Accounts

The authority has an operating agreement with South Downs Commercial Operations Limited for the management of commercial activities within the former Seven Sisters County Park. Please see more details in **Note 17 Related Parties**. As the company is wholly owned and controlled by the authority group accounts are required. The four main statements are provided for the two entities.

Group Accounts Comprehensive Income and Expenditure Statement						
Year Ended 31 March 2022				Year Ended 31 March 2023		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
7,137	(3,815)	**3,323**	Planning	6,911	(3,858)	**3,052**
3,965	(396)	**3,569**	Countryside and policy management	4,037	(315)	**3,722**
384	(240)	**144**	Countryside and policy management - Seven Sisters	917	(957)	**(41)**
4,301	(86)	**4,215**	Corporate services	4,585	(205)	**4,381**
2,216	(1,914)	**302**	Strategic investment fund	2,783	(2,514)	**269**
18,004	**(6,450)**	**11,553**		**19,233**	**(7,849)**	**11,384**
			Other operating expenditure			
		(5)	(Gains)/losses on the disposal of non-current assets			**0**
		(5)	**Total Other Operating Expenditure**			**0**
			Financing and investment income and expenditure			
		113	Net interest on the net defined benefit pension liability			**157**
		(57)	Interest receivable			**(313)**
		56	**Total Financing and Investment Income and Expenditure**			**(156)**
			Non-specific grant income			
		(10,486)	National Park grant			**(10,926)**
		(275)	Capital grants and contributions			**(446)**
		(10,761)	**Total Non-Specific Grant Income**			**(11,373)**
		843	**(Surplus)/Deficit on the Provision of Services**			**(145)**
			Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services			
		(4,563)	(Surplus)/deficit on the revaluation of non-current assets			**731**
		(2,490)	Remeasurements of the net defined benefit liability			**(5,181)**
		(7,054)	**Other Comprehensive Income and Expenditure**			**(4,450)**
		(6,210)	**Total Comprehensive Income and Expenditure**			**(4,595)**

Group Accounts Movement in Reserves Statement

	Balance as at 1 April	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March
	£'000	£'000	£'000	£'000	£'000
2022/23					
Working balance and earmarked reserves	(4,700)	(145)	(304)	(449)	(5,149)
Capital receipts reserve	(28)	0	0	0	(28)
Capital contributions unapplied	(5,993)	0	(447)	(447)	(6,441)
Usable Reserves	(10,721)	(145)	(751)	(896)	(11,617)
Pensions reserve	4,023	(5,181)	1,158	(4,023)	0
Accumulated absences account	93	0	(15)	(15)	78
Revaluation reserve	(4,563)	731	23	754	(3,810)
Capital adjustment account	(3,774)	0	(414)	(414)	(4,189)
Unusable Reserves	(4,221)	(4,450)	751	(3,699)	(7,920)
Total Reserves	(14,943)	(4,595)	0	(4,595)	(19,537)
2021/22					
Working balance and 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)
Usable Reserves	(11,209)	843	(355)	488	(10,721)
Pensions reserve	4,691	(2,490)	1,822	(668)	4,023
Accumulated absences account	100	0	(6)	(6)	94
Revaluation reserve	0	(4,563)	0	(4,563)	(4,563)
Capital adjustment account	(2,314)	0	(1,461)	(1,461)	(3,775)
Unusable Reserves	2,477	(7,053)	355	(6,698)	(4,221)
Total Reserves	(8,732)	(6,210)	0	(6,210)	(14,943)

Group Accounts Balance Sheet			
As at 31 March 2022 £'000	**Note**		**As at 31 March 2023 £'000**
Long Term Assets			
9,590	**10**	Property, plant and equipment	9,857
0	**17**	Investment in associates and joint ventures	0
9,590		**Long Term Assets**	**9,857**
Current Assets			
6,505	**12**	Short term investments	6,082
16	**24**	Inventories	27
2,500	**12,13**	Short term debtors	2,268
8,487	**12**	Cash and cash equivalents	8,921
17,508		**Current Assets**	**17,299**
Current Liabilities			
(7,327)	**12,14**	Short term creditors	(6,849)
(7,327)		**Current Liabilities**	**(6,849)**
Long Term Liabilities			
(805)	**12**	Long term borrowings	(770)
(4,023)	**20**	Pension liability	0
(4,828)		**Long Term Liabilities**	**(770)**
14,943		**Net Assets**	**19,537**
(10,721)	**8**	Usable reserves	(11,617)
(4,221)	**9**	Unusable reserves	(7,920)
(14,943)		**Total Reserves**	**(19,537)**

Group Accounts Cash Flow Statement		
2021/22		**2022/23**
£'000		**£'000**
(843)	**Net surplus/(deficit) on the provision of services**	**145**
(134)	Non-current asset charges - depreciation and revaluation	(149)
31	Increase/(decrease) in creditors	(479)
67	(Increase)/decrease in debtors	232
(8)	(Increase)/decrease in inventories	(12)
1,822	Movement in the pension liability (element charged to the surplus/(deficit) on the provision of services)	1,158
805	(Increase)/decrease in deferred liability	35
(22)	Contributions to/(from) provisions	0
(3)	Other Non-Cash Adjustments	186
2,558	**Adjustment to surplus/(deficit) on the provision of services for non-cash movements**	**971**
(5)	Proceeds from the disposal of non-current assets	0
(5)	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	**0**
1,710	**Net Cash Flows from Operating Activities**	**1,116**
(2,579)	Purchase of non-current assets (including the movement in capital creditors)	(1,147)
(6,500)	Purchase of short term investments	(7,500)
2,000	Proceeds from sale of short term investments	6,500
5	Proceeds from the sale of non-current assets	0
(7,074)	**Net Cash Flows from Investing Activities**	**(2,147)**
0	Repayment of deferred liability	(35)
0	Equity investment in South Downs Commercial Operations Ltd	0
0	**Net Cash Flows from Financing Activities**	**(35)**
0	Reclassification of investments from short term to cash equivalents	1,500
(5,364)	**Net Increase/(Decrease) in Cash and Cash Equivalents**	**433**

35	Bank current accounts	44
13,816	Short term deposits	8,443
13,851	**Cash and Cash Equivalents as at 1 April**	**8,487**
44	Bank current accounts	(63)
8,443	Short term deposits	8,984
8,487	**Cash and Cash Equivalents as at 31 March**	**8,921**
(5,364)	**Movement in Cash and Cash Equivalents**	**433**

Accounting Policies (detailed)

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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).

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.

Glossary of Terms

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 collectibility.

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.

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

To follow.

South Downs National Park Authority
Statement of Accounts 2022/23
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