ADUR DISTRICT COUNCIL

Statement of Accounts 2025/2026

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A D U R   D I S T R I C T   C O U N C I L

STATEMENT OF ACCOUNTS

for the year ended 31st March, 2026

C O N T E N T S

Narrative Report

INTRODUCTION

This Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information to our residents, Council Members, partners, stakeholders and other interested parties so that they can:

- Understand the financial position of the Council in 2025/26;
- Have confidence that the public money has been used efficiently, effectively and with proper accountability and governance;
- Be assured of the Council's long-term financial resilience and soundness.

This narrative report summarises the financial and operational position of Adur District Council for the financial year ended 31st March 2026 and outlines the strategic framework moving forwards.

1. AN INTRODUCTION TO ADUR AS A PLACE

Adur District Council is one of seven Local Authorities in West Sussex. It lies on the South Coast and covers an area of approximately 41.8 km^2. The Council shares its boundaries with Brighton and Hove City Council to the east, Worthing Borough Council and Arun District Council to the west, and Horsham District Council and Mid Sussex District Council to the north. It is located at the foot of the South Downs at the southern edge of the beautiful South Downs National Park.

Population:

Based on the 2021 Census data Adur has a population of approximately 64,544 according to the Office of National Statistics with an age profile of:

Age range	Adur District Council	Nationally
0 - 15	18.0%	18.9%
16 - 64	58.4%	62.2%
65+	23.6%	18.9%

There are 2,345 businesses within the area. Business Rate income was £21.1m in 2025/26. The Council kept £3.3m of income related to Business Rates, 10% of the income was paid to the County Council with the remainder paid to the Government.

2. *KEY INFORMATION ABOUT ADUR DISTRICT COUNCIL*

Adur District Council is a large, complex organisation offering a wide range of services to its residents. Its policies are directed by the Political Leadership and implemented by the Council Leadership Team and Officers of the Council. The following section describes the political and management structures of the Council.

Political Structure in the 2025/26 Municipal Year

Adur has 29 Councillors representing 14 wards. As at the 31st of March 2026 the political makeup of the council was as follows:

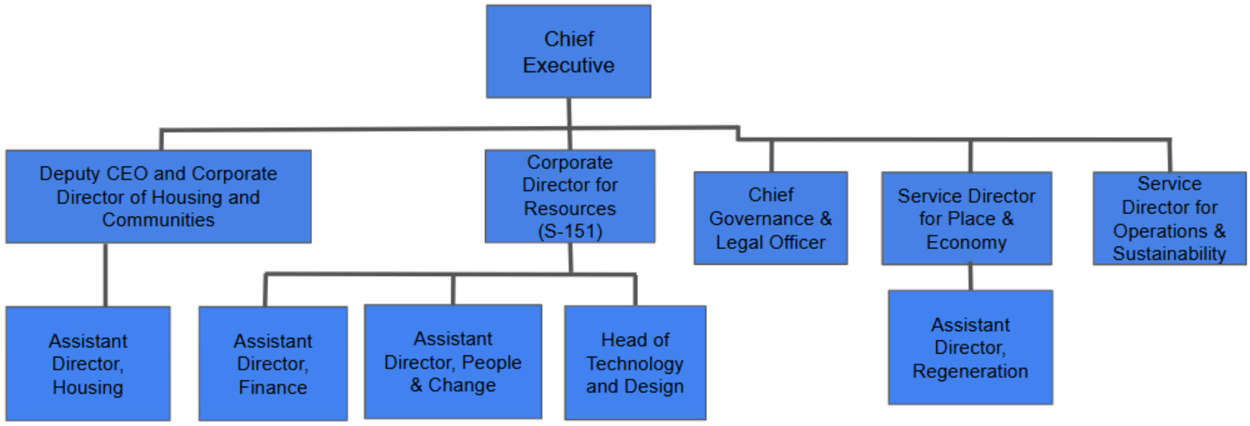
Labour	17 Councillors
The Independent Group	4 Councillors
Conservative Party	2 Councillors
Green Party	2 Councillors
Independent - Shoreham Beach Residents Association	2 Councillors
Sompting and Lancing Independents	2 Councillors

The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has responsibility for the appointment of Members of the Executive, the allocation of portfolio responsibilities and the delegation of Executive Functions. Scrutiny of the Executive decisions, including the financial strategy, has been undertaken by the Joint Overview and Scrutiny Committee

The leader of the Council during 2025/26 was Councillor Jeremy Gardner.

Management Structure

Supporting the work of the Councillors during 2025/26 was the organisational structure of the Council headed by the Corporate Leadership Team led by the Chief Executive.



Adur District Council:

- √ Holds £385m of assets to support services and provide income to fund service delivery
- √ Generates £15m of income from fees, charges and rents (net of Housing Subsidy and Housing Revenue Account income) to help deliver services and keep council tax down
- √ Has set a balanced budget each year despite allocated funding from revenue support grants and retained business rates falling each year. In 2025/26 government funding (New Homes Bonus, Revenue Support Grant, Recovery Grant, funding Guarantee Grant and Extended Producer Responsibility) made up 4% of total generated income (excluding Housing Benefit Subsidy) .

Working in partnership

Government initiatives have placed great emphasis on partnership working for service delivery to help meet the changing needs of customers and the cost savings authorities need to find. To achieve this goal Adur District and Worthing Borough Councils are part of an innovative partnership arrangement.

The shared single officer structure, which was introduced in April 2008, includes all of the services that were intended to operate as shared Adur & Worthing services with a net budget of £28.1m for 2025/26. The shared services are managed via a Joint Committee. This Joint Committee has to meet all the accounting requirements of a public sector body. For accounting purposes the following key processes apply:-

- The Joint Strategic Committee has a separate budget.
- As each service moved across from Adur and Worthing to the Joint Strategic Committee their respective budgets and spend were pooled.
- The net expenditure within the Joint Strategic Committee is recharged back to Adur and Worthing Councils.

3. *COUNCIL PLANS AND PERFORMANCE*

Fair Green & Local

The Council’s priorities are laid out in an overarching Corporate Delivery Plan. The plan sets out the strategic direction for the next 3 years. Entitled ‘Fair, Green & Local’, this strategy acts as a “strategic bridge”, guiding the Councils through a complex period of transition while ensuring the continued delivery of essential services and long-term improvements for our communities.

The Strategy is not a departure from previous "Our Plan" detailed in the prior year accounts, but instead an evolution. Building upon the strong foundations and key learnings regarding participation, adaptation and resilience.

The strategy is grounded in administration priorities and shaped by community engagement through the 'Thriving Together' programme, the plan established a clear direction of travel backed by a strong public mandate.

Our Vision:

- **A Fairer Future**: We are committed to actively tackling inequality in all its forms. We will view decisions through a lens of equity, prioritising the needs of our most vulnerable residents to ensure services are accessible and responsive to diverse needs.

- **A Greener Future:** We pledge to act as custodians of our unique natural environment. Sustainability and climate resilience are non-negotiable priorities, ranging from protecting our coast and marine life through the Sussex Bay Initiative to enhancing biodiversity in our green spaces.

- **A Local Future:** Residents have told us that power should be closer to the people. We aim to empower neighbourhoods to shape their own destiny, respecting the distinct identity of every town and village. This principle is central to our approach to Local Government Reform, ensuring decision making does not become distant.

The Financial Reality

The plan is developed and delivered within a context of unprecedented and ongoing financial strain on Local Government. The pressure is driven by sustained reductions in real terms funding and escalating costs, particularly in housing and homelessness. To navigate this challenge, the Councils are shifting their operating model from being solely a direct service provider, instead seeking to act as an 'enabler and catalyst'.

This approach focuses on bringing partners and communities together, using the council's assets to unlock external capacity and attracting additional external funding for major initiatives. Extending every pound of public money as far as possible.

Our Five Priority Missions

The vision is translated into action through five priority missions:

1. **Thriving Together:** Building strong, self-reliant community networks where residents have the power and resources to create positive change.
2. **Reliable and Responsive Place and Environment Services:** Delivering high-quality universal services—from waste collection to park maintenance—that keep increasingly thriving neighbourhoods clean, green, and accessible.
3. **Place Regeneration & Economic Growth:** Developing Adur & Worthing as great coastal destinations with successful local businesses, and active programmes of regeneration.
4. **Housing & Prevention:** Shifting from crisis response to early interventions, focussing on safe, affordable homes as a building block for wellbeing.
5. **Local Government Reform & Effective Resource Management:** Navigating the LGR transition successfully while supporting our workforce and ensuring our organisation remains resilient and modern.

Programme Governance

Fair, Green and Local is designed to be adaptable. As the requirements of Local Government Reform emerge over the coming months, we expect that this plan will continue to evolve.

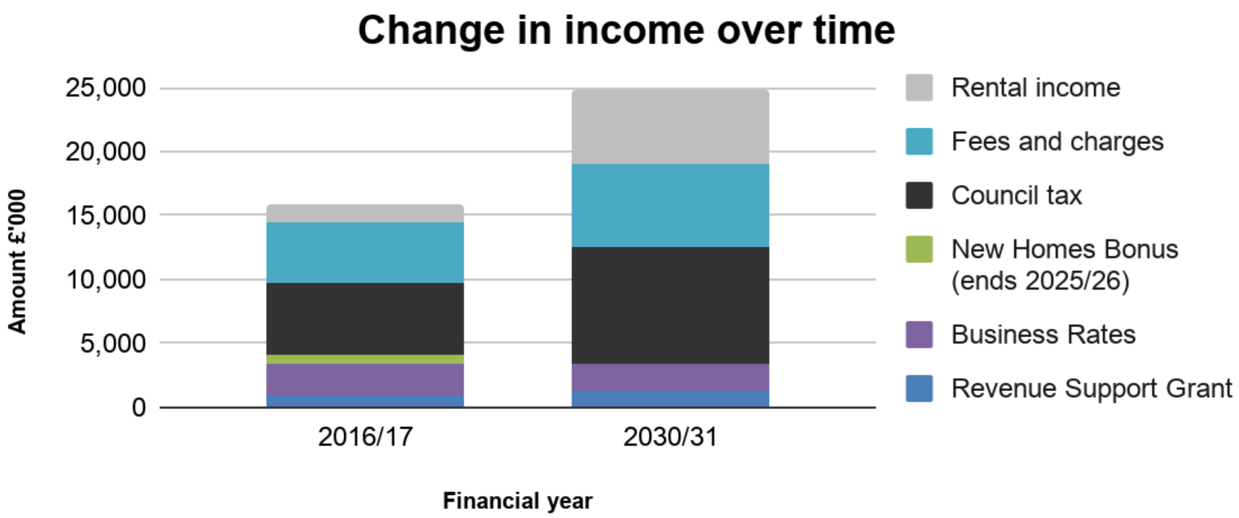
To ensure accountability and transparency, progress against this Delivery Plan will be tracked rigorously. There are quarterly monitoring reports given publicly to the Joint Strategic Committee.

The Programme is supported by a structure of internal governance with Mission Boards established and chaired by members of the Councils Leadership Team. The Major Programmes Board, chaired by the Chief Executive will oversee the Delivery Plan, addressing issues as they arise and gaining assurance of adherence to the required governance throughout the project lifecycle.

4. *THE REVENUE BUDGET 2025/26 PROCESS AND THE MEDIUM TERM FINANCIAL PLAN (MTFP)*

Revenue Budget 2025/26

The budget for 2025/26 was compiled within the context of the Government's Comprehensive Spending Review, the Chancellor's Budget and the local government settlement. The Council has seen a significant decline in recent years in overall government income with increasing amounts of income being generated locally through Council Tax, Business Rates, fees and charges, and income from commercial property. This trend is expected to continue for at least the next 5 years in line with the Council 5-year forecast.



In addition to the national context, the Adur District Council budget strategy has taken account of pressures and risks such as:

- inflation, the largest source of cost pressure;
- income generated by the Council which may be affected by lack of demand;
- impact of increasing demand for such services as housing needs;
- the impact of the capital programme;
- the impact of interest rates on borrowing and investing activities.

The Council has a working balance and other earmarked reserves to help mitigate these risks.

Council Tax

The Council chose to increase Council Tax for 2025/26 by an average of 2.99%.

The comparison of the average Band D Council Tax charged in the area is shown below:

Band D Council Tax	2024/25	2025/26	Change
	£	£	%
Adur District Council – Basic Council Tax	313.74	322.74	2.87
West Sussex County Council	1,714.95	1,800.54	4.99
Sussex Police & Crime Commissioner	252.91	266.91	5.54
	2,281.60	2390.19	4.76
Parish precepts and other adjustments:			
Special expenses	28.80	30.06	4.37
Lancing Parish Council	51.84	55.62	7.29
Sompting Parish Council	35.64	35.46	-0.51

Council Tax base

The Council Tax base for 2025/26 was 22,748.8 which was an increase of 338.9 on the previous year‘s number of Band D equivalents.

Band D Council Tax	2024/25	2025/26
Number of Band D equivalent dwellings	22,409.9	22,748.8

Budget Strategy for 2026/27 to 2030/31

In preparing the budget strategy for 2026/27 to 2029/30, the primary aim remains the delivery of the Councils’ priorities as outlined in the Councils’ delivery plan: Fair, Green and Local. This strategy also reviewed the organisations positioning for the transition to a new unitary authority,

The Financial Strategy adopted in July 2024 provided a strong foundation that stabilised the financial position of both councils and facilitated the successful request for exceptional funding support from MHCLG for Worthing. The updated strategy builds upon this, adapting to an operating context that remains extremely challenging.

The continued fall in real-terms government funding, combined with higher interest rates, inflation, and acute pressures from both temporary accommodation and exempt supported accommodation, highlight that the Councils must actively continue to drive structural and strategic change. To mitigate these pressures, the updated strategy focuses on the following key areas:

1. **A Refined Asset Management Approach:** The strategy intends to continue the ‘flight to quality’ through tactical disposals to generate capital receipts and reduce borrowing costs. This will result in a rationalisation of the estate, reducing future liabilities and maintenance costs, and limiting the amount of borrowing required. It also includes further exploration of the concessions model to activate under utilised spaces and generate income.

2. **Proactive use of External Funding & Investment:** Driven by internal teams, the focus of this area is on breaking down the Council's reliance on funding initiatives solely from

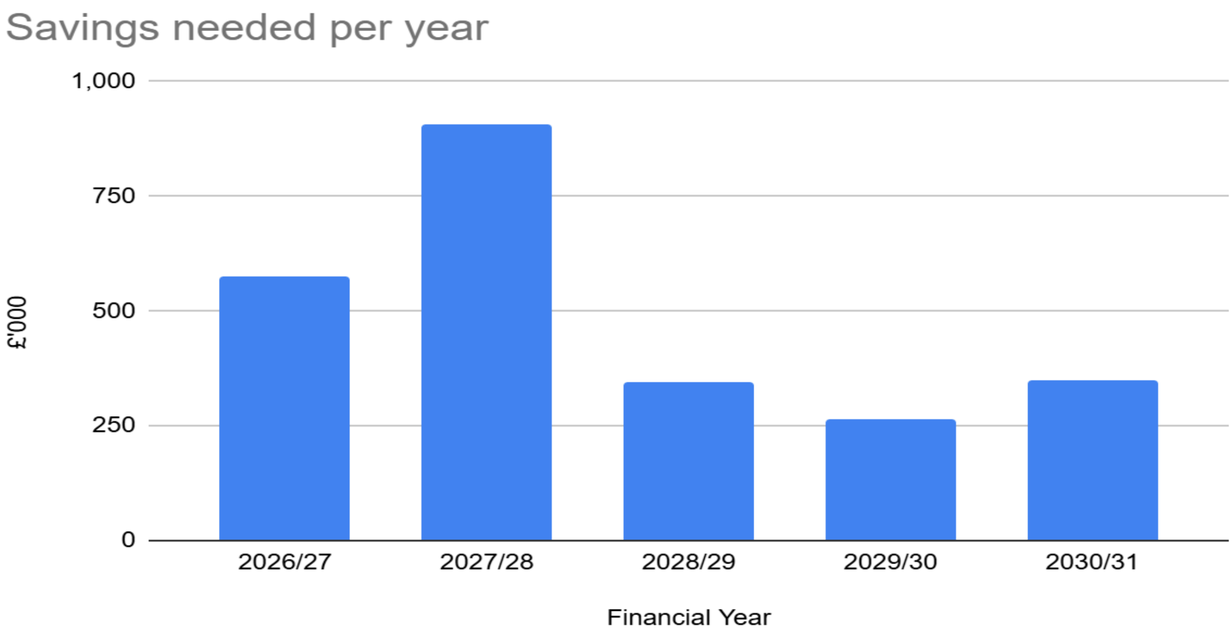
borrowing. The goal is to unlock local, regional and national external funding to fund Fair, Green and Local missions and projects. This begins with the development of proposals which are considered and developed in a way which makes them highly fundable.

3. **Expanding Commercial Activity:** Assessing commercial product lines less on turnover and more on surplus generated. The strategy emphasises dynamic, 'in-year' pricing decisions to remain competitive, improving the digital customer journey, and leveraging the Councils' trusted public sector status to grow market share in areas like commercial waste.

4. **Modernised Procurement & Partnerships:** Aligning the financial strategy with the Sustainable Procurement Strategy 2024-27 and the new procurement Act 2023. This approach seeks greater ties with neighbouring authorities to explore joint procurement opportunities to support local supply chains, drive value, and embed circular economy principles.

5. **The 2025-2030 Housing Strategy:** Implementing targeted measures to address the critical drivers of housing costs, particularly in Worthing where unregistered exempt supported accommodation providers present a major pressure. Key mitigations include:
   - Reducing demand through prevention
   - Effective service design
   - Increasing the supply of appropriate temporary accommodation
   - Robust appraisals of investment to save opportunities and post project monitoring of savings delivery.

The Council has to identify significant budget reductions of £2.4m over the five years with a £0.6m challenge at that point expected for 26/27 as follows:



In February 2026, the Council set a balanced budget.

Further details around the most recent forecasts for both Councils are contained in the financial strategy report which will be considered on 14th July 2026 at the Joint Strategic Committee. The strategy has been updated to reflect the impact that the current high inflation rates are having on the Council's budgets. This can be found on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

Budget monitoring

Revenue and capital monitoring information is presented to the Executive four times a year. Any particular areas of concern are subject to detailed scrutiny by the relevant Portfolio holder at separate ‘budget hotspot’ meetings. In addition, the Joint Overview and Scrutiny Committee can add areas of concern to their work programme.

5. *FINANCIAL OVERVIEW*

A comprehensive summary of the financial performance of the partnership authorities (Adur District Council, Worthing Borough Council and the Joint Strategic Committee) is contained in the reports on financial performance for 2025/26 considered by the Joint Strategic Committee (JSC). There are two separate reports titled:

- Financial Performance 2025/26 - Revenue Outturn (JSC July 2026); and
- Financial Performance 2025/26 - Capital and Projects Outturn (JSC July 2026).

These are available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

The financial activities of the Council can be categorised as either Revenue or Capital:

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.
- Capital spending results in an asset, which will provide benefit to the District over a number of years.

Revenue Spend in 2025/26

A more detailed summary of the Council's financial results for 2025/26 is given on the following pages but a brief outline of what we planned to spend and what we actually spent is given below.

The financial outturn for the General Fund shows that the Council has again contained expenditure within the original budget levels despite facing a range of additional costs that were not part of the original budget. In 2025/26 Adur District Council reported an underspend of £1.297m against a budget of £11.265m.

The most significant items that contributed the the position were as follows:

2025/26	**£000's**
	Adur
Over/(under)spend in operational services	(402)
Net Borrowing requirement: Forecast call on the MRP	108
Net Interest (increase)/decrease	(96)
Commercial property additional income shortfall / cost pressure	42
Property void allowance	(950)
Net over/(under) spend before Transfer to/(from) Reserves	**(1,298)**
Transfers to/ (from) Earmarked reserves	648
Net over/(under) spend before funding from reserves	**(650)**
Adjustments for taxation	325
Transfer to/(from) reserves	-
Net over/(under) spend after reserve transfers	**(325)**

Further commentary on the 2025/26 outturn position can be found within the 'Financial Performance 2025/26 - Revenue Outturn' report that went to Joint Strategic Committee on 14th July 2026. Where such items were identified when the 2025/26 budget was being prepared, an allowance for any impact on the future years was built into the budget for 2026/27 where it was feasible and prudent to do so.

By comparison, the post audit 2024/25 outturn was an underspend of £0.247m with performance from the strategic property portfolio and saving within treasury mitigating cost pressures within services including Housing Needs. Further details can be found within the 'Financial Performance 2024/25 - Revenue Outturn' report that went to the Joint Strategic Committee on 8th July 2025.

How the money was spent and how services were funded

EXECUTIVE MEMBER PORTFOLIOS	CURRENT ESTIMATE 2025/26	OUTTURN 2025/26	(UNDER)/ OVERSPEND
	£	£	
Leader	682,260	623,311	(58,949)
CM for Environment	3,618,050	2,862,847	(755,203)
CM for Community Wellbeing	1,393,860	1,424,498	30,638
CM for Citizen Services	1,431,120	2,346,177	915,057
CM for Regeneration	2,025,530	1,947,106	(78,424)
CM for Resources	1,659,520	901,944	(757,576)
Holding Accounts	148,810	-	(148,810)
TOTAL CABINET MEMBER	**10,959,150**	**10,105,883**	**(853,267)**
Credit Back Depreciation	(1,872,790)	(1,921,762)	(48,972)
Minimum Revenue Provision	1,740,250	1,848,012	107,762
Total Budget requirement before funding from taxation	**10,826,610**	**10,032,133**	**(794,477)**
Funded by:			
Net Council Tax income	(7,818,990)	(7,818,990)	-
Net income associated with Business Rates	(2,736,450)	(3,173,013)	(436,563)
Recovery Grant	(108,130)	(108,131)	(1)
Extended Producer	(563,000)	(940,118)	(377,118)
Revenue Support Grant	(105,480)	(105,477)	3
Funding Guarantee Grant	(90,800)	(90,800)	-
New homes bonus	(3,920)	(3,920)	-
National Insurance Contributions Scheme	-	(116,787)	(116,787)
Other Grants		(37,116)	(37,116)
Contribution to/ (from) Collection Fund	161,660	161,660	-
Net budget before transfers to or from reserves	**(438,500)**	**(2,200,559)**	**(1,762,059)**
Transfer to/from reserves:			

Net Transfer to / from (-) reserves to fund specific expenditure	438,500	903,114	464,614
Net Underspend transferred to reserves		1,297,445	1,297,445
	0	**0**	**0**

The Council's net budget is funded by income from:

1. Funding from Central Government

The Council received £462k in central grant funding which included £105k Revenue Support Grant, Recovery Grant £108k, Funding Guarantee grant of £91k and £4k New Homes Bonus. In addition to these grants the council received £940k for Extended Producer Responsibility funding from DEFRA.

2. Funding from Local Taxpayers

The Council collected £52.1m of Council Tax relating to 2025/26 on behalf of the Council, West Sussex County Council, Sussex Police and Crime Commissioner and the Parish Councils. This represented 96.3% of the £54.1m Council Tax due to be collected. In addition, Council Tax Support payments totalling £5.7m were awarded during the year together with other discounts such as Single Person Discount of £5.7m.

Council Tax is collected by Adur District Council on behalf of the following preceptors. In 2026/27 the proportions will be collected as detailed: West Sussex County Council 74.18%, Sussex Police & Crime Commissioner 11.06% and Adur District Council and Parish Councils 14.76%.

The Council benefitted from £7.8m of Council Tax income in 2025/26. A further £0.485m was collected on behalf of the Parish Councils.

3. Funding from Local Businesses

The Council also collects Business Rates from local businesses. Of the £21.1m collected, after allowing for exemptions, reliefs and provisions, the Council receives 40%, 10% is paid to the County Council and the remaining 50% is paid over to the government's national pool.

The Council retained a net £3.2m of Business Rate and associated grant income in 2025/26 within the statutory accounts.

Total Funding from taxation:

Total Funding from Taxation	Budget £	Actual £
Council Tax *	7,657,330	7,657,330
Net Business Rates after use of smoothing reserve	2,736,450	711,819
Section 31 grants - compensation for loss of business rate income	0	2,461,194
Recovery Grant	108,130	108,131
Funding Guarantee Grant	90,800	90,800
New Homes Bonus	3,920	3,920

Revenue Support Grant	105,480	105,477
NI Contribution Grant	0	116,787
Extended Producer Responsibility	563,000	940,118
Other Grants	0	37,116
Total	11,265,110	12,232,692

* Net of budgeted Collection Fund surplus/deficit.

It must be noted that most of the difference in the Business Rates income budgeted and the deficit position is due to the introduction by the Government (after the 2025/26 budget had been set) of additional business rate reliefs awarded to support businesses. The Council received a compensating Government section 31 Grant from the Government for any additional reliefs awarded.

In addition capital grants and contributions were received totalling £3.2m.

4. Commercial Property Investments

The Council holds a portfolio of 7 commercial properties for investment purposes, with the initial intention at acquisition being to derive income to support council services. During the year 2025/26 the council received £4.682m in rental income from the portfolio with direct running costs of £216k. The net contribution is therefore £4.466m which is 13.35% of the Council's total revenue. The properties in the portfolio are valued annually by the councils appointed valuer and valuations are prepared in accordance with the Royal Institution of Chartered Surveyors Valuation - Global Standards and in line with the CIPFA code of practice on Local Authority Accounting in the United Kingdom.

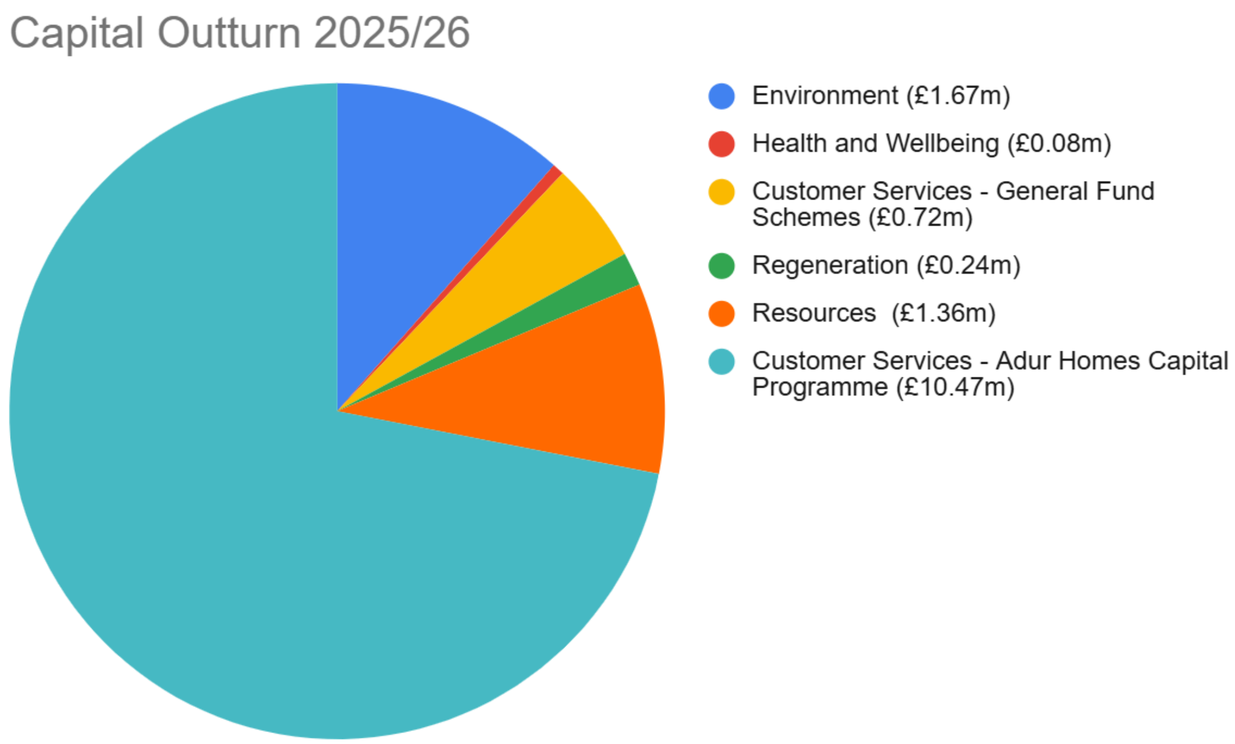
Recent years have presented a challenging environment for the capital valuations of commercial property due to several factors. The ongoing uncertainty about new office working patterns following the pandemic has impacted demand for traditional office spaces in recent years. Additionally, the increased cost of capital, driven by high interest rates, has made financing more expensive for developers and investors. Furthermore, energy market volatility has led to higher running costs for tenants, making commercial properties less attractive. These factors, combined with broader economic uncertainties, have created a tough landscape for commercial property valuations, though there are early signs of recovery.

When acquired across the 2018/19 and 2019/20 financial years, the properties held cost £81.511 million. The current fair market value as presented in these accounts is £72.982 million, representing a 11.69% fall in capital value since acquisition. The Council's level of debt in relation to these assets was £74.827m as at 31st March 2026. Though the council does consider the capital valuation of its properties, the primary intent of the portfolio is to derive income and support local regeneration rather than speculate on future property valuations. Therefore, the council's strategy focuses on generating a stable revenue stream from these properties, despite fluctuations in their market value. Significant to this strategy is the fact that the Council currently foresees no plan to dispose of these assets in the coming accounting period.

The most recent reporting on this item was the Annual Commercial Property Investment Strategy for 2026/27 was presented to the Joint Audit and Governance committee on 15th January 2026 and details many of the considerations currently taken by the Council in managing the portfolio, additionally to allow sufficient time for the finances to be reviewed and digested a further report the Strategic Property Investment Fund in-year update 25/26 which provides Members with an in-year update on the performance of the fund including the rental income and key expenses underpinning the funds performance. A further update will be delivered to the committee in Autumn 2026.

CAPITAL INVESTMENT PLANS

Capital spending either maintains or creates new assets or is expenditure that is capital under statute that will contribute to the Council's aims and objectives over more than one year. The Council plans and budgets for capital expenditure by means of a three-year 'rolling' Capital Programme.



The capital investment programme for all Adur Portfolios was originally estimated at £19,043,002. Subsequent approvals and re-profiling of budgets produced a total revised budget of £36,762,599. Actual expenditure in the year totalled £14,551,052, a decrease of £22m on the revised estimate, including net budget carry forward to future years of £12m and a net underspend of £10m and £0.106m utilised for capital flexibility purposes. The major factors contributing to the re-profiling and slippage were:

1. Schemes where the Council does not have direct control over the scheme progress. For example where the scheme is managed by another authority, or mandatory grant schemes where the spend is demand led and the Council has no control over when the grants will be paid.
2. Works completed in advance of budget profile.
3. Officer capacity has resulted in some schemes being unable to commence or complete within the financial year.
4. Negotiations required with other interested parties.
5. The impact of supply chain issues caused by economic and geopolitical interruptions.

The re-profiling of schemes was on-going throughout the year and in total 14 schemes completed in 2025/26.

Expenditure in 2025/26 was financed as follows:

	£000
Gov Grants and Contributions	980
Other Grants and Contributions	835
Capital Receipts	106
Major Repairs Reserve	3,548
Rev Conts	10
Borrowing	9,072
Total Financing:	14,551

Significant investments in 2025/26 included:

- Continued spend on the development of Albion Street to provide 49 affordable homes
- Improvements to Council homes including fire protection works.
- Improvements to Lancing Manor Entrance
- Replacement vehicles for Waste and Adur Markets
- Improvements to the Council's digital infrastructure
- Improvements to Commerce Way roof and wash rooms

Each Council's capital programme outturn and financing is explained in more detail in the Joint Strategic Committee report "Financial Performance 2025/26 - Capital and Projects Outturn" which was considered on the 14th July 2026. This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk .

Borrowing

A summary of the Council's borrowings, categories of financial liabilities, debt maturity structure, interest payable and the different types of risks is contained in Note 17 to these accounts. Sources and funds used to meet capital expenditure are summarised in the capital spend section of this Narrative Report and more detail is contained in the 14th July 2026 Joint Strategic Committee report "Financial Performance 2025/26 - Capital and Projects Outturn". This report is available on the joint Adur District Council and Worthing Borough Council website www.adur-worthing.gov.uk.

Housing Revenue Account

The Council operates a ring-fenced landlord's account.

- The Council owns approximately 2,507 homes which are worth £218m.
- In 2025/26 the Council collected £14.7m in dwelling rents (£14.3m in 2024/25).
- The Council is planning to spend £27m over the next 3 years to increase the supply of affordable homes and improve the condition of existing housing stock.

Capital Investment Plans 2026/27 – 2028/29

The Council plans to invest £37.482m in its capital assets over the next 3 years (including £27m on Council Homes).

The ambitious programme is designed to deliver a range of benefits including:

- The acquisition and development of temporary and emergency accommodation;
- Support for the delivery of affordable homes by Housing Associations;
- Delivery of new rental units within the Housing Revenue Account;
- Expenditure on improvements to Council homes
- Improvements to leisure and play facilities throughout the District;
- Coast Protection works along the river Adur;
- Investment in assets to support the local economy, improve the supply of housing or reduce the Council's carbon footprint and produce a sustainable income stream for the future.

3-year plan				
Expenditure by Portfolio	**2026/27** £'000	**2027/28** £'000	**2028/29** £'000	**Total** £'000
Citizen Services	11,277	11,124	9,769	32,170
Environment and Leisure	1,858	1,194	1,120	4,172
Communities and Wellbeing	287	0	0	287
Regeneration and Strategic Planning	170	35	0	205
Finance and Resources	648	0	0	648
Total Expenditure	**14,240**	**12,353**	**10,889**	**37,482**
Funded by:				
Capital grants and contributions	949	904	869	2,721
Revenue contributions and reserves	3,543	4,809	2,300	10,652
Borrowing	9,748	6,640	7,720	24,108
Capital receipts	0	0	0	0
Total Funding	**14,240**	**12,353**	**10,889**	**37,482**

6. TOP STRATEGIC RISKS

Detailed below are the most significant corporate risks that the Council is currently managing. This is extracted from the risks and opportunities register which is regularly reported to the Joint Audit and Governance and Joint Strategic Committees.

Risk Overview	C2 Risk that due to the limited supply of affordable accommodation to meet the demand for households in housing need there is an increased demand from households at risk of homelessness and our ability to meet our statutory duties. There is an increased use of temporary accommodation and demand for homeless services which is placing extreme pressure on the Council's financial position
Commentary / Mitigation measures	Following a joint review of the pressures facing the housing advice service with representatives of MHCLG, a transformation plan has been created. Additional resources have been identified, processes reviewed, and an audit of Temporary Accommodation use put in place. Work to secure TA is focused on as part of the Housing and Prevention Mission Board. We continue to explore and implement long term leased accommodation and drive the completion of permanent affordable development sites in Adur. The Homelessness Strategy will ensure TA supply is managed in line with projected need.

Risk Rating	**Impact = Major Likelihood = Very likely Risk Rating = High**
Risk Overview	C3 - Adur Homes - Albion Street, Daniel Close and Gravelly Crescent small developments - Delays and risk that the developments will not proceed resulting in impact on HRA income and reputational damage due to delayed occupation.
Commentary / Mitigation measures	May 2026 - This risk includes active development sites with current challenges. Albion Street has been subject to significant issues relating to water ingress. Daniel Close and Gravelly Crescent contractors entered administration. Weekly meetings are established to progress options in respect of remedial works for Albion Street and report to the Joint Strategic Committee in July. For Daniel Close and Gravelly Crescent, the EOI process has been completed and rescue contractors identified, with highest-scoring bidders conducting site appraisals ahead of final appointment in June. A development performance bond is in place to mitigate cost increases.
Risk Rating	**Impact = Moderate Likelihood = Very likely Risk Rating = High**
Risk Overview	C6 Risk - Strategic Property Investment Fund (SPIF) - Risk that the Councils fail to meet SPIF income targets which affects overall Council funds. Includes risks of non-compliance, tenant failure, voids, and fall in capital value.
Commentary / Mitigation measures	February 2026 - The outlook for the SPIF has improved over the last few months. Due to risks previously identified, the Reading Beta Building has been disposed of. Eskan Court Milton Keynes has vacant space. Mitigations include: site visits, regular contact with Savills and tenants, use of Lease Event Diary, annual revaluations, and quarterly rent collection data. A Risk reserve is held to manage volatility. SPIF is now being reviewed in terms of necessary capital investment as part of the capital programme to mitigate tenancies.
Risk Rating	**Impact = Extreme Likelihood = Likely Risk Rating = High**
Risk Overview	C7 Building Control - Failure for the local authority to provide a BSR-compliant Building Regulation meaning that the local authority is in effect failing to meet its ‘Section 91 duty’.
Commentary / Mitigation measures	May 2026 - This Risk is showing an improved status because the Councils have appointed two new Building Control Officers in a very challenging market. The BSR requirement changes the nature of Building Control fundamentally as only sufficiently qualified staff can carry out duties. To mitigate, we are working with regional partners to try and develop a solution to shared issues. The Council continues to commission Fareham Council to provide support against the new building regulations (primarily Level 3 inspections) and is undertaking a BSR audit to ensure compliance.
Risk Rating	**Impact = Major Likelihood = Very likely Risk Rating = High**
Risk Overview	C8 - Land charges migration to land registry - Risk of a loss of income and new responsibilities for accuracy of a third party system. Risk of losing part of the transition grant payment if migration doesn't complete on time.
Commentary / Mitigation measures	February 2026 - Risk showing a worse update as we are behind with the required progress. Currently 3,000 records have been transferred out of a target of 40,000. The project started in September 2025 and required to finish by December 2025. Weekly monitoring is in place to track progress. The Council is liaising with HMLR regarding additional resourcing support (which has been offered by HMLR) to assist in transferring the data. The Land Charges Team are now allocating specific time to this task.
Risk Rating	**Impact = Major Likelihood = Likely Risk Rating = High**
Risk Overview	C9 LGR Transition and other pressures - the formation of the new larger unitary presents a range of challenges, including workforce transition, service integration, ICT systems, third party contracts, and asset management.

Commentary / Mitigation measures	February 2026 - We continue to have strong representation in the West Sussex Leaders Group and CEX Group. LGR will soon move into a new phase following the announcement of the unitary footprints. A single implementation programme is being set up. A&W will set up mirror arrangements locally, tracked in the Major Programmes Board. Local programme management and governance is being set up. A&W CLT team is meeting with Arun counterparts to build relationships. A small transformation budget has been secured in the 2026/2027 budget subject to final approval.
Risk Rating	**Impact = Major Likelihood = Likely Risk Rating = High**
Risk Overview	C10 Corporate income and debt collection risks relating to a number of procedural and capacity issues to collect income.
Commentary / Mitigation measures	February 2026 - Significant issues remain on income and debt collection for key service areas. There are key issues in relation to housing income and debt and a backlog within the Council Tax Team relating to systems, capacity and processes. Mitigations have focused on a real drive within teams to focus on income collection and older debts. A service design approach is being taken to redesign income and debt collection. A new post is being developed to support this work which will sit with Legal Services.
Risk Rating	**Impact = Major Likelihood = Moderate Risk Rating = High**
Risk Overview	C11 Council Finances - Risk that Councils finances will continue to be under pressure
Commentary / Mitigation measures	February 2026 - Council finances continue to be under severe pressure. Adur budget is balanced, but Worthing requested Exceptional Funding Support to balance a £4.9m budget gap. Key challenges include: Housing Needs (homelessness), Housing Benefit Subsidy limit on exempt housing, and shortfalls in planning, building control, and bereavement income. To mitigate, the Councils implemented budget management initiatives to control spend, including tighter controls on external spend, vacancy management, a weekly Budget Management Group for spend above £5k, and daily triage for sub £25k. Controls will remain in place for 2026/27.
Risk Rating	Impact = Major Likelihood = Very likely Risk Rating = High
Risk Overview	C17 Climate emergency risk - Councils need to mitigate climate change, adapt to climate change and prepare for more frequent extreme climate events and impacts.
Commentary / Mitigation measures	February 2026 - The first phase of the Worthing Heat Network construction is complete and providing heat to Phase 1 buildings. The next phase using directional drilling commences in March 2026. The corporate fleet strategy was presented and the first electric RCV is on order; remaining ICE fleet has transitioned to HVO. A £1m project to test hydrogen at the crematorium was completed in May/June 2024. The Sussex Bay marine project secured further grant funding reaching £1.2m to sustain the programme until 2028/2029, appointing a Research Lead and Engagement Lead.
Risk Rating	**Impact = Major Likelihood = Likely Risk Rating = High**
Risk Overview	C18 Adoption of the Environment Act - Significant implications for how the Councils collect waste and recycling. Not being in a position to roll out food waste collections due to insufficient resources and targets.
Commentary / Mitigation measures	January 2026 - Funding for food waste has been included in the council's financial settlement. Food waste collections are anticipated to start being rolled out in September 2026. The delay is due to delivery times for vehicles and delays to the funding situation being clarified. The Councils have placed orders for food waste collection vehicles but due to the demand, delivery is not due until summer 2026.
Risk Rating	**Impact = Major Likelihood = Likely Risk Rating = High**

SUMMARY

This is an extremely difficult time for the whole of Local Government. The current economic climate and international events have impacted on the council significantly with rapidly increasing costs due to inflation, rising interest rates and difficult energy markets. These pressures not only impacted the council directly but affected residents' lives resulting in the need to support the community in a range of different ways: from supporting those who become homeless to administering financial support.

The overall underspend for 2025/26 needs to be viewed in the context of a difficult medium term financial outlook, whereby contributions to reserves and savings made now are important to the outcome of future years.

The Council continues to balance the need to invest in future service developments with new emerging financial challenges from inflation and the continued changes to government funding.

Looking ahead, 2026/27 will be another difficult year with continued pressure from inflation, together with new emerging cost pressures. The outturn position will inform the development of the 2026/27 budget. Any cost issues have been taken into account where possible as part of the development of the 2026/27 budget.

FURTHER INFORMATION

Further information on Adur District Council's accounts is available from the Section 151 Chief Financial Officer based at the Town Hall, Chapel Road, Worthing, or by accessing the joint Adur and Worthing Councils website, www.adur-worthing.gov.uk.

ACKNOWLEDGEMENTS

The production of the Statement of Accounts is not possible without the dedication and hard work of staff across the Council, particularly within the Finance Department. I would like to thank all colleagues for their endeavours during the financial year.

Emma Thomas FCCA ,
Corporate Director for Resources
(Section 151 Officer)

EXPLANATION OF FINANCIAL STATEMENTS

The Statement of Accounts sets out the Council's income and expenditure for the year and its overall financial position as at 31st March 2026. It comprises core and supplementary statements together with disclosure notes.

The accounts shown on the following pages have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), supported by the International Financial Reporting Standards (IFRS).

In accordance with Regulation 6 (4) of the 2015 Accounts and Audit Regulations, the Annual Governance Statement must be approved in advance of the approval of the Statement of Accounts. Once the Statement of Accounts has been approved, the already approved Governance Statement will be published at the end of this document.

The Statements are listed and explained in the next section.

The Statement of Accounts consists of: **Page no:**

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer in respect of the Council's accounts. This statement confirms that the accounts give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the given financial year.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' and 'unusable reserves'.

This statement provides a summary of the resources generated and consumed by the Council in the year that have contributed to the changes in resources shown in the Movement in Reserves Statement (MiRS).

This statement summarises the Council's assets and liabilities as at 31st March 2024 in its top half. The bottom half of the statement sets out the reserves split into the 2 categories of 'usable' and 'unusable' reserves.

This statement summarises the flows of cash and cash equivalents of the Council that have taken place over the financial year.

The HRA accounting statements comprise the Comprehensive Income and Expenditure Statement and the Statement of Movement on the HRA balance. The former reports the economic cost in the year of providing housing services in accordance with generally accepted accounting practices. The latter reconciles the reported surplus or deficit in the year with the HRA balance at the end of the year. The HRA is a ring-fenced account subject to statutory regulation under Schedule 4 of The Local Government and Housing Act 1989. The HRA is accounted for separately from other funds of the Council so that rents cannot be subsidised from Council Tax (or vice versa).

Collection Fund **104-106**

The Council is required to maintain a separate Collection Fund to detail monies received as a billing authority in relation to the Council Tax and Business Rates and accounts for the distribution of Council Tax to preceptors (West Sussex County Council and The Police and Crime Commissioner) and the Council's own General Fund.

The Business Rate Retention Scheme allows the Council to retain a proportion of the total NDR received. The Adur share is 40% with the remainder paid to other bodies - West Sussex County Council (10%) and Department of Communities and Local Government (50%).

MAIN CHANGES TO THE ACCOUNTS AND SIGNIFICANT TRANSACTIONS IN 2025/26:

Post-employment benefits

All employees of the Council have the option to become members of the Local Government Pensions Scheme, administered by West Sussex County Council. This scheme is funded and provides defined benefits to members (retirement lump sums and pensions), earned by employees as they worked for the Council. The pension costs in the Council's accounts show the attributable share of the assets and the liabilities of West Sussex Local Government Pension Fund and comply fully with the requirements of IAS19.

To comply with these relevant accounting standards, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year. Therefore the cost of post-employment (retirement) benefits shown in Note 38 are notional and are reversed out of the General Fund via the Movement in Reserves Statement.

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the balance sheet have increased by £8.6m during the year, mainly as a result of the changes to the financial assumptions by the pension fund actuary (Hymans-Robertson). These assumptions are determined by the actuary and are the assessment of the impact of market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the actuary and the assumptions used to calculate the actuarial valuation. Further details can be found in Note 38.

Provisions, contingencies and material events

The Council has no contingencies.

There are no material income or expenditure items to disclose in 2025/26 that are not disclosed on the face of the accounts. The provisions made in 2025/26 are laid out in Note 21.

CHANGES TO ACCOUNTING POLICIES

The accounting policies are laid out within Note 1 of the Accounts. These policies reflect the 2025/26 Code of Practice Guidance Notes.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

S T A T E M E N T   O F   A C C O U N T S
FOR THE YEAR ENDED 31ST MARCH, 2026

The Council's Responsibilities:

(a) To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council in the financial year 2025/26 that officer was the Chief Financial Officer

(b) To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

(c) To approve the Statement of Accounts.

The Chief Financial Officer and Section 151 Officer's Responsibilities:

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts which is required to give a "true and fair" view of the financial position of the Council.

In preparing the statement of accounts the Chief Financial Officer has to select accounting policies and apply them consistently, make judgements and estimates that are reasonable, and ensure that the Statement of Accounts complies with the Code of Practice on Local Authority Accounting.

The Chief Financial Officer also has to keep proper accounting records which are up to date and to take reasonable steps to prevent and detect fraud and other irregularities.

This Statement of Accounts is prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy.

This Statement of Accounts presents a true and fair view of the financial position of the Council at 31st March, 2026 and its income and expenditure for the year ended on that date.

EThomas.

EMMA THOMAS
Corporate Director for Resources
(Section 151 Officer) **Dated: xx/xx/20xx**

Certificate of Approval by Joint Governance Committee

I confirm that these Accounts were approved by the Joint Governance and Audit Committee of Adur District Council and Worthing Borough Council on 20th February 2026

Deborah Stainforth
Chairman, Joint Governance Committee **Dated: xx/xx/20xx**

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and ‘unusable reserves’, such as the revaluation of non-current assets. The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net Increase/Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserves	Major Repairs Reserve	Capital Grants Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31st March 2024 c/fwd	**(1,051)**	**(2,841)**	**(697)**	**(631)**	**(3,460)**	**(5,948)**	**(2,761)**	**(17,389)**	**(180,067)**	**(197,456)**
Surplus or (deficit) on provision of services	1,120	-	10,801	-	-	-	-	11,921	-	11,921
Other Comprehensive Expenditure & Income	-	-	-	-	-	-	-	-	(3,068)	(3,068)
Total Comprehensive Expenditure Income	**1,120**	**-**	**10,801**	**-**	**-**	**-**	**-**	**11,921**	**(3,068)**	**8,853**
Adjustments between accounting and funding basis under Regs. (Note 7)	(2,463)	-	(11,792)	-	192	5,948	(574)	(8,689)	8,689	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(1,343)**	**-**	**(991)**	**-**	**192**	**5,948**	**(574)**	**3,232**	**5,621**	**8,853**
Transfers to/from Earmarked Reserves (Note 8)	1,294	(1,294)	467	(467)	-	-	-	-	-	-
(Increase)/Decrease in Year	**(49)**	**(1,294)**	**(524)**	**(467)**	**192**	**5,948**	**(574)**	**3,232**	**5,621**	**8,853**
Balance at 31st March 2025 c/fwd	**(1,100)**	**(4,135)**	**(1,221)**	**(1,098)**	**(3,268)**	**-**	**(3,335)**	**(14,157)**	**(174,446)**	**(188,603)**
Movement in Reserves during 2025/26										-
Surplus or (deficit) on provision of services	(6,627)	-	6,040	-	-	-	-	(587)	-	(587)
Other Comprehensive Expenditure & Income				-	-	-	-	-	(19,506)	(19,506)
Total Comprehensive Expenditure and Income	**(6,627)**	**-**	**6,040**	**-**	**-**	**-**	**-**	**(587)**	(19,506)	(20,093)
Adjustments between accounting basis and funding basis under regulations (Note 7)	5,123	-	(5,098)	-	(2,457)	-	(2,232)	(4,664)	4,664	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(1,504)**	**-**	**942**	**-**	**(2,457)**	**-**	**(2,232)**	**(5,251)**	(14,842)	(20,093)
Contribution to Major Repairs Reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-
Transfers to/from Earmarked Reserves (Note 8)	1,254	(1,254)	(131)	131	-	-	-	-	-	-
(Increase)/Decrease in Year	**(250)**	**(1,254)**	**811**	**131**	**(2,457)**	**-**	**(2,232)**	**(5,251)**	(14,842)	(20,093)
Balance at 31st March 2026	**(1,350)**	**(5,389)**	**(410)**	**(967)**	**(5,725)**	**-**	**(5,567)**	**(19,408)**	(189,288)	(208,696)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

	2025/26 Gross Expenditure	2025/26 Gross Income	Note	2025/26 Net Income / Expenditure	2024/25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Income/ Expenditure
	£'000	£'000		£'000	£'000	£'000	£'000
The Leader	652	(38)		614	948	(385)	563
Environment and Leisure	5,758	(3,333)		2,425	5,143	(3,171)	1,972
Communities and Wellbeing	2,029	(580)		1,449	1,786	(253)	1,533
Adur Homes and Customer Services	14,965	(12,657)		2,308	17,644	(15,044)	2,600
Regeneration and Strategic Planning	3,138	(1,338)		1,800	3,523	(1,364)	2,159
Finance and Resources	5,257	(2,923)		2,334	4,995	(2,414)	2,581
Net Cost of General Fund Services	31,799	(20,869)		**10,930**	**34,039**	**(22,631)**	**11,408**
Housing Revenue Account	15,594	(16,905)		(1,311)	15,506	(17,028)	(1,522)
Net Cost of Services	47,393	(37,774)		**9,619**	**49,545**	**(39,659)**	**9,886**
Other Operating Expenditure			9	5,141			11,991
Financing and Investment Income and Expenditure			10	561			2,772
Taxation and non-specific grant income			11	(15,908)			(12,728)
(Surplus) or Deficit on Provision of Services				**(587)**			**11,921**
(Surplus)/Deficit arising on revaluation of Property, Plant and Equipment Assets			23	(11,672)			(10,810)
Remeasurements of the net defined pension benefit liability			23	(7,834)			7,742
Other Comprehensive Income and Expenditure				**(19,506)**			**(3,068)**
Total Comprehensive Income and Expenditure				**(20,093)**			**8,853**

BALANCE SHEET

	See Note No:	As at 31st March 2026	As at 31st March 2025
		£'000	£'000
Long Term Assets:			
Property, Plant & Equipment	12	308,113	297,530
Heritage Assets	13	375	372
Investment Property	14	73,396	72,743
Intangible Assets	15	569	728
Right of Use	12a	297	-
Long Term Investments	17	2,629	2,629
Long Term Debtors	18	9	17
Total Long Term Assets		**385,388**	**374,019**
Current Assets:			
Short Term Investments	17	14	32
Assets Held For Sale	16	1,576	666
Inventories		81	47
Short Term Debtors	18	14,087	14,112
Cash & Cash Equivalents	19	3,078	5,762
Total Current Assets		**18,836**	**20,619**
Current Liabilities:			
Short Term Borrowing	17	(40,688)	(32,495)
Short Term Creditors	20	(11,249)	(9,481)
Short Term Liability - Leases	17	(19)	-
Provisions	21	(731)	(334)
Grants Received in Advance Revenue	33	(87)	(219)
Total Current Liabilities		**(52,774)**	**(42,529)**
Long Term Liabilities:			
Long Term Borrowing	17	(140,865)	(153,076)
Other Long Term Liabilities	37/38	(1,866)	(10,430)
Long Term Liability - Leases	17	(23)	-
Total Long Term Liabilities		**(142,754)**	**(163,506)**
Net Assets		**208,696**	**188,603**
Financed By Reserves:			
Usable Reserves	22	(19,408)	(14,157)
Unusable Reserve	23	(189,288)	(174,446)
Total Reserves		**(208,696)**	**(188,603)**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Adur District Council. The net assets of Adur District Council (assets less liabilities) are matched by the reserves held by the Committee.

Emma Thomas FCCA   EThomas.   xx/xx/202x

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

	See Note No:	2025/26	2024/25
		£'000	**£'000**
Net surplus or (deficit) on provision of services	24	587	(11,921)
Adjustments to net surplus or deficit on the provision of services for non cash movements	24	11,359	19,113
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(7,488)	(3,656)
Net cash flows from Operating Activities	24	**4,458**	**3,536**
Investing Activities	25	(4,182)	(13,649)
Financing Activities	26	(2,959)	14,960
Net increase or decrease in cash and cash equivalents		**(2,683)**	**4,847**
Cash and cash equivalents at the beginning of the reporting period		5,762	915
Cash and cash equivalents at the end of the reporting period	19	**3,079**	**5,762**

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING POLICIES

GENERAL PRINCIPLES

The accounts comply with the Code of Practice on Local Authority Accounting (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Accounting policies and estimation techniques have been selected and used having regard to the accounting principles and concepts set out in International Financial Reporting Standards *Framework for the Preparation of Financial Statements*, specifically:

- The qualitative characteristics of financial information
- Relevance
- Reliability
- Comparability
- Understand ability
- Materiality
- Accruals
- Going concern

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.

ACCRUALS

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code. Sums due to or payable by the Council at the end of each financial year are brought into account (irrespective of whether cash has been received or payment has been made). Where actual costs are not available, accruals for debtors and creditors are made on a best-estimate basis.

At the end of each financial year an estimate is made of doubtful debts – amounts due to the Council, but unlikely to be received. The total value of these amounts is provided as a provision for bad debt and deducted from the debtors balance in the Balance Sheet. The current de minimis is £1,000.

COUNCIL TAX AND BUSINESS RATES (ENGLAND)

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

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund.

Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Accounting for Council Tax and NDR

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

REVENUE RECOGNITION

Revenue recognition has been accounted for in accordance with IFRS 15. Revenue is measured at fair value of the consideration received or receivable. Fair value is generally regarded as the amount for which an asset could be acquired, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The majority of the Council's transactions are 'non exchange' and the impact of IFRS 15 is not material to the accounts.

SUPPORT SERVICES

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

JOINT OPERATIONS

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the joint ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet only its share of the jointly controlled assets and related liabilities; whilst on its Comprehensive Income and Expenditure Statement it recognises those expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint arrangement and income that it earns from the activity of the operation.

VALUE ADDED TAX

VAT is included in the Comprehensive Income and Expenditure Account only to the extent that it is irrecoverable.

GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations 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.

Grants and contributions for capital purposes are recognised as income on receipt as long as there is no condition for their use that has not been satisfied. Where there is a condition the amount will be held as a receipt in advance until the condition is satisfied at which point the amount is recognised as income.

Where capital grants are recognised as income they are reversed out of the General Fund in the Movement in Reserves Statement and held as unapplied reserves until used to finance capital expenditure.

LEASES

From 1st of April 2024, The Council has adopted IFRS16 Leases. Under the adopted standard the accounting for leases where the Council is the lessee has changed. Where this is the case the accounts will recognise a Right-of-Use (RoU) asset and a corresponding lease liability on the Balance Sheet at the date at which the leased asset is available for use by the Council (the commencement date).

The Council as Lessee

Recognition and Measurement

The Lease Liability is measured at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined the Council's incremental borrowing rate.

The RoU Asset is measured at cost, which comprises:

- The amount of the initial lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the Council.
- An estimate of costs to dismantle and remove the underlying asset or restore the site.

The RoU asset is subsequently depreciated on a straight-line basis over the shorter of the asset's life and the lease term. The corresponding lease liability is increased to reflect the accretion of interest (charged to the Financing and Investment Income and Expenditure line in the CIES) and reduced by the lease payments made.

Exemptions and The Capitalisation Threshold

The council has adopted the following policies:

- **Capitalisation De Minimis Threshold:** The council applies its general capital de minimis threshold of £10,000 to Right-of-Use assets. Leases that result in an RoU asset with a cost measured below this amount are not capitalised. Payments are treated as revenue expenditure, charged to the relevant services on a straight-line basis.
- **IFRS16 Practical Expedients:** For leases that would result in an RoU asset above the £10,000 threshold, the Council has elected to apply the following practical expedients permitted by IFRS16:
    - **Short-Term Leases:** Leases with a term of 12 months or less.
    - **Low-Value Leases:** Leases where the underlying asset when new is of low value (e.g. photocopiers, small IT equipment). This test is absolute not relative and is assessed irrespective of the materiality of the lease to the Council.

For these exempt short-term and low-value leases the lease payments are recognised as revenue expenditure (charged to the relevant service line in the CIES) on a straight-line basis over the lease term.

Software and Other Arrangements

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for the payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

However, many software rental and Software-as-a-Service (SaaS) arrangements do not meet the definition of a lease as they do not grant control of an identifiable asset. Payments in relation to these are treated as revenue expenditure.

Statutory Override (Movement in Reserves)

The Council is not required to raise council tax to cover the depreciation and interest charges arising from RoU assets.

Due to this, an adjusting transaction is made in the Movement in Reserves Statement (MiRS) to remove the accounting impact of depreciation and interest from the General Fund Balance. This is replaced by a statutory charge representing the principal element of the lease payments made during the year. This adjustment is made between the General Fund Balance and the Capital Adjustment Account.

Concessionary (Peppercorn) Leases

Where the council enters into leases at a nominal or non-market rent (a “peppercorn” lease), either as a lessee or a lessor

The Council as Lessee: Where the Council is the lessee in a concessionary lease, The RoU asset is recognised and measured at its fair value at the commencement date. The difference between the fair value of the RoU asset and the present value of the nominal lease payments is recognised as a grant or donation and credited to the Comprehensive Income and Expenditure Statement (CIES) within the relevant service line.

The Council as Lessor: Where the Council grants a concessionary lease to another body, the transaction is accounted for as an operating lease. The asset remains on the Councils Balance Sheet and the nominal rent is recognised in the CEIS. The Council does not recognise a ‘loss’ on disposal, as the asset is granted in line with the Council’s objectives.

The Council as Lessor

Lessor accounting under IFRS 16 is substantially unchanged from the previous standard (IAS 17). The Council still classifies its leases as either finance leases or operating leases.

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 where this factor does not apply are treated as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessor - Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease. The carrying amount of the asset is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal.

A gain, representing the Council’s net investment in the lease, is credited to the same line matched by a lease debtor (Long Term Debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- Finance Income in the CIES
- A charge applied to write down the lease debtor

The Gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance.

- Where a premium has been received, this is posted out of the General fund balance into the Capital receipts reserve.
- Where the amount is due in future years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the capital receipt element is transferred from the Deferred Capital Receipts Reserve to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against the council and gets appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

The Council as Lessor - Operating Leases

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

Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

NON-CURRENT ASSETS

Expenditure and Valuation principles

Expenditure on the acquisition, creation, or enhancement of non-current assets is capitalised on an accruals basis in the Balance Sheet, provided the asset yields benefits to the Council for more than one year. This excludes routine repairs and maintenance, which are charged directly to service revenue accounts.

Non-current assets are valued in accordance with the CIPFA Code of Practice and the RICS Valuation – Global Standards (The Red Book). Assets are classified into groupings required by International Financial Reporting Standards (IFRS).

The surpluses arising on the revaluation of property, plant and equipment are credited to the Revaluation Reserve. The exception to this is where previous revaluation losses have been debited to the Comprehensive Income and Expenditure Account. Where this has occurred the surplus on revaluation is credited to the Comprehensive Income and Expenditure Account up to the value of the previous revaluation loss, less the value of depreciation, that would have been charged had there been no revaluation loss.

Surpluses arising on the revaluation of investment properties are credited to the Comprehensive Income and Expenditure Account. The Revaluation Reserve only includes gains since its inception from 1st April, 2007; prior gains were incorporated into the Capital Adjustment Account.

From 1 April 2025, the Council applies a five-year rolling programme of professional revaluations for land and buildings. For assets within a category that are not subject to a professional revaluation in a given financial year, the Council applies annual indexation to the carrying amount to ensure values remain materially up to date. Where a suitable index cannot be obtained without undue cost or effort, a professional desktop revaluation is performed in year three of the cycle. The principal valuation bases used are:

- Property, Plant and Equipment assets are initially valued at cost and included in the balance sheet at current value. Where there is no open market value, assets are included in the balance sheet at depreciated replacement cost. Community assets and infrastructure assets are stated at depreciated historical cost, assets under construction are stated at cost. Donated assets are revalued at current value.

- Investment properties are included in the balance sheet at fair value and need to meet the criteria of property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.

- Assets held for sale are included in the balance sheet if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use.

- Assets are reclassified as Held for Sale when the following criteria are met:

  i) The asset is available for sale in its present condition subject only to terms that are customary for sales of such assets (or disposal groups).
  ii) The sale must be highly probable.
  iii) The appropriate level of management must be committed to a plan to sell the asset (or disposal group).
  iv) An active programme to locate a buyer and complete the sale must have been initiated.
  v) The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the current value.
  vi) The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification except where the sale is likely to proceed to a sale without significant changes to the plan of sale, or that significant changes to the plan will be made or that the plan will be withdrawn.

The Council adopts a proportionate approach to indexation. Where the application of indexation results in a movement of less than 1.0% in the financial year, or where the asset's Net Book Value (Carrying Amount) is below £10,000, the Council may elect not to adjust the carrying amount, provided the cumulative impact is immaterial.

For 2025/26 the Council’s values of land and buildings have been included in the accounts based on valuations by external valuers, the Authority’s Estates office, or via the application of annual indexation. A de minimis value of £10,000 per capital addition or rolling programme has been applied to new vehicles, plant and equipment, and for new land and buildings. Assets valued below these limits, and non-property assets with short useful lives (defined as 7 years or less), are not subject to the five-year revaluation/indexation cycle and are instead held at depreciated historical cost as a proxy for current value.

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as shareholding for policy purposes at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Charges to Revenue for Non-current Assets

Service revenue accounts, central support services, and trading accounts are charged with a depreciation charge, profit or loss on disposal and any impairment loss for all non-current assets used in the provision of services. (An impairment loss is only charged to revenue, if there is no balance on the Revaluation Reserve.) The depreciation charge is credited out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement on the General Fund Balance so that there is no impact on the amount required to be raised from local taxation for the provision of Council services.

Asset lives are established by reference to the expected timespan over which the Council expects to get economic benefits from that asset. This could be a valuer or the officer using the asset. The useful life of assets is determined as follows, excepting where there may be exceptional circumstances:

Buildings	15-60 years (except when impairment has occurred)
Vehicles	7-10 years
Equipment	>1 to <25 years
Intangible Assets, Software	>1 to <7 years
Infrastructure assets	5 - 50 years
Community assets	Held in perpetuity
Assets (Right-of-Use IFRS16)	Up to 10 years

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Disposals

Assets are removed from the Balance Sheet in the year of sale and the profit or loss on disposal is charged to the Comprehensive Income and Expenditure Account.

Impairment

The Council performs an annual review for indicators of impairment (triggers). If an indication exists that an asset's value has declined significantly beyond the passage of time or normal indexation, the asset's recoverable amount is estimated.

Depreciation

Depreciation is charged to service revenue accounts for most non-current assets:

- newly acquired assets are depreciated on asset values at 1st April in the year following their confirmation as fully operational assets, except where the acquisition is material when depreciation is calculated at the date of acquisition. Assets in the course of construction are not depreciated until they are brought into use.
- assets disposed of are depreciated in the year of disposal.
- depreciation is calculated using the straight-line method over the useful life of the asset, based on asset values at 1st April except where there are material acquisitions or disposals in any year where depreciation is calculated at date of acquisition or disposal.
- assets acquired under Finance Leases are depreciated over the asset life, or the lease term if shorter.
- assets held for sale, investment properties, assets under construction and community assets are not depreciated.

Componentisation of Assets

Where an item of Property, Plant and Equipment has major components, the cost of which is significant in relation to the total cost, the components are depreciated separately. The Council uses the straight line method of depreciation over the useful economic life (UEL) of the component.

In accordance with the Code, significant components are recognised as assets as acquired, enhanced or revalued from 1st April 2010 onwards, and not retrospectively of this date.

When a component is replaced or restored, the carrying amount of the old component is de-recognised by indexing the cost of the replacement back to the estimated inception date and adjusting for subsequent depreciation and impairment. When replaced components are written out, this does not result in a loss on either asset values or asset sales. For the purposes of the 2025/26 indexation cycle, enhancements are consolidated with the main asset and indexed as a single unit from the following financial year.

For Property, Plant and Equipment the accounting policy is to componentise all land and property assets valued at £50,000 or more in total where there has been a revaluation or enhancement since 1st April 2010. The exception to this is council dwellings where a de minimis of £10,000 is applied, any components below this value are depreciated as part of the main building.

The following component categories and useful lives are used:

- Land - Indefinite
- Main building structures - 60 years
- Replaceable building structures - 25 years
- Services - 20 years
- External works - 35 years

Any Revaluation Reserve balances associated with componentised assets are attributed firstly to land and then to the main building structures, as it is considered unlikely that component replacements will give rise to revaluation gains and losses independently of the structure of a building. The exception would be if the Revaluation Reserve balance exceeded the valuation of the land and main building structure, when the remaining balance would be attributed to the other categories.

INTANGIBLE ASSETS

Intangible assets are non-monetary assets that are identifiable and lack physical substance, such as software licences. The Council measures all intangible assets at amortised historical cost. Revaluation of intangible assets is not permitted. Intangible assets are amortised on a straight-line basis over their useful lives.

HERITAGE ASSETS

Definition

- A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

- An intangible heritage asset is defined as an intangible asset with cultural, environmental or historical significance.

Recognition

The Council recognises heritage assets when the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the Council does not recognise the asset on the Balance Sheet. Assets which are not recognised in the Balance Sheet are included in Disclosure notes.

Valuation

The Council's heritage assets are normally measured at valuation except where it is not possible to establish a valuation; for example if there is no market for a particular heritage asset or where it is not possible to provide a reliable estimate of the replacement cost of the asset due to the lack of comparative information. Heritage Assets are not subject to the mandatory annual indexation requirements introduced in the 2025/26 Code for other categories of Property, Plant and Equipment.

The unique nature of many heritage assets makes a reliable valuation complex. Therefore where it is not practicable to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the financial statements) and cost information is available, the asset is carried at historical cost (less any accumulated depreciation, amortisation and impairment losses). Valuations may be made by any method that is appropriate and relevant and are reviewed with sufficient regularity to ensure they remain current

Depreciation, amortisation and impairment

Tangible heritage assets are not depreciated as the assets are considered to have very long or infinite lives. Amortisation of intangible heritage assets is considered on an individual asset basis and is based on amortised historical cost, in accordance with the 2025/26 Code. Assets are reviewed for impairment where an asset has suffered physical deterioration or breakage, or where doubts arise as to the authenticity of the heritage asset.

Accounting

Heritage assets are accounted for in the same way as property, plant and equipment and intangible assets.

INVESTMENT PROPERTIES

Investment Properties are those held solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods, is held for sale or for the purposes of regeneration, employment or support of the local economy.

CAPITALISATION OF BORROWING COSTS

IAS 23 requires borrowing costs, such as interest payments and other financing charges, to be capitalised in respect of assets that take a substantial period of time to get ready for use or sale. Capitalisation of borrowing costs is required to continue until the point at which the related assets become operational or are sold. The Council's policy is to capitalise the interest where it is material.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

INVENTORIES

This Council has accounted for inventories (stock) in accordance with IAS2 and IPSAS 12, which includes public sector interpretations of measurement which the Code has adopted.

WORK IN PROGRESS

Any rechargeable works are shown at the actual cost incurred (excluding overheads allocation) at 31st March.

RESERVES

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

PROVISIONS

The Council establishes provisions for specific expenses that are certain to be incurred but the amount of which cannot yet be determined accurately.

Provisions are charged to the appropriate service revenue account in the year that the council becomes aware of the obligation, based on the estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required or a lower settlement is made, the provision is reversed and credited back to the relevant service revenue account.

A provision is made for business rates appeals which are likely to be settled in the favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future. The amount provided for is based on information received from the Valuation Office and is assessed on the likely change to rateable value as adjusted by locally assessed success rates.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets are possible assets arising from past events whose existence will only be confirmed by future events not wholly within the control of the Council. Contingent assets are not accrued in the accounting statements, in conformity with the concept of prudence. Material contingent assets are disclosed within the notes to the accounts if the inflow of a receipt or economic benefit is probable.

Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts unless perceived as being remote.

FINANCIAL INSTRUMENTS

Financial Liabilities

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

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their 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 Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payments of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost or FVOCI, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.
Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

The Council has two small shareholdings acquired for policy purposes, which are designated as FVOCI:

- shares in the UK Municipal Bonds Agency, which was set up to help local councils finance their investment in projects - no value is currently assigned to these shares
- deferred shares in Boom! Credit Union, which supports people who live or work in Surrey, West Sussex or Kingston

The Council will recognise losses on these shareholdings to the extent that the underlying assets of the organisation are no longer sufficient to promote its purpose.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value measurement of financial assets

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Soft Loans

The Code has specific accounting requirements in respect of "soft loans", being loans made to or from third parties at preferential rates of interest below market rates. The Code requires that when soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

The Council issues soft loans to employees in respect of car loans, cycle loans and professional fees loans and is eligible for interest free loans to finance capital expenditure on energy efficiency projects. No adjustment in respect of these loans is made to the accounts to reflect the requirements of the Code on the grounds that the adjustment would be immaterial or impractical.

DEBT REDEMPTION

Statutory Guidance issued under s21(1A) of the Local Government Act 2003 places a duty on local authorities to make a prudent provision for debt redemption.

The provisions are made each year from the General Fund Revenue Accounts, which is then held in the Capital Adjustment Account (CAA). The accumulated provision held in the CAA is used to repay the principal amounts borrowed to finance capital investment.

In accordance with statutory guidance and the Council's statement for Minimum Revenue Provision (MRP), an amount is charged annually to revenue and set aside for the repayment of debt. The provision is made over the estimated life of the asset for which the borrowing is undertaken. Where appropriate, the Council may also make overpayments of MRP, which can be offset in future years.

INTERNAL INTEREST

A contribution is made to some Reserve Account balances based upon the average rate of return on the Council's investments for the year.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are defined as 'short term, highly liquid financial instruments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value'. Accordingly, the instruments that may fall within the definition are principally held for short-term cash management purposes, not for obtaining a significant return on investment.

For the purpose of classifying cash equivalents within Financial Instruments, the Council's accounting policy is to categorise all fixed term deposits as financial instruments, not cash equivalents (irrespective of the duration of the investments). This is because in practice, such deposits would not satisfy the requirement to be readily convertible to cash and would incur a penalty (loss in value) for early redemption. Therefore, in practice the Council's policy restricts the composition of cash and cash equivalents to notes and coins, current account balances held with its own banker, plus instant access call accounts or money market fund deposits placed in other financial institutions, that would be returnable without penalty within 24 hours' notice.

EXCEPTIONAL ITEMS

Where exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council'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.

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

An accrual is made where the adjustment will have a material effect on the accounts for the cost of holiday entitlements (or any form of leave, eg.time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. Any accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The Council's annual cost of accumulated absences as defined by the IFRS code of practice is not considered material and therefore has chosen not to accrue these costs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations 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 year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by West Sussex County Council (unless they choose to opt out). This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the West Sussex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of returns on bonds.

- The assets of the West Sussex Pension Fund attributable to the Council are included in the Balance Sheet at their fair value which is the bid value as required by IAS19.

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

- Service Cost comprising:

  - The current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - The past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (as) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;

- Re-measurements comprising:

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve;
- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability(asset) – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.
- Contributions paid to the West Sussex County Council Pension Fund – cash paid as contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as the benefits are earned by employees.

Discretionary Benefits

The Council 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 member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

EVENTS AFTER THE REPORTING PERIOD

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

- Those events that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.

- Those events that are indicative of conditions that arose after the reporting period – 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

CAPITAL RECEIPTS

Capital receipts are income over £10,000 received from the sale of land or other capital assets which may be used to finance capital expenditure or repay debt.

The usable portions of capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure and/or to repay debt.

NOTE 2:ACCOUNTING STANDARDS ISSUED, BUT HAVE NOT YET BEEN ADOPTED

The council is required to disclose the impact of changes to accounting standards that have been issued but not yet adopted in the 2025/26 financial statements.

Changes identified in relation to the financial year commencing 1st April 2026 are as follows:

- ➢ Amendments to FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland): Amendments relating to Heritage Assets (issued March 2024).
- ➢ Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7): (Issued May 2024)
- ➢ Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7): (Issued December 2024).
- ➢ IFRS 9 Fair Value gains and losses on pooled investments funds (England and Wales) - The statutory override in place has been reviewed and is to continue until 1 April 2029 for investments placed before 1st of April 2024.
- ➢ Infrastructure Assets override - this is to continue until 1st April 2029.

It is not anticipated that these changes will have a material impact on the financial statements for the financial year commencing 1st of April 2026.

Specifically, the continuation of the statutory override for IFRS 9 Fair Value gains and losses on pooled investments funds until 1st of April 2029 defers any potential volatility from these investments impacting the General Fund. While this prevents a material impact in the short-term, the Council will continue to monitor and assess the potential financial implications for when the override period concludes.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND GOING CONCERN

Critical Judgements

The critical judgements made in the Statement of Accounts are:

- Despite receiving a multi-year settlement uncertainty about future levels of funding for local government remains in the long term. However, the Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services.

- The Council holds a significant portfolio of investment property and although in general terms economic activity is fragile, the Council judges that its portfolio is robust and that the assets will not be impaired as a result of a decrease in economic activity.

- Retirement Benefit Obligations - The Council recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 "Employee Benefits". The estimation of the net pension liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. West Sussex County Council, as the Pension Administering Authority, engages a firm of actuaries to provide expert advice about the assumptions to be applied. Changes in these assumptions made are set out in Note 1 and transactions disclosed in Note 38.

- Where the Council is the Lessor, the accounting treatment and disclosures for operating and finance leases are significantly different, the Council has made judgements on whether its lease arrangements for land and buildings are operating leases or finance leases under the criteria of IAS17. These judgements are made in accordance with the Council's accounting policy on leases.

- The Council has made judgements about the likelihood of potential liabilities and whether provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact. Provisions resulting from these judgements are disclosed in Note 21.

- The Council does not expect the tax gathering mechanisms for Council Tax and Business Rates to fundamentally alter the Council's financial stability. The risk within the rates retention scheme is assumed to be the safety net which has been set by the government at 5% of the Council spending baseline which equates to £95k.

Going Concern

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The concept of going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. Adur District Council's financial statements are produced under the CIPFA Local Authority Accounting Code of Practice (The Code), which requires Local Authorities to prepare their financial statements on a going concern basis. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. This assumption is based on the fact that local authorities carry out functions essential to the local community, exist by statute and are themselves revenue-raising bodies.

The concept assumes that an authority's functions and services will continue in operational existence for the foreseeable future. If an authority was in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Local Government Reorganisation

In June 2025, the Minister of State for Local Government and English Devolution issued a ministerial statement regarding the West Sussex County area and the wider Sussex region, outlining plans to establish a Mayoral Combined Authority and transition the current Borough and Shire Districts into unitary authorities. The anticipated vesting day for the new authority encompassing Worthing Borough is 1 April 2028, though the exact size and geographical boundaries of the new unitary council remain unconfirmed.

The Code confirms that the abolition of an authority, the combining of public sector bodies or the transfer of some of its services, under situations like Local Government Reorganisation, are not to be taken as negating the presumption of going concern. Therefore, while service delivery by Adur District Council as a standalone entity is expected to cease upon reorganisation, the functions themselves will transfer to the successor body. Consequently, these financial statements have been prepared on a going concern basis in strict compliance with the Code.

During 2025/26 the delivery of the Council's services to our residents has been impacted by a number of factors, including: high inflation levels and the ongoing 'cost of living' crisis; labour shortages in key occupations; increasing service demand and complexity of need of those requiring our support; and uncertainty around future years' funding. Despite the challenges, the council reported a £1.297k underspend (21% against budget) for the financial period ending 31st March 2026.

An assessment has been made of the likely impact of economic factors on its financial position and performance during 2025/26, 2026/27 and beyond. This has included modelling scenarios that consider the impact on the following:

- Reductions in income
- Increased expenditure
- Cash Flow and liquidity
- General fund balances and reserves

In February 2025 the Council approved a balanced budget for 2025/26. Known pressures were built into the 2025/26 budget. Whilst uncertainty on income remains, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term, helped by the cash flow from Government grants. This is based on our review of the cashflow forecast which covers a period up to 31st March 2028. The Council also has sufficient headroom within its borrowing limit to be able to borrow short term for revenue purposes if needed.

The Council has also considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services.

As at 31 March 2026 the Council has the following reserves to call on in delivering its services.

➢ General Fund Working Balance	£1.350m
➢ HRA Working Balance	£0.410m
➢ General Fund Earmarked Reserves	£5.389m
➢ HRA Earmarked Reserves	£0.967m
➢ Capital Grants	£5.567m
➢ Capital Receipts	£5.725m

In the event of a serious financial situation it will be prepared to 'un-earmark' certain reserves to meet its commitments.

The Authority has been closely monitoring its cash flow and investments to ensure it has sufficient liquidity to meet its commitments. The Council had short term investments of £467k and cash and cash equivalents of £2.610m at the end of March 2026 and has prepared a cash flow forecast to the end of 31st March 2028 which is over 12 months from the date the accounts are approved. The Council remains confident in its ability to maintain sufficient cash for its services throughout this period and is furthermore able to borrow short term for cash management if ever needed.

Furthermore, the Council has a modest capital programme and could postpone non-essential capital projects that would further protect the levels of cash and usable reserves if the position further deteriorated. The programme focuses on projects that produce a positive financial revenue return as well as those where there are health and safety requirements or were already in progress and could not be postponed without incurring significant costs.

As a result, the Council is satisfied that there are no identified risks regarding liquidity of cash flow, and it can prepare its accounts on a going concern basis.

NOTE 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty actual results could be materially different from assumptions and estimates contained within these accounts. As these items are re-assessed each year, they are subject to annual review and are updated within each year's accounts for the latest information.

The items in the Council's Balance Sheet at 31st March 2026 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Building Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual building assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to building assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. If the useful life of assets fell by one year there would be an increase in the depreciation charged in the C.I.E.S. For example the additional cost for Land and Buildings (excluding council dwellings) would be £412k. There would also be a corresponding decrease in the carrying amount of the assets. Depreciation is excluded when the movement in the general fund is determined. It does not impact on the setting of council tax.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. In 2025/26 the assumptions include an estimation of the impact of the McCloud judgement.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways. During 2025/26, the Council's actuaries advised that the net pension liability has increased by a net £12.94m, of this a £1.15m decrease is as a result of estimates being corrected as a result of experience and an increase of £11.79m attributable to updating of the assumptions. Refer to note 38 for further details.
Impairment Loss Allowance	At 31st March 2026 the Council had a net balance of debtors due (excluding government departments) of £19m. A review of significant balances suggested that an impairment of doubtful debt of £3.35m was appropriate.	Arrears collection rates are reviewed each year and if collection rates were to deteriorate or improve this would require an appropriate adjustment. An increase in the net balance of debtors (excluding government departments) by 10% would increase the impairment for bad debts by £88k
Business Rate Appeals Provision	As at March 2026 the total provision for the impact of appeals on business rate income was £1.828m, the Council share of this was £0.731m. The provision is based on the appeals lodged with the Valuation Office which is then reviewed to establish the likely impact of the appeals on the business rate income.	The appeals provision is reviewed each year and adjusted for the likely impact of any increase or decrease in the level of appeals. If the success rate was to increase by 1% the impact on the provision would be an increase of £22k. The Council share of this would be £9k.

Fair Value Investments	When the fair values of nonfinancial assets and financial assets/liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. discounted cash flow (DCF) model). Where possible these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk for financial assets and rent growth for non-financial assets. Where Level 1 inputs are not available the Council employs relevant experts to identify the most appropriate valuation	Significant changes in any of the relevant factors or assumptions would result in a significantly lower or higher fair value measurement for the asset.

NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period, 31st March 2026 and the date when the Statement of Accounts is authorised for issue.

No events have been identified which give rise to a disclosure after the balance sheet date.

NOTE 6: EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is a note that shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax, and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council’s portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2025/26	2025/26	2025/26	2024/25	2024/25	2024/25
	Net Expenditure Chargeable to the General Fund Balance	**Adjustments between Funding and Accounting Basis - General Fund (GF) & Housing Revenue Account (HRA) (Note 7)**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**	**Net Expenditure Chargeable to the General Fund Balance**	**Adjustments between Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
The Leader	618	(4)	614	562	1	563
Environment and Leisure	1,865	560	2,425	1,058	914	1,972
Communities and Wellbeing	1,441	8	1,449	1,480	53	1,533
Adur Homes and Customer Services	1,590	718	2,308	1,554	1,046	2,600
Regeneration and Strategic Planning	1,827	(27)	1,800	1,934	225	2,159
Finance and Resources	1,517	817	2,334	1,738	843	2,581
HRA	(1,570)	259	(1,311)	(3,727)	2,205	(1,522)
Net Cost of Services	**7,287**	**2,331**	**9,619**	**4,599**	**5,287**	**9,886**
Other income and expenditure	(7,849)	(2,358)	(10,206)	(6,933)	8,968	2,035
(Surplus) or deficit on provision of services	**(562)**	**(27)**	**(587)**	**(2,334)**	**14,255**	**11,921**
Opening General Fund & HRA Reserve Balance at 31st March	(7,554)			(5,220)		
Deficit/(surplus) in Year	(562)			(2,334)		
Closing General Fund & HRA Reserve Balance at 31st March *	**(8,116)**			**(7,554)**		

* For a split of this balance between the General Fund and HRA – see the Movement in Reserves Statement.

6a. Adjustments between Funding and Accounting Basis

2025/26 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	6	(10)		(4)
Environment and Leisure	675	(115)		560
Communities and Wellbeing	53	(45)		8
Adur Homes and Customer Services	811	(93)		718
Regeneration and Strategic Planning	(14)	(12)		(26)
Finance and Resources	970	(152)		818
Housing Revenue Account	1,138	(879)		259
Net Cost of Services	**3,639**	**(1,306)**	**-**	**2,333**
Other income and expenditure from the Funding Analysis	(2,144)	548	(762)	(2,358)
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit (Note 7)	**1,495**	**(758)**	**(762)**	**(25)**

2024/25 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Collection Fund Adjustment	Total Adjustments
	£000	£000	£000	£000
The Leader	7	(6)	-	1
Environment	939	(25)	-	914
Health & Wellbeing	60	(7)	-	53
Customer Services	1,096	(50)	-	1,046
Regeneration	247	(22)	-	225
Resources	887	(44)	-	843
Housing Revenue Account	2,986	(781)	-	2,205
Net Cost of Services	**6,222**	**(935)**	**-**	**5,287**
Other income and expenditure from the Funding Analysis	8,794	130	44	8,968
Difference between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit (Note 7)	**15,016**	**(805)**	**44**	**14,255**

6b. Expenditure and income analysed by nature

Income and Expenditure analysed by nature	2025/26	2024/25
	£'000	£'000
Employee Expenses* inc Share of Joint	15,940	14,097
Depreciation, amortisation, impairment	4,926	9,835
(Gain)/loss on disposal of non current assets	4,656	11,534
Precepts	485	457
Payments to the Government Housing Capital Receipts Pool	0	0
Other service expenditure	34,863	36,790
Total Expenditure	60,870	72,713
Grants and contributions	(8,763)	(8,391)
Fees, charges and other service income	(38,434)	(38,979)
Income from council tax and business rates	(9,210)	(8,404)
Interest and Investment Income	(5,051)	(5,018)
Total Income	(61,457)	(60,792)
Deficit or surplus on Provision of Services	(587)	11,921

*The other service expenditure figure includes the Council's share of the Joint Service costs including the employee expenses.

NOTE 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2025/26 USABLE RESERVES	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	HRA Major Repairs Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
<u>Adjustment to the Revenue Resources</u>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension Cost (transferred to or from) the Pension Reserve)	345	413			
Financial instruments (transferred to the Financial Instruments Adjustment Account)	-				
Council tax and NDR (transfers to or from) Collection fund Adjustments Account	762	-			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):					
Charges for Depreciation and impairment of non current assets	(804)	(3,478)			
Revaluation losses on Property, Plant and Equipment	43	(1,138)			
Movement in fair value of investment assets	654				
Amortisation of intangible assets	(203)	-			
Capital grants and contributions applied	1,092	120			
Revenue expenditure funded from capital under statute	(1,588)	-			
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,074)	(6,671)			
Appropriation of S106/CIL contributions to Fund revenue expenditure	(107)				107
Repayment of Capital Grant					-
Capital grants and contributions unapplied credited to the CIES	2,942	-			(2,942)
Donated Asset Income applied to the CIES	262				
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy		3,549		(3,549)	
Total Adjustments to Revenue Resources	**2,324**	**(7,205)**	**-**	**(3,549)**	**(2,835)**
<u>Adjustments between Revenue and Capital Resources</u>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	910	2,107	(3,017)		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,848				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	41	-	(31)		
Total Adjustments between Revenue and Capital Resources	**2,799**	**2,107**	**(3,048)**	**-**	**-**

Adjustments to Capital Resources					
Use of the Capital Receipts reserve to finance capital expenditure			591		
Use of Major Repairs Reserve to finance capital expenditure				3,549	
Application of capital grants to finance capital expenditure					603
Cash Payments in relation to deferred capital receipts					
Total Adjustments to Capital Resources	**-**	**-**	**591**	**3,549**	**603**
Total Adjustments	**5,123**	**(5,098)**	**(2,457)**	**-**	**(2,232)**

2024/25 USABLE RESERVES	**General Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserves**	**HRA Major Repairs Reserve**	**Capital Grants Unapplied**
	£000	**£000**	**£000**	**£000**	**£000**
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension Cost (transferred to or from) the Pension Reserve)	286	519			
Financial instruments (transferred to the Financial Instruments Adjustment Account)	49				
Council tax and NDR (transfers to or from) Collection fund Adjustments Account	(44)				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):					
Charges for Depreciation and impairment of non current assets	(798)	(3,350)			
Revaluation losses on Property, Plant and Equipment	(269)	(2,987)			
Movement in fair value of investment assets	(2,216)				
Amortisation of intangible assets	(195)	(20)			
Capital grants and contributions applied	1,050	70			
Revenue expenditure funded from capital under statute	(1,660)	-			
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(444)	(10,282)			
Appropriation of S106/CIL contributions to Fund revenue expenditure	(338)				338
Repayment of Capital Grant					-
Capital grants and contributions unapplied credited to the CIES	1,630	-			(1,630)
The difference of depreciation charged to HRA services over the Major Repairs Allowance element of housing subsidy		3,370		(3,370)	

Total Adjustments to Revenue Resources	**(2,949)**	**(12,680)**	**-**	**(3,370)**	**(1,292)**
<u>Adjustments between Revenue and Capital Resources</u>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	(1,696)	888	808		
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)					
Transfer of deferred sale proceeds credit as part of the gain /loss on disposal from revenue to the Deferred Capital Receipts Reserve					
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)					
Posting of HRA resources from revenue to the Major Repair Reserve					
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,100				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	79	-			
Total Adjustments between Revenue and Capital Resources	**483**	**888**	**808**	**-**	**-**
<u>Adjustments to Capital Resources</u>					
Use of the Capital Receipts reserve to finance capital expenditure			(616)		
Use of Major Repairs Reserve to finance capital expenditure				9,318	
Application of capital grants to finance capital expenditure					718
Principal Repayment of loan					
Cash Payments in relation to deferred capital receipts	3				
Total Adjustments to Capital Resources	**3**	**-**	**(616)**	**9,318**	**718**
Total Adjustments	**(2,463)**	**(11,792)**	**192**	**5,948**	**(574)**

NOTE 8: MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2025/26.

The Council holds a number of specific reserves. Movements during the year were as follows:

Movement in Earmarked Reserves	Balance at 01/04/24	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31/03/25	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31/03/26
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Earmarked Revenue Reserves							
Capacity Issues Fund	478	-	371	849	-	75	924
Insurance Fund	83	(19)	31	95	-	-	95
Property Investment Risk Reserve	500	-	850	1,350	-	647	1,997
Exit cost risk reserve	61	(5)	-	56	-	3	59
Revenue Grants & Contributions	660	(727)	515	448	(120)	325	653
Sub Total	**1,782**	**(751)**	**1,767**	**2,798**	**(120)**	**1,050**	**3,728**
Reserves to manage Collection Fund timing difference:							
Tax Smoothing Reserve	1,059	(60)	338	1,337	-	324	1,661
Total General Fund	**2,841**	**(811)**	**2,105**	**4,135**	**(120)**	**1,374**	**5,389**
Housing Revenue Account							
New Development & Acquisition Reserve	-	-	200	200	(200)	-	-
Discretionary Assistance Fund	-	-	-	-		-	-
Business Improvement Reserve	84	-	200	284	-		284
Courtfields Sinking Fund	547	-	67	614	-	69	683
Total Housing Revenue Account	**631**	**-**	**467**	**1,098**	**(200)**	**69**	**967**
Total Earmarked Reserves	**3,472**	**(811)**	**2,572**	**5,233**	**(320)**	**1,443**	**6,356**

Reserves and their purpose:

Capacity Issues Fund
To cushion the impact of economic changes and fund one-off initiatives for the community.

Insurance Fund
To fund uninsured losses.

Property Investment Risk Reserve
To enable the council to manage the income stream from the strategic properties, for example through restructuring of leases or during void periods and to facilitate the future maintenance of the properties.

Wellbeing - Employee Exit Cost Reserve
Reserves will fund the exit costs for grant funded posts where entitlement exists.

Grants & Contributions
This Revenue reserve is used where the grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance

Tax Smoothing Reserve
This reserve is intended to smooth the impact of changes to reliefs in year. The Council received additional section 31 grants to compensate for losses in business rates income due to the extended reliefs given to retail, hospitality and leisure businesses to support them through the pandemic. The legislation that governs Collection Fund accounting means the related deficit incurred as a result of the in year loss in business rate income will not be charged to the General Fund until 2025/26. The Tax Smoothing Reserve will fund the losses when they are incurred and are not available for other purposes.

New Development & Acquisition Reserve
Earmarked reserve specifically for new development and refurbishment of council housing

Business Improvement Reserve
To fund new digital technologies and business transformation to generate efficiencies in the Adur Homes service.

Discretionary Assistance Fund
Earmarked reserve to provide financial assistance to tenants who may require support not otherwise available.

Courtfields Major Works:

This is a reserve for the cost of works that the Council is obliged to undertake at Courtfields. No major works are currently programmed for the properties but it is highly likely that some major works will need to be undertaken in the next few years.

NOTE 9: OTHER OPERATING EXPENDITURE

Other Operating Expenditure	2025/26	2024/25
	£'000	**£'000**
Parish Council Precepts	485	457
(Gains)/losses on the disposal of non-current assets	4,656	11,534
TOTAL	**5,141**	**11,991**

NOTE 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Financing and Investment Income and Expenditure	2025/26	2024/25
	£'000	**£'000**
Interest payable & similar charges (Note 17)	5,685	5,404
Pensions interest cost & expected return on pensions assets (Note 38)	548	130
Interest receivable & similar income	(372)	(359)
Income and expenditure in relation to investment properties (Note 14)	(4,466)	(4,334)
Changes in fair value of investment properties (Note 14)	(653)	2,216
Changes in fair value of investments (Note 17)	-	(49)
Other investment income (Trading Operations Note 27)	(181)	(236)
TOTAL	**561**	**2,772**

NOTE 11: TAXATION AND NON-SPECIFIC GRANT INCOME

Taxation and Non-Specific Grant Income	2025/26	2024/25
	£'000	**£'000**
Council Tax Income (including Parish Council Precepts)	(8,038)	(7,599)
Non Domestic Rates income and expenditure	(1,172)	(805)
Non-ring fenced Government Grants (Note 33)	(3,508)	(3,109)
Capital Grants and Contributions (Note 33)	(3,190)	(1,215)
TOTAL	**(15,908)**	**(12,728)**

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

Movements in 2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
1st April 2025	**211,376**	**54,130**	**7,166**	**8,210**	**1,790**	**17**	**22,476**	**305,165**
Additions	6,311	8	1,018	106	-	-	5,477	12,920
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	6,777	2,050	-	-	-	(16)	-	8,811
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,138)	43	-	-	-	-	-	(1,095)
Derecognition	(5,811)	(887)	(647)	(75)	-	-	(28)	(7,448)
Reclassification to Intangible Assets	-	-	-	-	-	-	-	-
Reclassifications (to) from AHFS	(1,105)	(1,348)	-	-	-	-	-	(2,453)
Reclassifications between PPE asset classes and REFCUS	1,571	956	-	40	-	-	(2,567)	-
As at 31st March 2026	**217,981**	**54,952**	**7,537**	**8,281**	**1,790**	**1**	**25,358**	**315,900**
Accumulated Depreciation and Impairment								
1st April 2025	-	-	(3,912)	(3,723)	-	-	-	(7,635)
Prior Year Adjustment		(1)	-	-				(1)
Depreciation charge	(3,424)	(991)	(491)	(341)	-	-	-	(5,247)
Depreciation written out to the Revaluation Reserve	217	991	-	-	-	-	-	1,208
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,207	-	625	56	-	-	-	3,888
Derecognition	-	-	-	-	-	-	-	-
Reclassifications between PPE asset classes and Assets Held for Sale								-
As at 31st March 2026	**-**	**(1)**	**(3,778)**	**(4,008)**	**-**	**-**	**-**	**(7,787)**
Net Book Value at 31st March 2026	**217,981**	**54,951**	**3,759**	**4,273**	**1,790**	**1**	**25,358**	**308,113**
Net Book Value at 31st March 2025	**211,376**	**54,130**	**3,254**	**4,487**	**1,790**	**17**	**22,476**	**297,530**

Comparative Movements 2024/25

Movements in 2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2024	203,772	51,955	6,989	8,268	1,788	57	19,596	292,425
Prior Year Adjustment								-
Additions	10,890	164	347	-	3	-	8,774	20,178
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	7,462	383						7,845
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,156)	(258)						(1,414)
Derecognition	(10,126)	(400)	(170)	(58)			(39)	(10,793)
Assets reclassified (to)/from Held for Sale							(66)	(66)
Reclassifications to Intangible Assets	(1,222)	(119)					(1,669)	(3,010)
Reclassifications between PPE asset classes	1,756	2,405			(1)	(40)	(4,120)	-
As at 31st March 2025	**211,376**	**54,130**	**7,166**	**8,210**	**1,790**	**17**	**22,476**	**305,165**
Accumulated Depreciation and Impairment								-
At 1st April 2024	-	-	(3,568)	(3,430)	-	(1)	(23)	(7,022)
Prior Year Adjustment		-	-	-	-	-	-	-
Depreciation charge	(3,215)	(937)	(511)	(351)		(1)		(5,015)
Depreciation written out to the Revaluation Reserve	2,857		-	-	-	-	-	2,857
Deprecation written out to the Surplus/Deficit on the Provision of Services	358	937	-	-	-	-	-	1,295
Derecognition	-	-	167	58		2	23	250
Reclassifications between PPE asset classes	-	-	-	-	-	-	-	-
As at 31st March 2025	**-**	**-**	**(3,912)**	**(3,723)**	**-**	**-**	**-**	**(7,635)**
Net Book Value **As at 31st March 2025**	**211,376**	**54,130**	**3,254**	**4,487**	**1,790**	**17**	**22,476**	**297,530**
As at 31st March 2024	**203,772**	**51,955**	**3,421**	**4,838**	**1,788**	**56**	**19,573**	**285,403**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings: 15 – 60 years
- Other Land and Buildings: 1 – 60 years
- Vehicles, Plant, Furniture and Equipment: 1 – 25 years
- Infrastructure: 5 - 25 years

Capital Commitments

At 31st March 2026 the Council had 1 significant capital commitment for the acquisition, development and enhancement of assets which will continue in future years estimated to cost

£0.9m. The significant commitments at 31st March 2025 were £1.9m. The significant commitments at 31st March 2026 includes:

- EastBrook Manor Community Centre - Construction works - £0.9m

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. Valuations were carried out by external valuers, Wilks, Head and Eve, GSE Harbord MA MRICS IRRV (Hons). Valuations were carried out in accordance with International Financial Reporting Standards (IFRS). The valuations were made in accordance with the RICS Valuation Standards 6th Edition as published by the Royal Institution of Chartered Surveyors. The Council uses depreciated historical cost as a valuation basis for infrastructure assets, community assets, and for vehicles, plant and equipment. Assets under construction are valued at cost.

The significant assumptions applied in estimating the current values are:

- Operational Assets - Properties valued will continue to be in the occupation of the Council for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

	Council Dwellings	Other Land and Buildings	Vehicles, Furniture and Equipment	Infra-structure Assets	Comm-unity Assets	Surplus Assets	Assets Under Const-ruction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost			3,759	4,273	1,790		25,358	35,180
Valued at current value as at:								
31st March 2026	217,981	1,682				1		219,664
31st March 2025		16,196						16,196
31st March 2024		14,101						14,101
31st March 2023		20,518						20,518
31st March 2022		2,454						2,454
Total Cost or Valuation	**217,981**	**54,951**	**3,759**	**4,273**	**1,790**	**1**	**25,358**	**308,113**

NON-OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (SURPLUS ASSETS)

Details of the authority's surplus assets and information about the fair value hierarchy as at 31st March 2026:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31st March 2026 £'000
Land	-	1	-	1
Offices	-	-	-	-
TOTAL	**-**	**1**	**-**	**1**

Details of the authority's surplus assets fair value hierarchy as at 31st March 2025 are shown below:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31st March 2025 £'000
Land	-	17	-	17
Offices	-	-	-	-
TOTAL	**-**	**17**	**-**	**17**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2

The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

There are no land or property assets within the Authority's surplus asset portfolio which are classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Surplus Assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The Authority carries out an annual valuation programme which ensures all surplus assets are revalued using Fair Value (FV) methodology at the reporting date. Valuations are either carried out by external valuers, Wilks, Head and Eve, or by the Authority's Estates Office. The valuations are made in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Office and finance officers, reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

NOTE 12a: RIGHT OF USE ASSETS

With the adoption of IFRS 16 – Leases, the Council now recognises a "Right of Use" asset on the balance sheet at fair value, determined using discounted cash flows based on lease rental payments. This primarily applies to lease arrangements where the Council is the lessee and has the right to use assets provided by third parties.

In line with IFRS16 guidance, all Right of Use assets are depreciated over the term of the lease, beginning in the financial year of the acquisition.

	Right of Use £000	Total Right of Use £000
Movements in Cost or Value		
1 April 2025		
Additions	60	60
At 31 March 2026	**60**	**60**
Movements in Depreciation & Impairment		
1 April 2025		
Depreciation	20	20
At 31 March 2026	**20**	**20**
Net Book Value At 31 March 2026	**40**	**40**

NOTE 13: HERITAGE ASSETS

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Movements in 2025/26	Civic Regalia	Fine Art/ Furniture	Monuments	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or Valuation				
1st April 2025	15	32	325	372
Revaluations	1	2	-	3
As at 31st March 2026	**16**	**34**	**325**	**375**

COMPARATIVE MOVEMENTS 2024/25

Movements in 2024/25	Civic Regalia	Fine Art/ Furniture	Monuments	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or Valuation	14	31	325	370
1st April 2024				
Revaluations	1	1	-	2
As at 31st March 2025	**15**	**32**	**325**	**372**

Civic Regalia

The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation. The insurance valuation is reviewed annually.

Fine Art/Furniture

This collection consists of various 19th Century paintings which have been donated to the Council and 2 carved oak chairs. These assets are stored or displayed in the Council's administration buildings and are reported in the Balance Sheet at insurance valuation, which is updated annually.

Monuments

The war memorial at The Green, Southwick is reported in the Balance Sheet at historical cost as it is not practical to provide a valuation.

In 2022/23 the Council constructed a fitting and lasting memorial to the eleven men who lost their lives as a result of the tragic incident at Shoreham Air Show in August 2015. The memorial is reported in the Balance Sheet at historical cost as it is not practical to provide a valuation.

NOTE 14: INVESTMENT PROPERTIES

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

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

	2025/26	2024/25
	£'000	**£'000**
Rental income	(4,682)	(4,662)
Direct operating expenses	216	328
Net (gain)/loss	**(4,466)**	**(4,334)**

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

Fair Value Measurement of Investment Property

Details of the Authority’s investment properties and information about the fair value hierarchy as at 31st March 2026 and 31st March 2025 are as follows:

	2025/26	2024/25
	£'000	**£'000**
Balance at start of the year	72,743	74,959
Additions:		
Acquisitions	-	-

Net gains/losses from fair value adjustments:		
General Fund	653	(2,216)
Balance at end of the year	73,396	72,743

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2026
	£'000	£'000	£'000	£'000
Land	-	0	-	415
Office	-	0	-	37,361
Retail	-	0	-	13,247
Leisure	-	0	-	22,373
Total	-	0	-	73,396

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2025
	£'000	£'000	£'000	£'000
Land	-	520	-	520
Office	-	38,803	-	38,803
Retail	-	13,020	-	13,020
Leisure	-	20,400	-	20,400
Total	-	72,743	0	72,743

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2 - The fair value for land assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3 - There are no land or property assets within the Authority's asset portfolio which are classed at Level 3 in the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually as at 31st March. All valuations are carried out by external valuers, Wilks, Head and Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The external valuers work closely with the Authority's Estates Department and finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

NOTE 15: INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.
All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets is amortised on a straight-line basis.

The useful lives assigned to the software licences are between 1 and 7 years and the carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £203.000 was charged to revenue in 2025/26; £203,000 was charged to the General Fund and £0 to the Housing Revenue Account.

	2025/26	2024/25
Balance at start of the year:	**£'000**	**£'000**
Gross carrying amounts	1,612	1,564
Accumulated amortisation	(884)	(684)
Net carrying amount at start of year	**728**	**880**
Additions:		
Purchases	44	-
Reclassification from Property, Plant and Equipment	-	63
Disposals:	(160)	(15)
Amortisation for the period:	(203)	(215)
Amortisation written off on disposal:	160	15
Net carrying amount at end of year	**569**	**728**
Comprising:		
Gross carrying amounts	1,496	1,612
Accumulated amortisation	(927)	(884)
	569	**728**

NOTE 16: ASSETS HELD FOR SALE

	Current 2025/26	Current 2024/25	Non Current 2025/26	Non Current 2024/25
	£'000	£'000	£'000	£'000
Balance outstanding at 1st April 2024	666		-	-
Assets newly classified as held for sale:				
From Property, Plant and Equipment	2,453	3,010		-
Transfers	-	-	-	-
Impairment losses	(348)	(1,829)		-
Assets sold:	(1,195)	(515)		-
Balance outstanding at year-end	**1,576**	**666**	**-**	**-**

NOTE 17: FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Non-Current		Current	
	£'000		£'000	
Financial Assets:	**31 March 2026**	**31 March 2025**	**31 March 2026**	**31 March 2025**
At amortised cost				
- Principal	-	-	-	-
- Accrued Interest	-	-	14	32
At Fair Value Through Other Comprehensive Income (FVOCI)				
- Principal at amortised cost	25	25	-	-
At Fair Value Through Profit & Loss			-	-
- Fair Value	2,604	2,604		
Total Investments	**2,629**	**2,629**	**14**	**32**
Cash & cash equivalents:				
- Cash (Including bank accounts)	-	-	468	860
- Amortised Cost	-	-	2,610	4,902
Total Cash & Cash Equivalents	**-**	**-**	**3,078**	**5,762**
Loans and Receivables :				
- Debtors	9	17	7,124	7,795
Total Debtors	**9**	**17**	**7,124**	**7,795**
Total Financial Instrument Assets	**2,638**	**2,646**	**10,216**	**13,589**

Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised Cost - Principal	(140,865)	(153,076)	-	-	(39,297)	(31,169)	(6,487)	(8,009)	(186,649)
Amortised cost - accrued interest		-	-	-	(1,391)	(1,326)		-	(1,391)
Finance Leases			(23)				(19)		(42)
Total Financial Liabilities	(140,865)	(153,076)	(23)	-	(40,688)	(32,495)	(6,506)	(8,009)	(188,082)
Liabilities not defined as financial instruments	-	-	-	-	-	-	(4,762)	(1,472)	(4,762)

Accrued interest on Non-Current assets and liabilities is included in the Current columns because it is receivable or payable within 12 months.

The assets and liabilities not defined as financial instruments are the balances such as tax-based debtors and creditors.

Classification of Assets and Liabilities

Some of the Council's investments are fixed term deposits with UK banks, which are still valued on an amortised basis. They are included in Long Term Investments and Short Term Investments on the Balance Sheet, although as at 31 March 2026 they are all Short Term Investments. The Council's instruments in money market funds and call accounts are valued at amortised cost and the principal is included in Cash and Cash Equivalents.

The Council's other investments continue to be carried on the Balance Sheet at fair value, assessed on a recurring basis, and the following classifications have been used from 1 April 2018:

The Council's investment in the Local Authorities' Property Fund is classified as Fair Value through Profit or Loss and the value at 31 March 2026 of £2.604m is included in the Long Term Investments on the Balance Sheet. However due to statutory override, any unrealised gain or loss (shown in the table below) is not charged to the revenue account. - it is posted to the Financial Instrument Revaluation Reserve. This investment is classified as a Level 1 input, as explained in the Accounting Policies (Note1), and the valuation technique used is the bid value of the units in the Fund as at 31 March 2026, supplied by the Local Authorities' Property Fund. Dividends are received quarterly and are credited to the revenue account.

The Council holds one investments for policy purposes, which have been designated as Fair Value through Other Comprehensive Income, because they are not held in order to collect contractual cash flows and no income has been received:

- 75,000 ordinary shares with the UK Municipal Bonds Agency, which was set up to provide financing choices for UK local authorities.

These investments are classified as Level 2 inputs, using "other significant observable inputs" to arrive at the fair value. On this basis the Boom Credit Union holding is valued at cost and the UK Municipal Bonds Agency holding was written down on 31 March 2020 from £25,000 to zero, due to uncertainty regarding its future activity. The Boom Credit Union holding is included in Long Term Investments on the Balance Sheet.

There were no transfers between input levels during the year and no changes in the valuation techniques used.

Income, Expense, Gains and Losses

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

	2025/26	2025/26	2024/25	2024/25
	Surplus or Deficit on the Provision of Services	**Other Comprehensive Income and Expenditure**	**Surplus or Deficit on the Provision of Services**	**Other Comprehensive Income and Expenditure**
	£'000	**£'000**	**£'000**	**£'000**
Net (gains)/losses on:				
Financial assets measured at fair value through profit or loss (change in value in the Council's investment in the Local Authorities' Property Fund)	-	-	(49)	-
Financial assets measured at amortised cost	182	-	182	-
Total net (gains)/losses	**182**	**-**	**133**	**-**
Interest revenue:				
Financial assets measured at amortised cost	(233)	-	(222)	-
Other financial assets measured at fair value through profit or loss (dividends from the Local Authorities' Property Fund)	(136)	-	(133)	-
Total interest revenue	**(369)**	**-**	**(355)**	**-**
Interest expense	**5,654**	**-**	**5,376**	**-**
Fee expense on financial liabilities that are not at fair value through profit or loss	**31**	**-**	**28**	**-**

The losses and gains in assets measured at amortised cost relate to the change in the provisions for losses on trade debtors calculated in accordance with accounting policies.

The Fair Values of Financial Liabilities and Financial Assets that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value, described above, all other financial liabilities and financial assets and long term debtors and creditors are carried on the Balance Sheet at amortised cost. The following tables show the fair values of the liabilities and assets, which are all currently within the Level 2 category in the valuation hierarchy. This uses “other significant observable inputs” to arrive at the fair value.
The fair value of the reported carrying amounts at 31st March 2026 can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:-

- For loans from the PWLB payable, prevailing market rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The fair values for Financial Liabilities are compared with the carrying amounts as follows:

	31st March 26		31st March 25	
Financial Liabilities	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
PWLB Debt	(139,860)	(128,604)	(165,143)	(147,452)
Non-PWLB Debt	(41,693)	(39,165)	(20,427)	(19,286)
Total Borrowing	(181,553)	(167,769)	(185,570)	(166,738)
Short Term Creditors	(6,487)	(6,487)	(8,009)	(8,009)
Total	**(188,040)**	**(174,256)**	**(193,579)**	**(174,747)**

The fair value of the liabilities is lower than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest rate payable is significantly lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2026)

The fair value of Public Works Loan Board (PWLB) loans of £128.604m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £170.964m, which is calculated using early repayment discount rates. The Council has no contractual obligation to pay any penalty costs and would not incur any additional cost if the loans run to their planned maturity date. This amount is lower than the fair value by new loan rate calculation, indicating that the council could be paid a discount were it to make premature repayment of some debt, however there is not sufficient funds available at an appropriate rate to make this decision viable.

The fair value of trade and other payables (creditors) is taken to be the invoiced or billed amount. The disclosure for Financial Liabilities excludes statutory creditors, consequently the creditors figures differ from those in the Balance Sheet and the Creditors disclosure note.

The fair values for Financial Assets are compared with the carrying amounts as follows:

Financial Assets - valued at amortised cost	31-Mar-26		31-Mar-25	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short term investments	14	14	32	32
Long term investments	-	-	-	-
Cash and cash equivalents	3,078	3,078	5,762	5,762
Short term debtors	7,124	7,124	7,795	7,795
Long term debtors	9	9	17	17
Total	**10,225**	**10,225**	**13,606**	**13,606**

The fair value of the financial assets is effectively the same as the carrying amount because the Council's fixed rate loans held at 31st March 2026 are at interest rates similar to the rates for similar loans in the market at the Balance Sheet date, all of which are at less than 12 months to maturity.

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The disclosure for Financial Assets excludes statutory debtors, such as Council Tax, consequently the debtors figures differ from those in the Balance Sheet and the Debtors disclosure note.

Nature and Extent of Risks Arising From Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- refinancing risk – the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Adur-Worthing shared service, under policies approved by the Council in the annual Treasury Management Strategy Statement and Annual Investment

Strategy. The Council 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 exposure to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.

Credit Risk Management Practices

The Council's credit risk management practices are set out in the Annual Investment Strategy and particular regard is given to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Standard and Poor's and Moody's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located within each category.

Examples of the credit criteria in respect of financial assets held by the Council are:

- Credit ratings of Short Term of F1, Long Term A-, (Fitch or equivalent rating), with the lowest available rating being applied to the criteria. Except for the UK, a minimum sovereign credit rating of AA- will be used.

- UK institutions provided with support from the UK Government

- The top five Building Societies by asset size

Examples of the limits on the size and length of time of deposits are:

- Banks - £4m for a maximum of 5 years;

- Building Societies - £4m for the Nationwide and £2m for the others on the approved list, for a maximum of 5 years;

- Money Market Funds (MMF) AAA rated - to be used for short term liquidity with a maximum limit of £3m for any one MMF.

The full investment strategy for 2025/26 was approved by the Council on 6th February 2025 and is available on the Council's website.

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 internal ratings in accordance with parameters set by the Council.

Amounts Arising from Expected Credit Losses

The Council's maximum exposure to credit risk in relation to its total investments of £5.610m in money market funds or call accounts cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for investment counterparties with which the Council holds investments to be unable to meet their commitments. Although the potential risk of irrecoverability applies to all of the Council's deposits, there was no evidence at the 31st March 2026 that this was likely to crystallise and there is no material Expected Credit Loss.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectibility.

This table excludes statutory debtors such as Council Tax/NNDR.

Credit Risk Exposure	Carrying Amount at 31-Mar-26	Estimated Maximum Exposure to Loss 31-Mar-26	Estimated Maximum Exposure 31-Mar-25
	£'000	£'000	£'000
Lease debtors	1455	22	9
Sundry debtors	7,124	1,644	1,644

The Council does not generally allow credit for its customers. Therefore all amounts outstanding (apart from those amounts raised as accruals at 31st March 2026 as part of the final accounts process) are past their due date. Exposure to losses on these debtors is assessed on an aged debt basis as identified in the accounting policies and Note 18.

Credit Risk Exposure

At 31st March 2026 the Council held £0.250m of bank investments at credit rating A+ and £2.360m of Money Market Fund investments rated at AAAmmf (both classified as Cash and Cash Equivalents). There has been no significant increase in credit risk since initial recognition and no credit impairment.

Liquidity Risk

The Council manages its liquidity positions through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury Management Strategy Statement and Annual Investment Strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow needs, and the Public Works Loan Board and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. All sums owing are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs. The Council has set a maximum limit of 50% for investments for more than 1 year.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by the Council in the Treasury Management Strategy):

	Approved Minimum Limits	Approved Maximum Limits	Actual 31 March 2026	Actual 31 March 2026	Actual 31 March 2025	Actual 31 March 2025
				£'000s		£'000s
Maturing within one year	0%	25%	23%	(40,664)	17%	(32,496)
Maturing in 1-2 years	0%	30%	8%	(13,785)	12%	(22,338)
Maturing in 2-5 years	0%	50%	21%	(38,010)	19%	(35,362)
Maturing in 5-10 years	0%	70%	19%	(33,302)	21%	(39,584)
Maturing in 10-20 years	0%	80%	13%	(23,908)	13%	(23,909)
Maturing in 20-30 years	0%	60%	3%	(5,200)	3%	(5,200)
Maturing in 30-40 years	0%	60%	6%	(10,655)	6%	(10,655)
Maturing in more than 40 years	0%	45%	9%	(16,030)	9%	(16,026)
TOTAL			**100%**	**(181,553)**	**100%**	**(185,570)**

The Council has one Lender Option Borrower Option loan totaling £3.25m. The structure of these loan deals is such that they could be called for repayment, however it has been judged that the rates of 6.66% on this loan will outperform markets over the life of the loans and therefore it it has been assumed that this loan will run until maturity and they are included in the "Maturing in more than 40 years" line. This treatment will be reviewed with respect to market interest rates each year.

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall

- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed. All current borrowing is at fixed rates, although the Council has set a maximum limit of 25% for variable rate borrowing.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31st March 2026, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments - impact on Surplus or Deficit on the Provision of Services	68
Share of overall impact credited or debited to the HRA	
Decrease in fair value of fixed rate investment assets - impact on Other Comprehensive Income and Expenditure	n/a
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	7,897

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note - Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds and does not have shareholdings in joint ventures or local industry. The Council holds £2.604m in the Local Authorities' Property Fund as valued at 31st March 2026 and the value varies based on the value of the underlying assets. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

NOTE 18: DEBTORS

	31-Mar-26	31-Mar-25
Amounts falling due in one year net of bad debt impairment provision:	**£'000s**	**£'000s**
Central Government Bodies	631	406
Other Local Authorities	5,418	5,278
NHS Bodies	19	72
Other Entities and Individuals	8,019	8,356
TOTAL	14,087	14,112

The past due amounts for customers can be analysed as follows.

Overall Aged Debt Analysis	31-Mar-26	31-Mar-25
	£'000	**£'000**
Under 1 year	13,774	13,772
1 - 2 years	(4)	6
2 - 3 years	33	38
Over 3 years	284	296
TOTAL	14,087	14,112

Long Term Debtors

Long Term Debtors	31-Mar-26	31-Mar-25
	£'000s	**£'000s**
Car loans	9	17
TOTAL	**9**	**17**

NOTE 19: CASH AND CASH EQUIVALENTS

	31-Mar-26	31-Mar-25
	£'000	**£'000**
Cash held/(overdrawn) by the Council	1	1

Bank Current Accounts	467	859
Call Accounts and Money Market Funds	2,610	4,902
Total Cash & Cash Equivalents	**3,078**	**5,762**

NOTE 20: CREDITORS

	31-Mar-26	31-Mar-25
	£'000s	**£'000s**
Central Government Bodies	(4,141)	(2,685)
Other Local Authorities	(2,346)	(5,324)
Other Entities and Individuals	(4,762)	(1,472)
TOTAL	**(11,249)**	**(9,481)**

NOTE 21: PROVISIONS

The table below identifies the movements in the year in the amounts set aside for provisions. Below the table is a brief description of the nature of each provision and any information on likely timings and uncertainties surrounding its use.

	Balance at 31st Mar 25	Additional provisions made in 2025/26	Amounts used in 2025/26	Balance at 31-Mar-26
	£'000	**£'000**	**£'000**	**£'000**
Business Rates Appeals	(334)	13	(410)	(731)
TOTAL	**(334)**	**13**	**(410)**	**(731)**

Business Rates Appeals:

A provision has been made for appeals which are likely to be settled in favour of the appellant. This is based on all known outstanding business rate appeals which have been lodged with the Valuation Office together with an allowance for new appeals which may emerge in the future.

NOTE 22: USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 35.

NOTE 23: UNUSABLE RESERVES

UNUSABLE RESERVES	2025/26	2024/25
	£'000s	**£'000s**
Revaluation Reserve	(160,681)	(149,376)

Capital Adjustment Account	(31,383)	(37,201)
Financial Instruments Adjustment Account	414	415
Financial Instruments Revaluation Reserve	446	446
Pension Reserve	1,548	10,140
Collection Fund Adjustment Account	368	1,130
TOTAL UNUSABLE RESERVES	**(189,288)**	**(174,446)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

Revaluation Reserve	2025/26 £'000	2024/25 £'000
Balance at 1st April	(149,376)	(138,912)
Upward revaluation of assets	(12,661)	(16,239)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	989	5,429
Surplus or deficit on revaluation of non-current assets charged to other comprehensive income and expenditure	**(11,672)**	**(10,810)**
Difference between fair value depreciation and historical cost depreciation	367	346
Accumulated gains on assets sold	-	-
Amount written off to Capital Adjustment Account	**367**	**346**
Balance at 31st March	**(160,681)**	**(149,376)**

Capital Adjustment Account

The Capital Adjustment Account reflects the difference between the cost of long term assets consumed and the capital financing assets set aside to pay for them. It is written down by capital expenditure which does not result in the creation of a long term asset and the depreciated historical cost of assets when sold.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2025/26	2024/25
	£'000	£'000
Balance at 1st April	**(37,201)**	**(46,357)**
Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	4,282	4,148
Revaluation losses and reversals of previous revaluation losses on property, plant and equipment	1,095	3,256
Post Audit Revaluation to reflect register opening balances on Property, Plant and Equipment	-	-
Amortisation of intangible assets	203	215
Revenue expenditure funded from capital under statute Current Year	1,588	1,660
Revenue expenditure funded from capital under statute Prior Years	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,745	10,726
Net written out amount of the cost of non-current assets consumed in the year	**14,913**	**20,005**
Adjusting amounts written out of the Revaluation Reserve	(366)	(347)
Capital financing applied in the year:		-
Use of the Capital Receipts Reserve to finance new capital expenditure	(106)	(1,089)
Use of the Capital Receipts Reserve to finance write down PWLB historic borrowing	(485)	1,705
Use of the Major Repairs Reserve to finance new capital expenditure	(3,549)	(9,318)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,212)	(1,119)
Application of grants to capital financing from the Capital Grants Unapplied Account	(603)	(718)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,848)	(2,100)
Capital expenditure charged against the General Fund and HRA balances	(10)	(79)
TOTAL	**(8,179)**	**(13,065)**
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(654)	2,216
Movements in the donated assets accounts credited to the Comprehensive Income and Expenditure Statement	(262)	-
Balance at 31st March	**(31,383)**	**(37,201)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid on discounts received on the early redemption of loans.

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2025/26	2024/25
	£'000	£'000
Balance at 1st April	10,140	3,203
Remeasurements of the net defined benefit liability / (asset)	(7,834)	7,742
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	1,909	1,944
Employer's pension contributions and direct payments to pensioners payable in the year	(2,667)	(2,749)
Balance at 31st March	1,548	10,140

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements between the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2025/26	2024/25
	£'000	**£'000**
Balance at 1 April	1,130	1,085
Amount by which council tax income recognised in the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	105	191
Amount by which non domestic rates income recognised in the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(867)	(146)
Balance at 31 March	**368**	**1,130**

NOTE 24: CASH FLOW - OPERATING ACTIVITIES

	Net 2025/26	Net 2024/25
	£'000	**£'000**
The cash flows for operating activities include the following items:		
Interest received	387	374
Interest paid	(5,623)	(5,192)
Total	**(5,236)**	**(4,818)**

Cash Flow – Net Cash Flow From Operating Activities

	Net 2025/26	Net 2024/25
	£'000	**£'000**
Net Surplus or (Deficit) on the Provision of Services	**587**	**(11,921)**
Adjust net surplus or deficit on the provision of services for non cash movements		
Depreciation	4,282	4,148
Impairment and downward valuations	1,095	3,256
Amortisation	203	215
Increase/(Decrease) in Creditors	(884)	(461)
(Increase)/Decrease in Debtors	(31)	(328)
(Increase)/Decrease in Inventories	(34)	7
Movement in Pension Liability	(758)	(805)
Contributions to/(from) Provisions	397	192
Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	7,745	10,726
Movement in Investment property values	(656)	2,163
	11,359	**19,113**

Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,074)	(907)
Net capital Grants credited to surplus or deficit on the provision of services	(4,414)	(2,749)
	(7,488)	**(3,656)**
Net Cash Flows from Operating Activities	**4,458**	**3,536**

NOTE 25: CASH FLOW - INVESTING ACTIVITIES

	Net 2025/26	Net 2024/25
	£'000	**£'000**
Purchase of property, plant and equipment, investment property and intangible assets	(12,285)	(20,556)
Purchase of short-term and long-term investments	(132,455)	(142,425)
Other payments for investing activities	-	(9)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,942	3,146
Proceeds from short-term and long-term investments	132,455	143,435
Other receipts from investing activities	4,161	2,760
Net cash flows from investing activities	**(4,182)**	**(13,649)**

NOTE 26: CASH FLOW - FINANCING ACTIVITIES

	Net 2025/26	Net 2024/25
	£'000	**£'000**
Cash receipts of short- and long-term borrowing	26,550	61,000
Repayments of short- and long-term borrowing	(30,629)	(46,293)
Other payments for financing activities	1,120	253
Net cash flows from financing activities	**(2,959)**	**14,960**

NOTE 27: TRADING OPERATIONS

The former Direct Service Organisations are designated as trading accounts and a summary of their trading results is shown below, together with other services treated as trading services. The Council operates one trading account as shown below:

	2025/26 Gross Expenditure	2025/26 Gross Income	2025/26 Net Income	2024/25 Net Income
	£'000	**£'000**	**£'000**	**£'000**
Trade Refuse	573	(755)	(181)	(236)
	573	**(755)**	**(181)**	**(236)**

The trading account is consolidated within the Comprehensive Income and Expenditure Statement under other operating expenditure.

Through the Joint Strategic Committee, a trade waste service is provided for the collection of commercial refuse. The service charges a commercial rate and is in direct competition with other service providers. Surpluses are shared and credited back to the Council.

NOTE 28: AGENCY SERVICES

Adur District Council have entered into an Agency Agreement with West Sussex County Council to improve the Parking Enforcement for the District. In 2025/26 income collected was £191,567.77, (2024/25 £170,734.64) and expenditure was £138,997.13, (2024/25 £169,669.56). West Sussex County Council contributes £59,535.77 towards this contract. £52,567.64 was returned to WSCC after central recharges were completed, leaving a remaining cost of £0 to ADC.
The Council also has Agency Agreements with other Local Authorities for Treasury Management, and Insurance Provision to provide Value for Money, relying on expertise within particular authorities. These Agency Agreements are deemed by Adur Council to be immaterial.

NOTE 29: MEMBERS' ALLOWANCES

The total allowances paid to Members were as follows:

2025/26	2024/25
£	£
282,356	270,714

NOTE 30: OFFICERS' REMUNERATION

The senior officers who manage services and staff for Adur District Council and Worthing Borough Council are employed by Adur District Council as part of the partnership arrangement. These emoluments relate to the employment of senior officers by Adur District Council on behalf of both Adur District Council and Worthing Borough Council.

The numbers of employees (including the senior officers who are also listed individually in the later tables) whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 were:-

	Number of Employees	
Remuneration Bands	**2025/26**	**2024/25**
£50,000 to £54,999	47	33
£55,000 to £59,999	23	14
£60,000 to £64,999	10	10
£65,000 to £69,999	5	3
£70,000 to £74,999	3	2
£75,000 to £79,999	3	2
£80,000 to £84,999	3	1
£85,000 to £89,999	-	7
£90,000 to £94,999	1	1
£95,000 to £99,999	4	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

£110,000 to £114,999	1	2
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999*	1	-
£130,000 to £134,999	-	-
£135,000 to £139,999	-	-
£140,000 to £144,999	1	-
£145,000 to £149,999 *	-	-
£150,000 to £154,999	-	-
£155,000 to £159,999	-	-
£160,000 to £164,999	-	-
£165,000 to £169,999 *	-	1
	102	**76**

* These include redundancy, efficiency of service and settlement payments relating to 2025/26. Please see note 31 Exit Packages and Termination Benefits for a breakdown of these payments.

For the purpose of this note remuneration means all amounts paid to or receivable by an employee during the year.

Remuneration Disclosures for Senior Officers whose salary is £150,000 or more per year

Note 1: In accordance with legislation, senior officers are only identified by name where they have an annual salary of £150,000 or greater. The relevant senior officer during 2025/26 was Paul Brewer, Chief Executive.

Remuneration Disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year

Note 2: The Chief Executive, Directors and Heads of Services are employed by Adur District Council and provide services to both Adur District Council and Worthing Borough Council as part of a formally agreed partnership arrangement where costs are shared and included in the support service allocations to the authorities.

There were no bonuses paid to these staff in either 2025/26 or 2024/25.

NOTE 31 OFFICERS' REMUNERATION - EXIT PACKAGES AND TERMINATION BENEFITS

Remuneration Disclosures for Senior Officers						
Postholder	**Salary, Fees and Allowances**	**Total Remuneration excluding Pension Contributions**	**Pension Contribution Employer Only**	**Total Remuneration including Pension Contributions**	**Net Cost borne by Worthing B.C. and paid to Adur D.C.**	**Net Cost borne by Adur D.C. Employing Authority**
Chief Executive						
2025/26 (Apr-Jun)	53,654	53,654	9,989	63,643	31,822	31,822
2025/26 (Jul-Mar)	116,848	116,848	21,033	137,880	68,940	68,940
2025/26 Total	170,502	170,502	31,022	201,523	100,762	100,762
2024/25	166,626	166,626	29,966	196,592	98,296	98,296

Deputy CEO & Corporate Director for Housing & Communities						
2025/26	128,843	128,843	23,172	152,015	91,209	60,806
2024/25	111,317	111,317	20,025	131,342	78,805	52,537
Corporate Director for Resources (S151 Officer)						
2025/26 (Apr - Jun)	28,058	28,058	5,051	33,109	19,865	13,244
2025/26 (Jul - Mar)	88,055	88,055	15,791	103,846	62,308	41,538
2025/26 Total	116,113	116,113	20,842	136,955	82,173	54,782
2024/25	112,233	112,233	20,202	132,435	79,461	52,974
Service Director for Place & Economy						
2025/26	98,784	98,784	17,781	116,565	71,105	45,460
2024/25	0	0	0	0	0	0
Assistant Director Finance - (Deputy S151 Officer)						
2025/26 (Apr - Jun)	23,030	23,030	4,145	27,175	13,588	13,588
2025/26 (Jul - Mar)	58,192	58,192	10,445	58,501	29,250	29,250
2025/26 Total	81,222	81,222	14,590	85,676	42,838	42,838
2024/25	89,582	89,582	16,125	105,707	52,853	52,853
Service Director for Operations & Environmental Services						
2025/26	98,786	98,786	17,781	116,567	58,284	58,284
2024/25	0	0	0	0	0	0
Chief Governance & Legal Officer						
2025/26	97,257	97,257	16,125	113,381	60,217	53,164
2024/25	89,582	89,582	16,125	105,707	56,141	49,566
Head of Planning						
Strategic Planning						
2025/26	77,762	77,762	13,988	91,750	46,792	44,957
2024/25	78,207	78,207	10,651	88,859	45,318	43,541
Assistant Director Housing						
Strategic Housing						
2025/26	92,480	92,480	16,384	108,864	37,014	71,850
2024/25	85,488	85,488	15,238	100,726	34,247	66,479

EXIT PACKAGES

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

(a)	(b)		(c)		(d)		(e)	
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**	
	2025/26	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**
							£	**£**
£0 - £20,000	3	9	-	4	3	12	24,154	79,367
£20,000 - £40,000	2	4	-	-	2	4	60,339	106,815
£40,000 - £60,000	-	1	-	-	1	1	-	44,465
£60,000 - £80,000	-	-	-	-	-	-	-	-

£80,000 - £100,000	-	-	-	-	-	-	-	-
Total cost included in bandings	5	14	-	4	6	17	84,493	230,647
Total cost included in CIES	5	14	-	4	6	17	84,493	230,647

* These redundancy costs are shared between Worthing and Adur Councils in proportion to the service allocation. The total cost of £84,493 in the table above includes £33,797 for exit packages that have been charged to Adur's Comprehensive Income and Expenditure Statement in the current year.

TERMINATION BENEFITS

	Adur
	£
Redundancy costs	33,797
Enhanced Pension Benefits	27,168
Total termination benefit 2025/26	60,965
Total termination benefit 2024/25	132,378

Of this total, £33,797 is payable in the form of compensation for loss of office and £27,168 is the 2025/26 cost of enhanced pension benefits.

NOTE 32: EXTERNAL AUDIT COSTS

The Council incurred the following fees (all payable to Ernst and Young) relating to external audit.

	2025/26	2024/25
	£'000s	**£'000s**
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	303	203
Fees payable to external auditors for the certification of grant claims and returns for the year	119	36
TOTAL	**422**	**239**

NOTE 33: GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2025/26	2024/25
	£'000s	**£'000s**
General Fund Grants & Donations		
New Homes Bonus Scheme	(4)	(3)
Section 31 Grant	(2,106)	(2,461)

Revenue Support Grant	(105)	(79)
Recovery Grant	(108)	-
Services Grant	-	(12)
Funding Guarantee Grant	(91)	(543)
NI Contribution Scheme	(117)	-
Packaging Extended Producer Responsibility	(940)	-
Other	(37)	(11)
Total revenue grants credited to Taxation and Non specific Grant Income	**(3,508)**	**(3,109)**
Capital Grants & Donations - Credited to Taxation & Non Specific Grant Income		
S106 Other Contributions	(1,399)	(467)
Homes England Housing	(120)	(70)
Sports Council	-	(89)
MHCLG Changing Places	-	-
MHCLG Land Release Fund	-	-
Department for Culture, Media & Sport - Youth Investment Fund	(702)	-
MHCLG Shared Prosperity Fund	(60)	(200)
West Sussex County Council	(512)	(63)
Brighton & Hove CC	-	(300)
Department of Environment, Food & Rural Affairs (DEFRA)	(164)	-
Worthing Borough Council	(197)	(8)
Other Grants & Donations	(36)	(18)
	(3,190)	**(1,215)**

Credited to Services	**2025/26**	**2024/25**
	£'000s	**£'000s**
General Fund Grants & Donations		
Ministry of Housing, Communities and Local Government (MHCLG)	(1,008)	(1,523)
Department of Work and Pensions (DWP)	(119)	(155)
Department for Environment, Food and Rural Affairs (DEFRA)	(174)	(189)
HM Land Registry	(24)	-
West Sussex County Council	(535)	(416)
Sussex Police and Crime Commissioner	-	(2)
Arun District Council - LEAP funding	(12)	-
Other Grants	-	(26)
Total revenue grants credited to services	**(1,872)**	**(2,311)**
Capital Grants & Donations - credited to services		
DLUHC Disabled Facilities Grant	(933)	(882)
Department for Environment, Food and Rural Affairs (DEFRA)	-	(617)
Environment Agency	(30)	(35)
Total Capital Grants and Donations	**(963)**	**(1,534)**

TOTAL GRANTS AND DONATIONS	**(9,533)**	**(8,169)**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the end of the year are as follows:

Revenue Grants Receipts in Advance	2025/26 £'000s	2024/25 £'000s
Ministry of Housing, Communities and Local Government (MHCLG)	(47)	(53)
West Sussex County Council	(5)	(163)
Neighbourhood Planning Grant	-	(3)
UK Shared Prosperity Fund	(35)	-
Other Grants and Donations	-	-
TOTAL	**(87)**	**(219)**

NOTE 34: RELATED PARTIES

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 33. Grant receipts which remain to be used at 31st March 2026 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies**.** The total of members' allowances paid in 2025/26 is shown in Note 29. There were no related party transactions declared by Councillors. In 2025/26 all contracts were entered into in full compliance with the Council's standing orders. Details of all members' transactions are recorded in the Register of Members' Interests, open to public inspection on the Council's website.

There were no related party transactions declared by officers in 2025/26.

Other Public Bodies

The Council has a partnership arrangement with Worthing Borough Council for the sharing of a joint officer structure.

Entities Controlled or Significantly Influenced by the Council

In January 2021 the Council entered into a 5 year agreement with South Downs Leisure for the provision of leisure services within the District. This finished in 2024/25.

NOTE 35: CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2025/26	2024/25
	£'000	**£'000**
Opening Capital Financing Requirement	185,487	176,367
Capital Investment		
Property, Plant and Equipment	12,920	20,178
Heritage Assets	-	-
Investment Properties	-	-
Intangible Assets	44	-
Revenue Expenditure Funded from Capital Under Statute	1,588	1,660
Sources of Finance		
Capital receipts	(106)	(1,089)
Capital receipts write down of historic capital expenditure (Loan finance)	(485)	1,705
Government grants and other contributions	(1,815)	(1,838)
Sums set aside from revenue:		
Direct revenue contributions	(10)	(79)
MRP/loans fund principal	(1,848)	(2,100)
Revenue funding	(3,549)	(9,318)
Closing Capital Financing Requirement	**192,226**	**185,487**
Explanation of movements in year		
Increase/ (Decrease) in underlying need to borrow (unsupported by Government financial assistance)	6,739	9,120
Increase/(decrease) in Capital Financing Requirement	**6,739**	**9,120**

NOTE 36: LEASES

The Council has adopted IFRS16 Leases with effect from 1st April 2024. In accordance with the CIPFA Code of Practice, the Council has elected to apply the modified retrospective approach. Under this approach:

- Prior-period comparative information has not been restated.
- The cumulative effect of adopting the standard would have been recognised as an adjustment to the opening balance of reserves at 1st April 2024 (if material).

Right-of-Use Assets - Council as Lessee

The following table shows the change in the value of right-of-use assets held under leases by the Authority:

Movement in Right-of Use Assets	Land and buildings £’000	Vehicles, plant and equipment £’000	Total £’000
Balance as at 1 April 2025	-	-	**-**
Additions	262	60	**322**
Revaluations	-	-	**-**
Reclassification	-	-	**-**
Depreciation and amortisation	(5)	(20)	**(25)**
Disposals		-	**-**
Balance on 31 March 2026	**257**	**40**	**297**

Transactions Under Leases

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

Comprehensive income and expenditure statement	31 March 2025 £’000	31 March 2026 £’000
Interest expense on lease liabilities	-	2
Income from subletting right-of-use assets	-	-
Donated Asset Income (Peppercorn Leases)	-	(262)
Total cash outflow/(inflow) for leases	**-**	**(260)**

No lease related expenses have been capitalised as part of the cost of an asset; these have been charged to the CIES.

Maturity Analysis of Lease Liabilities

The lease liabilities due to be settled over the following time periods are detailed in the below table:

Lease Liabilities by Maturity	31 March 2025 £’000	31 March 2026 £’000
Less than one year	-	43
One to five years	-	43
More than five years	-	-
Total undiscounted liabilities	**-**	**86**

Operating Leases - Lessor

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

- as part of the Council's Strategic Investment Policy to maximise rental income for the Authority (see note 14).

Future minimum lease receipts are calculated using current receipt contract information. The future minimum lease receipts under non-cancellable leases in future years are:

	31-Mar-26	31-Mar-25
	£'000	£'000
Not later than one year	4,682	5,294
Later than one year and not later than two years	3,891	4,434
Later than two years and not later than three years	3,828	4,063
Later than three years and not later than four years	3,454	4,004
Later than four years and not later than five years	3,030	3,630
Later than five years	12,776	17,360
	31,661	38,785

The Authority as Lessee

Under IFRS 16, the authority recognises Right-of-Use Assets and Lease liabilities for applicable leases where it is the lessee.

Housing Revenue Account

The Authority is the lessee of a number of properties which it sublets to tenants of Adur Homes. The non-cancellable rentals due for lessor and lessee rents cannot be quantified with certainty, but are deemed not to be material and therefore excluded from the tables above.

Leases not yet Commenced

In accordance with the CIPFA Code, the Authority discloses leases that have been committed to but have not yet commenced as of 31st March 2026. These represent significant future rights and obligations that will impact the 2025/26 financial statements. There are no such disclosures identified.

Hiyacar Pool Car Contract:

In March 2025, Adur & Worthing Councils entered into a 3-year contract for the provision of 8 pool vehicles for joint use, which commenced in April 2025. This contract originally represented a commitment of an estimated £108k (comprising £1.4k setup fees and circa £35.6k annual recurring costs) over the 3-year term. Following the reporting period date of 31 March 2026, the Councils terminated this contract early due to supplier performance issues. No penalties or early termination fees were incurred by the Councils. Consequently, the remaining future commitments associated with this contract will no longer be incurred but were present at the reporting date.

NOTE 37: OTHER LONG TERM LIABILITIES

Other Long Term Liabilities		31-Mar-26	31-Mar-25
	See Note No.	**£'000s**	**£'000s**
Commuted Sums		(8)	(8)
Long Term Creditors - Property Deposits		(310)	(282)
Pension Reserve Liability	38	(1,548)	(10,140)
TOTAL		**(1,866)**	**(10,430)**

NOTE 38: DEFINED BENEFIT PENSION PLANS

Participation in Pension Plans

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by West Sussex County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Transactions Relating to Post-employment Benefits

Comprehensive Income and Expenditure Statement	Consolidation of Joint Committee:		Local Government Pension Scheme	
	Adur 2025/26	Joint Committee 2025/26	Total 2025/26	Total 2024/25
	£'000s	£'000s	£'000s	£'000s
Cost of services				
Current service cost	235	1,087	1,322	1,767
Past service cost	-	39	39	47
(gain)/loss from settlements	-	-	-	-
Financing & Investment Income & Expenditure				
Net Interest cost	509	39	548	130
Total post employment benefit charged to the surplus or deficit on the provision of services	**744**	**1,165**	**1,909**	**1,944**
Other post employment benefit charged to the CI&E Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(1,584)	(1,758)	(3,342)	(3,900)
Actuarial gains and losses arising on changes in demographic assumptions	(1,351)	(722)	(2,073)	192
Actuarial gains and losses arising on changes in financial assumptions	1,143	1,812	2,955	14,699
Other (if applicable)	(2,199)	(5,557)	(7,756)	1,180
Effect of Asset Ceiling adjustment	11,284	6,765	18,049	(19,913)
Total remeasurements recognised in the other comprehensive income	**7,293**	**541**	**7,834**	**(7,742)**
Total post-employment benefits charged to the CI&E statement	**6,549**	**(624)**	**5,925**	**(9,686)**

	Adur 2025/26	Joint Committee 2025/26	Total 2025/26	Total 2024/25
	£'000s	£'000s	£'000s	£'000s
Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	(744)	(1,165)	(1,909)	(1,944)
Actual amounts charged against the General Fund balance for pensions in the year:				
Employer's contributions payable to the scheme	977	1,532	2,509	2,587

Retirement benefits payable to pensioners	158	-	158	162
Total charged against the General Fund balance	1,135	1,532	2,667	2,749

Pension Assets and Liabilities

Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme					
	2025/26			2024/25		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(74,052)	(72,248)	(146,300)	(79,484)	(71,544)	(151,028)
Fair value of plan assets	72,505	72,247	144,752	70,253	70,635	140,888
Net asset / (liability) arising from defined benefit obligation	**(1,547)**	**(1)**	**(1,548)**	**(9,231)**	**(909)**	**(10,140)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Local Government Pension Scheme					
	2025/26			2024/25		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	70,253	70,635	140,888	71,944	68,131	140,075
Interest income	3,990	4,125	8,115	3,377	3,329	6,706
Remeasurement gain / (loss):						
The return on plan assets, excluding the amount included in the net interest expense	(1,584)	(1,758)	(3,342)	(1,957)	(1,943)	(3,900)
Other	2,792	(1,719)	1,073	-	-	-
Contributions from employer	1,135	1,532	2,667	1,234	1,515	2,749
Contributions from employees into the scheme	117	565	682	115	555	670
Benefits paid	(4,198)	(1,133)	(5,331)	(4,460)	(952)	(5,412)
Closing fair value of scheme assets	**72,505**	**72,247**	**144,752**	**70,253**	**70,635**	**140,888**

Reconciliation of present value of the	Funded Liabilities : LGPS

scheme liabilities (defined benefit obligation)	2025/26			2024/25		
	Adur	Joint C'ttee	Total	Adur	Joint C'ttee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance at 1st April	(79,484)	(71,544)	(151,028)	(79,656)	(63,622)	(143,278)
Current service cost	(235)	(1,087)	(1,322)	(313)	(1,454)	(1,767)
Interest cost	(4,499)	(4,164)	(8,663)	(3,726)	(3,110)	(6,836)
Contributions from scheme members	(117)	(565)	(682)	(115)	(555)	(670)
Remeasurement (gains) and losses:						
Actuarial gains / losses arising from changes in demographic assumptions	(1,351)	(722)	(2,073)	113	79	192
Actuarial gains / losses arising from changes in financial assumptions	1,143	1,812	2,955	6,844	7,855	14,699
Other experience	(4,991)	(3,838)	(8,829)	798	382	1,180
Effect of Asset ceiling adjustment	11,284	6,765	18,049	(7,870)	(12,043)	(19,913)
Past service cost	-	(38)	(38)	(19)	(28)	(47)
Benefits paid	4,198	1,133	5,331	4,460	952	5,412
Closing balance 31st March	**(74,052)**	**(72,248)**	**(146,300)**	**(79,484)**	**(71,544)**	**(151,028)**

Local Government Pension Scheme assets comprised (quoted prices are in active markets)	Fair value of scheme assets					
	2025/26			2024/25		
	Adur	Joint Committee	Total	Adur	Joint Committee	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	767	765	1,532	498	501	999.0
Investment Funds and Unit Trusts:						
Bonds	21,335	21,259	42,594	20,947	21,061	42,008
Equities	36,557	36,426	72,983	34,400	34,585	68,985
Total assets in active markets	**58,660**	**58,450**	**117,109**	**55,845**	**56,147**	**111,992**
Local Government Pension Scheme assets comprised (quoted prices are not in active markets)	**Adur**	**Joint Committee**	**Total**	**Adur**	**Joint Committee**	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000
Private Equity:						
All	2,641	2,632	5,273	2,353	2,366	4,719
Real Estate:						
UK Property	5,395	5,376	10,771	5,946	5,978	11,924
Investment Funds and Unit						

Trusts						
Infrastructure	3,318	3,306	6,624	3,331	3,349	6,680
Other	2,492	2,483	4,975	2,779	2,794	5,573
Total assets - not in active markets	**13,846**	**13,797**	**27,643**	**14,409**	**14,487**	**28,896**
Total assets	**72,506**	**72,247**	**144,752**	**70,254**	**70,634**	**140,888**

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2026.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2025/26	**2024/25**
Mortality assumptions		
Current pensioners:		
Male	22.2 years	21.6 years
Female	24.2 years	23.7 years
Future pensioners:		
Male	22.3 years	21.4 years
Female	25.9 years	25.5 years
Rate of inflation		
Rate of increase in salaries	4.50%	4.30%
Rate of increase in pensions	3.00%	2.80%
Rate for discounting scheme liabilities	6.20%	5.80%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions for longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have been assessed on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31st March 2026	**Approximate % increase to Employer Liability**	**Approximate monetary amount (£000)**
0.1% decrease in Real Discount Code	1%	648
1 year increase in member life expectancy	4%	2,430

0.1% increase in Salary Increase Rate	0%	3
0.1% increase in the Pension Increase Rate	1%	645

Included within the actuary assumptions is the potential impact to the Council of the ongoing legal case concerning alleged age discrimination in the administration of public sector pension schemes at a national level. The Court of Appeal has issued a decision regarding transitional arrangements for the benefit changes. The ruling has implications for the Local Government Pension Scheme and Firefighters Pension Scheme since similar reforms have been implemented by these schemes.

The outcome for the employer liabilities is not clear, since the Government may appeal and timescales for resolution may be lengthy. Any remediation process, including cost cap considerations, may also affect the resolution, and so the financial impact at an overall scheme level cannot be estimated at this time. Should an obligation arise, any increase in current or past service costs may affect employer pension contributions in future years, potentially as part of a deficit recovery plan.

Impact on the Council's Cash Flow:

The Council anticipates paying £0.757m contributions to the scheme in 2025/26 and approximately £1.254m contributions to the Adur-Worthing Joint Services scheme (40% share).

NOTE 39: HERITAGE ASSETS NOT REPORTED IN THE BALANCE SHEET

The following assets are not reported in the Balance Sheet because information on the cost or value of these assets is not available due to the lack of comparative information and the unique nature of these assets; the cost of obtaining a valuation would not be commensurate with the benefits to the users of the financial statements.

Buckingham Park House Ruin: Comprises the remains of an old listed building situated in Buckingham Park - a valuation has not been obtained due to the unique nature of this asset.

Buckingham Farm Dovecote: This is a listed building situated on an open space which old records indicate was transferred to the Council in about 1974. No valuation is available due to the unique nature of the asset.

War Memorial, adjacent to St. Mary's Church, Shoreham: The Council does not hold cost information on this monument and the cultural significance of this monument cannot be valued.

NOTE 40: TRUST FUNDS

The Council acts as a trustee for two Charities; Adur Recreation Ground (271495) and The Green (290683). In both cases the land was gifted to the Council to maintain, and any income generated is offset against the cost of this maintenance

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NOTE 41: JOINT BUDGETS

All Services (except for services relating to the Housing Revenue Account) that can operate as a shared service have now moved across to the Joint Strategic Committee. The Joint Strategic Committee accounts are proportionately consolidated into the Council's financial statements.

	Gross Expenditure 2025/26	Gross Income 2025/26	Net Expenditure 2025/26

	£'000	£'000	£'000
NET EXPENDITURE ON SERVICES			
Net Cost Of General Fund Services	19,605	(3,307)	**16,298**
Holding Accounts	10,180	(558)	**9,622**
NET COST OF SERVICES	**29,785**	**(3,865)**	**25,920**
Financing Investment and expenditure			718
Funded by:			
Adur District Council			(11,399)
Worthing Borough Council			(15,662)
(Surplus) or deficit on provision of services			**(423)**
Remeasurement of the net defined pension benefit liability			
Other Comprehensive Income & Expenditure			**-**
Total Comprehensive Income & Expenditure			**(423)**

HOUSING REVENUE ACCOUNT (HRA)
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	HRA Note	2025/26 Net Expenditure		2024/25 Net Expenditure	
INCOME		**£'000**	**£'000**	**£'000**	**£'000**
Dwelling rents		(14,678)		(14,302)	
Non-dwelling rents		(483)		(509)	
Charges for services and facilities		(1,216)		(1,635)	
Contributions towards expenditure		(528)		(582)	
Total Income			**(16,905)**		**(17,028)**
EXPENDITURE					
Repairs and maintenance		5,618		4,853	
Supervision and management		4,480		3,469	
Rents, rates, taxes and other charges		327		449	
Depreciation	5&9	3,549		3,370	
Revaluation and impairment of non-current assets	10	1,138		2,986	
Movement in the allowance for bad debts		76		9	
Total Expenditure			**15,188**		**15,136**
Net (Income) / Cost of HRA Services as included in the whole authority CI&E Statement			**(1,717)**		**(1,892)**
HRA services share of Corporate and Democratic Core			406		370
Net (Income) / Cost of HRA Services			**(1,311)**		**(1,522)**
HRA share of the operating income and expenditure included in the CI&E Statement					
(Gain) or loss on sale of HRA non-current assets	1	(1,030)		(374)	
Derecognition of assets	1	5,523		9,768	
Interest payable and similar charges		2,541		2,736	
HRA Interest and Investment income		(28)		-	
Net interest on the net defined benefit liability (asset)		465		262	
Capital grants and contributions receivable		(120)		(69)	
			7,351		12,323
Deficit / (surplus) for the year on HRA Services			**6,040**		**10,801**

HOUSING REVENUE ACCOUNT (HRA) NOTES

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement above shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost.

STATEMENT OF MOVEMENT ON THE HRA BALANCE

The increase or decrease in the HRA Balance in the year, on the basis of which rents are raised, is shown in the movement on the HRA Statement, as follows:

Statement of Movement on the HRA Balance	2025/26	2024/25
	£'000s	**£'000s**
Balance on the HRA at the end of the previous reporting period	(1,220)	(697)
Surplus or (deficit) for the year on the HRA Income and Expenditure Account	6,040	10,801
Adjustments between accounting basis and funding basis under statute	(5,098)	(11,791)
Net (Increase) or Decrease before transfers to reserves	942	(990)
Net transfers to or (from) Earmarked Reserves		
Contribution from the New Development & Acquisition Reserve	(200)	200
Transfer to HRA Discretionary Assistance Fund	-	-
Transfer to/(from) HRA Business Improvement Reserve	-	200
Transfer to/(from) Courtfields Sinking fund	69	67
Total net transfers to/from earmarked reserves	(131)	467
Balance on the HRA at the end of the current reporting period	**(409)**	**(1,220)**

The Statement of Movement on the HRA Balance reconciles the reported surplus or deficit for the year shown on the Comprehensive Income and Expenditure Statement with the HRA balance at the end of the year, and is calculated in accordance with the Local Government and Housing Act 1989.

Part of the reconciliation includes adjustments between accounting basis and funding basis under statute to ensure that the HRA balance is determined in accordance with proper practices. These adjustments are disclosed in Note 1.

NOTE 1: STATEMENT OF MOVEMENT ON HOUSING REVENUE ACCOUNT

	2025/26	2024/25
	£'000s	**£'000s**
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA statement for the year.		
Gain or loss on sale of HRA non-current assets	1,030	374
Derecognition of assets	(5,523)	(9,768)
HRA share of contributions to or from the Pensions Reserve	413	519
Transfers to/(from) Capital Adjustment Account	(4,687)	(6,356)
Voluntary Provision for Repayment of Debt	-	-
Transfers to/(from) Major Repair Reserve	3,549	3,370
TOTAL	**(5,218)**	**(11,861)**
Amounts not included in the Income and Expenditure Account, but required by statute to be included when determining the Movement on the Housing Revenue Account for the year		
Amortisation of Premiums		-
Capital grants and contributions repayable	120	70
Capital grants unapplied		-
Capital expenditure funded by the HRA	-	-
Net additional amount required to be debited or (credited) to the Housing Revenue Account balance for the year.	**(5,098)**	**(11,791)**

NOTE 2: NUMBER OF TYPES OF DWELLING IN THE HOUSING STOCK

	31st March 2026	31st March 2025
	Number	**Number**
Houses	989	996
Bungalows	161	169
Flats	1,407	1,411
TOTAL DWELLINGS	**2,557**	**2,576**

The Authority recognised the following assets as held for sale during 2025/26:

- 1 Council Dwelling being sold under ‘Right to Buy’ Regulations was reclassified as held for sale.
- 12 sales of ‘Right to Buy’ Council Dwellings completed in 2025/26.

NOTE 3: TOTAL BALANCE SHEET VALUE OF LAND, HOUSES AND OTHER PROPERTY WITHIN THE HRA

	31st March 2026	31st March 2025
	£'000s	£'000s
Council Dwellings	217,981	211,376
Other Land and Buildings	5,977	6,320
Infrastructure	16	17
Assets Under Construction	23,630	22,477
Total Balance Sheet Value of Land, Houses and the Other Property	**247,604**	**240,190**

NOTE 4: VACANT POSSESSION VALUE OF DWELLINGS WITHIN THE HRA

	2025/26	2024/25
	£	£
Vacant Possession Value of Dwellings within the HRA	660,548	640,533

The vacant possession value and Balance Sheet value of dwellings within the HRA show the economic cost of providing council housing at less than market rents.

NOTE 5: MOVEMENTS ON THE MAJOR REPAIRS RESERVE

	2025/26	2024/25
	£'000s	£'000s
Balance at 1st April	-	5,949
Capital expenditure funded from Major Repairs Reserve	(3,549)	(9,319)
Statutory provision equal to the annual depreciation charges to finance future capital expenditure or borrowing	3,549	3,370
Transfer from the MRR to abate the depreciation charge to the value of the Notional Major Repairs Allowance	-	-
Balance of Major Repairs Reserve at 31st March	**-**	**-**

From 2017/18 contributions made to the Major Repairs Reserve are equivalent to the depreciation charge made. This is a cash backed reserve that can be used to fund capital expenditure or repay debt.

NOTE 6: CAPITAL EXPENDITURE AND FINANCING WITHIN THE HRA

	2025/26	2024/25
EXPENDITURE	**£'000s**	**£'000s**
Council Dwellings	6,311	10,890
Other Properties	6	-
Assets Under Construction	4,151	6,289
TOTAL CAPITAL EXPENDITURE	**10,468**	**17,179**
FINANCING		
Capital Grants and Contributions	120	70
HRA usable Capital Receipts	-	550
Borrowing	6,799	7,241
Major Repairs Reserve	3,549	9,318
TOTAL CAPITAL EXPENDITURE FINANCED	**10,468**	**17,179**

NOTE 7: CAPITAL RECEIPTS

	2025/26	2024/25
Capital Receipts from the disposal of HRA property	**£'000s**	**£'000s**
Sale of Council Dwellings	2,074	877
Less Administration Costs	(16)	(10)
Lease Extensions	49	21
Mortgage Receipts received from previous years sale of Council Dwellings	-	-
	2,107	**888**
Retained for capital investment	2,107	888
Paid to central government	-	-
	2,107	**888**

NOTE 8: DEPRECIATION FOR THE LAND, HOUSES, OTHER PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS WITHIN THE HRA IN YEAR

	2025/26	2024/25
	£'000s	**£'000s**
Council Dwellings	3,424	3,215
Other Land and Buildings	71	71
Infrastructure	1	1
Equipment	53	63
Intangible Assets	-	20
TOTAL DEPRECIATION IN YEAR	**3,549**	**3,370**

NOTE 9: REVALUATION

In 2025/26, the revaluation of the Housing Revenue Account dwellings by external valuers at 31st March 2026 resulted in a net increase in the Authorities housing stock value of £9.9m, that also increased the value of the Revaluation Reserve. This included underlying increases of £10.093m and decreases of £0.110m.
There was a net increase in the value of HRA Other Land and Buildings of £0.1m.

NOTE 10: HRA SHARE OF CONTRIBUTIONS TO OR FROM THE PENSION RESERVE

Under the provisions of IAS19, £413,200 has been debited to the Housing Revenue Account in respect of the portion/share of contributions allocated to the Pension Reserve.

NOTE 11: RENT ARREARS

	31st March 2026	31st March 2025
	£'000s	£'000s
Gross arrears as at 31st March	2,059	1,901
Bad Debt provision for uncollectable debts	802	737

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st March 2026

These accounts represent the transactions of the Collection Fund which is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to council tax and business rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been realised. Administration costs are borne by the General Fund.

Adur District Council						
COLLECTION FUND - COUNCIL TAX AND BUSINESS RATES						
	2025/26			**2024/25**		
	Business Rates	**Council Tax**	**TOTAL**	**Business Rates**	**Council Tax**	**TOTAL**
INCOME (A)	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax Receivable		54,139	54,139		50,921	50,921
Business Rates Receivable	21,143		21,143	19,641	-	19,641
TOTAL INCOME (C) = (A+B)	**21,143**	**54,139**	**75,282**	**19,641**	**50,921**	**70,562**
EXPENDITURE (D)						
Contribution From Previous Year Surplus / Deficit (-)						
Central Government	(1,569)		(1,569)	(1,157)	-	(1,157)
Adur District Council	(1,255)	(162)	(1,417)	(926)	(146)	(1,072)
West Sussex County Council	(314)	(783)	(1,097)	(231)	(693)	(924)
Sx Police & Crime Commissioner		(115)	(115)		(102)	(102)
	(3,138)	**(1,060)**	**(4,198)**	**(2,314)**	**(941)**	**(3,255)**
Precepts, Demands & Shares (E)						
Central Government	10,472		10,472	10,538	-	10,538
Adur District Council:	8,378		8,378	8,431	-	8,431
Adur DC (Excl. Parish Precept)		7,819	7,819	-	7,479	7,479
Lancing Parish Council		383	383	-	354	354
Sompting Parish Council		103	103	-	103	103
West Sussex County Council	2,094	40,960	43,054	2,107	38,432	40,539
Sussex Police and Crime Commissioner		6,072	6,072	-	5,667	5,667
	20,944	**55,337**	**76,281**	**21,076**	**52,035**	**73,111**
Charges to Collection Fund (F)						
Less: Write off of uncollectable amounts	-	(1)	(1)	-	(1)	(1)
Less: Inc / Dec (-) in Bad Debt Provision	93	614	707	(50)	1,117	1,067
Less: Inc / Dec (-) in Provision for Appeals	993		993	480	-	480
Less: Cost of Collection	85		85	84	-	84
	1,171	**613**	**1,784**	**514**	**1,116**	**1,630**
TOTAL EXPENDITURE (G) = (D+E+F)	**18,977**	**54,890**	**73,867**	**19,276**	**52,210**	**71,486**
Sur. / Def. (-) arising during the year (C-G)	**2,166**	**(750)**	**1,415**	**365**	**(1,289)**	**(924)**
Surplus / Deficit (-) b/fwd. 01.04.25	**(1,931)**	**(2,384)**	**(4,315)**	**(2,296)**	**(1,095)**	**(3,391)**
Surplus / Deficit (-) c/fwd. 31.03.26	**235**	**(3,134)**	**(2,900)**	**(1,931)**	**(2,384)**	**(4,315)**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

NOTE 1: COUNCIL TAX

Council Tax income is based on the value in 1991 of residential properties, which are classified into eight valuation bands, including a variant on Band A in respect of disabled relief. The total numbers of properties in each band are adjusted and then converted to a Band D equivalent, which when totalled and adjusted for valuation changes and losses on collection, forms the Council's tax base. The Council Tax Base for 2025/26 was 22,748.8 band D equivalents.

Individual charges per dwelling are calculated by dividing the total budget requirement of West Sussex County Council, the Sussex Police and Crime Commissioner and Adur District Council by the Council Tax Base calculated above.

	Demand or Precept £		Council Tax Base	Average Band D Council Tax £
West Sussex County Council	£40,960,124.35	÷	22,748.8	1,800.54
Sussex Police & Crime Commissioner	£6,071,882.21	÷	22,748.8	266.91
Adur District Council	£8,304,442.00	÷	22,748.8	365.05

NOTE 2: BUSINESS RATES

For 2025/26, the authority participated in the West Sussex County Council Business Rates Pool. The pool consists of Adur District Council, Mid Sussex District Council, Arun District Council, and West Sussex County Council. The levy for 2024/25 was paid into the West Sussex County Council Pool and used to fund economic regeneration initiatives throughout the County area. Without the Pool, the levy would be paid to DLUHC and not retained for the benefit of the residents of West Sussex.

The funds generated by the Pool are used to fund projects which promote economic regeneration projects, contributions to the Local Economic Partnerships (LEPS) and other invest to save initiatives. The levy payment is shown within the Comprehensive Income and Expenditure Statement.

Non-domestic rates are collected by the Council from local businesses using a uniform rate supplied by the Government for the Country as a whole 49.9p in 2025/26 (49.9p in 2024/25) and local rateable values. The total non-domestic rateable value at the end of the year for the district was £53.65m (£52.6m in 2024/25). The total rates collected are paid to the NDR pool which is administered to the government and redistributed to each Council on a per capita basis.

NOTE 3: BAD AND DOUBTFUL DEBTS

A requirement of £3,514k and £254k for bad and doubtful debts for Council Tax and Business Rates has been provided for in 2025/26 in line with Adur District Council's accounting policy for maintaining the provision.

NOTE 4: APPORTIONMENT OF BALANCES TO MAJOR PRECEPTORS OF COUNCIL TAX

This note shows the apportionment of balances into the parts attributable to the major precepting authorities.

Apportionment of Balances to Major Preceptors				
	West Sussex County Council	**Sussex Police & Crime Commissioner**	**Adur District Council**	**TOTAL**
	£	**£**	**£**	**£**
Apportionment based on 2026/27 demand	**74.18%**	**11.06%**	**14.76%**	**100%**
Council Tax Arrears	5,428,521	809,573	1,079,578	**7,317,672**
Provision for Bad Debts	(2,606,914)	(388,770)	(518,541)	**(3,514,225)**
Receipt in Advance	(1,199,486)	(178,916)	(238,436)	**(1,616,838)**
(Surplus)/Deficit	2,325,116	346,746	462,486	**3,134,348**
Balance as at 31st March 2026	**3,947,237**	**588,633**	**785,087**	**5,320,957**

NOTE 5: APPORTIONMENT OF BUSINESS RATES BALANCES TO MAJOR PRECEPTORS

This note shows the apportionment of balances into the parts attributable to the major precepting authorities. There is an exceptionally large deficit attributable to the expanded reliefs, mainly for retail businesses. This is compensated by section 31 grants from DLUHC which are received in the General fund. See note 11 - Non ring fenced Government grants.

Apportionment of Business Rates Balances to Major Preceptors				
	Department of Communities and Local Govt	**West Sussex County Council**	**Adur District Council**	**TOTAL**
	£	**£**	**£**	**£**
Business Rates Arrears	515,931	103,186	412,745	**1,031,862**
Provision for Bad Debts	(127,170)	(25,434)	(101,736)	**(254,340)**
Provision for Appeals	(2,769,990)	(553,998)	(2,215,992)	**(5,539,981)**
RV List Amendments	1,856,128	371,226	1,484,903	**3,712,256**
Receipt in Advance	(1,814,082)	(362,816)	(1,451,266)	**(3,628,165)**
(Surplus)/Deficit	(117,643)	(23,529)	(94,113)	**(235,285)**
Balance as at 31st March 2026	**(2,456,827)**	**(491,365)**	**(1,965,460)**	**(4,913,652)**

ADUR DISTRICT COUNCIL

Annual Governance Statement 2025/2026

Legislation requires local Authorities to prepare and publish an Annual Governance Statement to report publicly on the effectiveness of the Council's governance arrangements. It provides an overview of the current governance framework and a summary of the review of the effectiveness of Adur District Council governance framework. Governance refers to the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, culture and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.

Current Scope of Responsibility

Adur District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 (the Framework). The Framework expects that local authorities will put in place proper arrangements for the governance of their affairs and which facilitate the effective exercise of functions and ensures that the responsibilities set out above are met.

At least once a year, Local Authorities are statutorily required to review their governance arrangements. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils this requirement.

A copy of the code is on our website at www.adur-worthing.gov.uk. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

Continuous Improvement of Assurance

In addition to the above, in May 2024, the Local Government Association (LGA) published an Improvement and Assurance Framework for Local Government.

Councils who are responsible for their own performance and improvement. This is recognised in the ‘sector-led improvement’ approach which is underpinned by key principles that councils:

- are primarily accountable locally, not nationally;
- have a sense of collective responsibility for the performance of the local government sector.

In order to comply with the best value duty to secure continuous improvement in the way the authority’s functions are exercised, each council must take appropriate measures to gain assurance both of the performance of its services and of its corporate governance. Through a focus on effective assurance, councils can mitigate the risks and costs of failure and their impacts on local residents and businesses.

The Improvement and Assurance Framework aims to promote understanding of good governance and increase the effectiveness of assurance in the public sector. Its aim is to reduce the risk and costs related to statutory or non-statutory intervention, whether by central government or other regulators, it is also intended to make it easier for local residents and businesses to understand how to hold their local authority to account.

The Framework highlights the requirement for there to be a collective responsibility for the performance of local government. It is not just the responsibility of the monitoring officer or the head of internal audit. All Members have a responsibility to oversee effective governance, and all officers have a duty to comply with good governance and provide information to demonstrate that compliance.

Assurance cannot be gained ‘by numbers’ or a one-off event: there is no simple list of yes/ no indicators which will help a council decide whether or not it can be assured of its performance or governance. It is achieved through a series of nuanced, qualitative judgements, often informed by assessments of behaviours and relationships. It is essential to consider numerous sources of evidence to gain a view of the council in the round.

During 2025/26 the Council’s leadership team has been proactively improving our assurance framework.

The Purpose of the Governance Framework

Governance comprises the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved. To deliver good governance in the public sector entities must try to achieve their entity objectives while acting in the public interest.

The following governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31st March 2026 and up to the date of approval of the statement of accounts.

The Governance Framework

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

Key elements of the Council's Governance Framework

Council, Executive and Leader	**Decision making**	**Risk Management**
● Provides leadership and develops the Councils vision of its purpose and intended outcome for residents and service users. ● Develops the vision into objectives for the Council and its partnerships	● All decisions are made in the open ● Decisions are recorded on the Council website ● The scheme of delegations which details the decision making arrangements is regularly updated ● The Monitoring Officer ensures that all decisions made comply with relevant laws and regulations	● Risk registers identify both operational and strategic risks ● Key risks and opportunities are considered by the Corporate Leadership Team every quarter ● Risks and opportunities are reported to the Joint Audit and Governance Committee every quarter and inform the work of the internal audit team

Scrutiny and Review	**Corporate Leadership Team**
● The Joint Overview and Scrutiny Committee reviews Council policy and can challenge the decisions made. ● The Joint Audit and Governance Committee undertakes all of the core functions of an audit committee. ● The Joint Audit and Governance Committee is responsible for review and approving the Councils Governance arrangements and undertakes the role of a Standards Committee ensuring that members comply with the Code of Conduct	● The Council's Corporate Leadership Team comprises of the Chief Executive, the Two Corporate Directors, The Chief Legal and Governance Officer, Assistant Directors and the Head of Technology who are responsible for the delivery of the Council's aims and objectives ● The head of paid service is the Chief Executive who is responsible for all Council Staff and leading an effective Corporate Leadership Team. ● CLT seeks advice from the Council's Chief Financial Officer (Corporate Director of Resources) who is responsible for safeguarding the Council's financial position ● CLT seeks advice from the Monitoring Officer who is the Chief Legal and Monitoring Officer. They are responsible for ensuring legality and promoting high standards of public conduct. ● The three statutory officers meet on a regular basis to hold 'golden triangle meetings', their purpose is to consider any specific issue and to ensure good administrative, financial, and ethical governance by fostering collaboration and providing clear, impartial advice to the authority, its elected members, and key stakeholders.

The Operation of the Governance Framework

The governance framework gives the Members and the Organisation the confidence and certainty that what needs to be done is being done. The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the Framework during 2025/26.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

The constitution sets out how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It is regularly reviewed and updated to ensure it reflects current practice. As well as working together as a single organisation and with our neighbour Adur District Council, members and officers continue to improve their working relations with other organisations, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

Head of Paid Services

The role of the Chief Executive, also known as the Head of Paid Services is appointed in accordance with Section 4 of the Local Government and Housing Act 1989 to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. She is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution. The Monitoring Officer for Adur District Council and Worthing Borough Council is Joanne Lee who holds the post of Chief Governance & Legal Officer.

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be Consultative Committee of Accountancy Bodies (CCAB) qualified. The Section 151 Officer for Adur District Council and Worthing Borough Council is Emma Thomas, who holds the post of Corporate Director of Resources.

Codes of Conduct

Codes of Conduct exist for both staff and members.

All Councillors have to keep to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place, Adur District Council or Worthing Borough Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register. Members are also expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistle Blowing Protocol is regularly reviewed and found in the Council's Constitution at Part 5. It sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs.

The Councils have a Corporate Anti-Fraud Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud. The Council has an approved Counter Fraud Policy and Strategy Statement which can be found on the internet.

Guidance and policies for staff on the Bribery Act 2010 and the Prevention of Money Laundering are found on the intranet, these links will only work for internal staff.

Joint Audit and Governance Committee

This committee has responsibility for reviewing reports that deal with issues that are key to good governance and undertakes the function of an Audit and Standards Committee.

B. Ensuring Openness and Comprehensive Stakeholder Engagement

Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff.

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

All reports and details of decisions made can be found on the Council's website at https://www.adur-worthing.gov.uk/meetings-and-decisions/

Freedom of Information enquiries

The Freedom of Information Act 2000 (FoI) gives anyone the right to ask for any information held by a public authority, which includes this Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Engagement and communication

Good governance means working openly and involving people in decisions that affect them. This year, we've made big steps to improve how we communicate and how we support people to take part in shaping their places.

We've continued to improve how we share information with residents, businesses and community groups. Our communications are now more focused on the things that matter most to people. We've focused on:

- Using plain English and clear messaging so people understand what the council is doing.
- Sharing real stories and examples that show how services are making a difference.
- Responding quickly during emergencies, working with partners to keep people informed.

Engagement

As Councils for the community we are supporting residents, staff and partners to be more involved in being able to make a difference to improve local places.

This year, we:

- Helped staff build skills to work with communities through our Participation Lab.
- Ran participatory funding pilots to support local ideas
- Developed a new neighbourhood model to work more closely with our communities to improve their local places.

By bringing people, services and partners together, we're strengthening trust and making sure the council is working with—not just for—our communities.

Our approach also supports the Council's long-term plans for devolution and unitary transition by building the tools, culture and confidence needed to put communities at the heart of decision-making.

Complaints / Compliments

There is a complaints / compliments procedure in place for the Council to receive and investigate complaints made about service delivery and against its members or staff. Details of which can be found on the Council's website.

Results of complaints investigated together with the report on all complaints dealt with by the Local Government Ombudsman are reported annually to the Joint Audit and Governance Committee.

Partnership working

In addition to the partnership between Adur and Worthing this Council is involved in a number of different partnerships, at different levels each with their own set of terms of reference for effective joint working.

C. Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Joint Corporate Priorities

The Councils' 'Our Plan' (2022-2025) outlined four 'Missions': Thriving People, Places, Environment and Economy. During 2025/26, the Council began the transition to the successor strategic framework Fair Green and Local. This strategy was not a departure from the previous work and should be read as an evolution of Our Plan, building upon the solid foundations and key learning regarding participation, adaptation, and resilience.

The strategy is guided by 3 interconnected visions shared by both Adur and Worthing administrations:

- A Fairer Future
- A Greener Future
- A Local Future

Further details of how these priorities visions are delivered are included in a programme of work which can be found on the internet at [Fair Green and Local](). The Council receives regular reports on the progress in delivering the outcomes set out within Our Plan which reflects the priorities of both .

D. Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and will continue to need to find a savings in a climate of reducing funding from Central Government and rising demand for many of the Council's services.

Subsequent to the 24/25 work on organisational design a new internal governance framework has been implemented in order to strengthen controls on projects and ensure alignment with delivery of corporate priorities and integrate the ongoing spend controls which have been in place for the last 12 months. The ‘mission control’ system has a number of important features:

- Major Programmes Board (MPB): Chaired by the Chief Executive, this board oversees the overall program, including resource planning, financial tracking, and benefits realization. A Core Services Group supports the MPB.
- Mission Boards: Four boards focus on specific mission areas: Thriving Organization, Thriving People, Thriving Places and Environment, and Thriving Economy. They manage work programs, develop projects, and report to the MPB. They provide a link between project and service delivery
- Mission MDTs (multi-disciplinary teams): These teams provide a space for learning, development, and collaboration across service team managers, project managers, and core service representatives.
- Member working groups which give portfolio holders oversight of delivery programmes and the opportunity to contribute to discussions about prioritisation.

In addition a corporate health board functions to oversee areas of work such as Health and Strategy compliance or complaints handling and a strategic finance group has oversight of budget monitoring and development.

The approach reflects the organisational focus on high quality adaptive project management which focuses on long-term goals, systemic change, and flexibility.

E. Developing the Council’s Capability, Including the Capability of its Leadership and the Individuals within it.

Delivering great services starts with supporting the people who work for the Council. This means recruiting fairly, developing skills, and making it easier for staff to do their best work—both now and in the future.

Having completed a significant amount of the redesigns planned, the Council’s focus has shifted to embedding new operating models. Recruitment processes have been modernised through a new digital applicant system, which has improved the candidate and manager experience.

To maintain high standards of governance, the Council continues to operate a robust selection process. All appointments are merit-based, ensuring officers possess the required skills and experience to be effective in post. Mandatory safeguarding requirements, including enhanced Disclosure and Barring Service checks, remain strictly enforced for relevant positions.

New Officers receive induction which provides information about how the organisation works, policies and health and safety. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

The skills framework, launched last year, is now bedding in. It serves to ensure that staff possess the skills required to deliver services efficiently and effectively in a constrained financial environment.

Over the 2025/26 period, the Council has:

- Embedded the Digital Learning Platform **-** Reporting into the Council Leadership Team to drive higher engagement across frontline and office based staff, ensuring 24/7 access to critical compliance and professional development training, monitoring engagement, attendance and feedback.
- Created learning labs for management, participation, with digital and delivery management labs to come—so people can learn by doing.
- Adopted a more proactive approach to training delivery, using data to inform decision making and supporting prioritisation of training needs.This approach allows the councils to better utilise finite resources whilst delivering impactful and relevant training to staff.
- Supported 11 staff to start apprenticeships, utilising the levy to support personal and professional development of new and existing staff. Taking the total current apprentices to 18, achieving our goal of 15 apprentices.
- Launched an L&D delivery plan, outlining priorities for L&D with a focus on four key pillars that are underpinning the work that is being delivered.

The Council is also testing joint learning between staff and community organisations to build shared understanding and stronger partnerships.

The Council’s learning approach is now more flexible, inclusive and relevant to people’s real work. It helps frontline and office-based staff learn together, and gives everyone a chance to build confidence in digital tools, collaboration and innovation.

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of digital, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Audit and Governance, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance development and review

All Officers receive regular one-to-ones with their Manager in order to monitor workload and performance. Staff are empowered to identify with their managers the skills they need to perform, and personal development planning has been introduced to be able to track progress. Services consider workforce plans as part of the annual business planning process. Service plans paint a picture of what the Council wants to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision and produce a plan to fill the gaps. This helps to ensure the Council has the right people, with the right skills, in the right roles.

F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

Effective scrutiny

As required by statute, the Council operates a Joint Overview and Scrutiny Committee (JOSC) governed by its own terms of reference. It is important that JOSC acts effectively as one of their key tasks is to review and challenge the policy decisions that are taken by the Executive or the Joint Strategic Committee. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the area. The JOSC's findings are reported to the Joint Strategic Committee or Executive and may result in changes to the way in which services are delivered.

Financial management

The Corporate Director of Resources is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with the finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

A Medium Term Financial Strategy (MTFS) is prepared on at least an annual basis and updated throughout the year. It is linked to the annual budget and the Council's Financial Strategy.

Financial Regulations are regularly reviewed by the s151 Officer to ensure that the Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. These risks are regularly reported to CLT and the Joint Audit and Governance Committee.

G. Implementing Good Practices in Transparency Reporting and Audit to Deliver Effective Accountability

Joint Audit and Governance Committee

The Joint Audit and Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members. The Committee also includes the appointment of two Independent Co-opted Members for Audit purposes.

Internal audit

The Head of Internal audit is a qualified accountant who has full access to senior management and the Joint Audit and Governance Committee (which fulfils the role of an audit committee). The audit team is properly resourced. The Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010).

The Head of Internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards.

The Head of Internal Audit's Annual 2025/26 report is pending at the time of writing, with delivery expected in early Summer 2026.

Annual accounts

The Council publishes full audited accounts each year which are published on the website at: Statement of Accounts

Review of Effectiveness

Adur District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and this is done through the Annual Governance Statement. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Executives, the Joint Audit and Governance Committee, and the Joint Overview and Scrutiny Committee.
- internal and external audit
- other explicit review/assurance mechanisms.

Overall opinion:

It is the opinion of the Council that, with the exception of the issues identified below, the framework is satisfactory. The Council will continue to assess and make improvements to the governance framework.

Significant Governance Issues

There are two significant governance issue either identified by red status on the Governance Action Plan, or via Corporate Leadership team, or from the Internal Audit Annual Report or via a report from the Monitoring Officer:

<u>Limited Assurance Opinion (Internal Audit)</u>

In 2024/25, the Council received a 'Limited' overall opinion for the second consecutive year, with three areas (Project Management, Housing Debt, and the Housing Improvement Plan) rated as 'Unsatisfactory'.

The Internal Audit process identified staff capacity issues and gaps in evidence and audit trails as recurring root causes for control failures. Furthermore, the verified closure rate for audit recommendations was 37%, indicating that improvements were not being evidenced at the required pace during the period of transition. The report notes that these capacity issues were exacerbated by the organisational redesign process, which is now largely complete.

Actions are being taken to address the concerns of the Internal Auditor and to improve response rates to outstanding audit recommendations:

- The implementation of the Major Programmes Board and Mission Control Framework, provides a new layer of multidisciplinary oversight to ensure project management, approval and financial controls are applied consistently.
- A process of enhanced recommendation monitoring is underway. Management is now required to provide robust evidence for the closure of actions to ensure the implementation rate rises to the best-practice target of 85%. Regular "status of recommendations" updates are included in the reporting of the Internal Auditor and are submitted to the Joint Audit and Governance Committee to provide transparent accountability on progress.

<u>Housing management;</u>

The Council identified the need to improve its management of the Housing Service and other key housing management policies and processes. More recently, the Council has identified significant issues with the safety and condition of the properties and referred itself to the regulator of social housing in February 2023.

Actions are being undertaken to improve the service by way of:

- The embedding of Phase 2 of the improvement plan to meet the new Regulator Social Housing (RSH) Consumer Standards.
- Improvements to statutory safety compliance, to date achieving 100% in fire and water safety, 99.7% in gas, 90.1% in domestic electricity compliance and 84.3% in communal electric compliance by April 2026;

- A major review of all the inspection regimes, completing phase two of the stock condition surveys with the majority of data now up to date;
- A review of the staffing and management of the service.
- A review of the contractual arrangements for the housing repairs service including letting new contracts for services where appropriate;
- A review of all of the policies and procedures to embed statutory compliance and mitigate financial and legal risks;
- A full discovery and review of all Housing Service IT systems, launching a 6-to-9-month project to merge fragmented systems into a single digital platform;
- Establish an effective and strong resident engagement regime with all parts of the service.
- The implementation of internal and external assurance processes, including an independent mock assessment in June 2026 to ensure inspection readiness.
- A full self-assessment has been completed and a Mock Inspection is imminent to ensure the service addresses the four Consumer Standards required by the Regulator of Social Housing.

The council meets the RSH monthly to provide updates on performance.

Regular update reports are presented to the Joint Audit and Governance committee on progress against the Improvement Programme.

With a changing leadership provision, interim resources have been secured and are reviewing our progress in accordance with emerging legislative frameworks. Outcome of this progress review is considered alongside the findings of an internal audit.

Other Issues

The Governance Action Plan has been updated to deal with any issues brought forward from the 2023 review together with any issues which have been identified during the current review.

Included within the governance requirements as detailed in the 'Statement on the Role of the Chief Financial Officer in Public Services' are recommended best practice that:

- the Chief Financial Officer should be professionally qualified,
- report directly to the Chief Executive and
- be a member of the leadership team, with a status at least equivalent to other members.

The Chief Executive, Corporate Director of Resources (Section-151 Officer) and the Chief Governance and Legal Officer (Monitoring Officer) hold regular scheduled meetings to discuss governance matters and will convene as required for any urgent considerations.

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Proposed Action

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of Adur District Council

Jeremy Gardner

Date:

Signed:

Chief Executive of Adur District Council and Worthing Borough Council

Paul Brewer

Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADUR DISTRICT COUNCIL

GLOSSARY OF ACCOUNTING TERMS

The following is a brief explanation of the technical terms used in this publication:-

ACCOUNTING PERIOD	The period of time covered by the accounts. The current year is 2025/26 which means the year commencing 1st April 2025 and ending 31st March 2026 The end of the accounting period is the date at which the balance sheet is drawn up.
ACCRUAL	An amount included in the accounts in respect of income or expenditure for which payment has not been received or made by the end of the accounting period. This is based on the concept that income or expenditure is recognised as it is earned or incurred, not simply when money is received or paid out.
ACTUARIAL ASSUMPTION	An actuarial assumption is an estimate (usually in respect of pension fund valuations) of an unknown value made in accordance with methods of actuarial science. An actuarial assumption is made using statistical tools such as the correlation of known values to possible outcomes for the unknown value. An actuarial assumption is often used to calculate premiums or benefits.
ACTUARIAL GAINS AND LOSSES	Actuarial gains and losses which may result from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.
ASSET	A resource that, as a result of a past event, is controlled and expected to give future benefits. It is not necessary to own an asset in order to control it, as assets may be acquired from other providers via credit arrangements such as leasing.
AMORTISED COST	The amount at which the financial asset or financial liability is measured. The measurement reflects the cost or transaction price at initial recognition, adjusted for principal payments and accrued interest at the balance sheet date. The measurement may also be adjusted by any difference between the initial amount and the maturity amount resulting from impairment or uncollectibility by applying the effective interest rate inherent over the term of the financial asset or liability.
BALANCE SHEET	A statement of the recorded assets, liabilities and other accounting balances at the end of an accounting period.
CAPITAL CHARGE	A charge to the revenue account to reflect the cost of fixed assets used in the provision of services. The charges themselves consist of depreciation, based upon the useful lives of depreciable assets.

CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	The proceeds from the sale of fixed assets.
CASH EQUIVALENTS	Short-term investments that are readily convertible, without penalty, to known amounts of cash and which are subject to an insignificant risk of changes in value.
COMMUNITY ASSETS	Assets that are intended to be held in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples are parks and historic buildings.
CONSISTENCY	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
CONTINGENT LIABILITY	A potential liability at the balance sheet date the outcome of which is not certain, but may be dependent on a future event. Where the potential liability is likely to be material, the fact that it exists will be disclosed as a note to the accounts.
CREDITORS	Amounts owing for work done, goods received or services rendered in an accounting period, for which payment has not yet been made.
CURRENT ASSETS/LIABILITIES	Assets or liabilities which are of a short term nature, that will be realised within a year, e.g. stocks, debtors and creditors.
CURRENT SERVICE COST	Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.
CURTAILMENT	Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.
DEBTORS	Amounts due to the Council which relate to the accounting period, but have not been received at the balance sheet date
DEFINED BENEFIT SCHEME	This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEPRECIATION	The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.
EXPENDITURE	The costs incurred relating to the accounting period irrespective of whether the amounts have been paid or not, i.e. on an accruals basis.

FAIR PRESENTATION	International Accounting Standard IAS 1 requirement that financial statements should not be misleading. To a large extent this means obeying the prevalent accounting standards, but the concept of fairness may transcend that, to include an assessment of the overall picture given by the financial statements.
FAIR VALUE	The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties at arm's length.
FINANCE LEASE	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset from the provider (lessor) to the user (lessee). Although, strictly, the leased asset remains the property of the lessor, in substance the lessee may be considered to have acquired the asset and to have financed the acquisition by obtaining a loan from the lessor.
FINANCIAL INSTRUMENT	A contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
IMPAIRMENT OF ASSETS	The objective is to ensure that assets are not carried in the Balance Sheet at more than their recoverable amount.
INFRASTRUCTURE ASSETS	Examples include roads, street lighting, footpaths, cycle tracks, street furniture and coastal defences
INTANGIBLE ASSETS	Non-financial assets e.g. software licences with no physical substance which is controlled by an entity through custody or legal rights.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) should comply with all the IFRS requirements. The term IFRS includes all applicable IFRS, IFRIC, International Accounting Standards (IAS) and SIC Interpretations.
INVESTMENTS	Current asset investments that are readily disposable by the Council without disrupting its business.
INVESTMENT PROPERTIES	Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both.
LIQUID RESOURCES	Surplus funds which are temporarily invested for periods of up to one year. Long-term investments are intended to be held for use on a continuing basis in the activities of the Council.
NET BOOK VALUE	The amount at which fixed assets are included in the balance sheet, i.e. their historical or current value less the cumulative amounts provided for depreciation.

OPERATING LEASE	An operating lease is any lease which is not a finance lease. An operating lease has the character of a rental agreement with the lessor usually being responsible for repairs and maintenance of the assets.
POST BALANCE SHEET EVENTS	Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
PROVISION	An amount put aside in the accounts for liabilities or losses which are certain or very likely to occur, but uncertain as to the amounts involved or as to the dates on which they will arise are not determined.
PRIOR YEAR ADJUSTMENT	This is an event whereby figures quoted in a previous year's statements have been changed due to a change in accounting policy.
PRUDENCE	The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate realisation of which can be assessed with reasonable certainty.
PUBLIC WORKS LOAN BOARD (PWLB)	The Public Works Loan Board (PWLB) is a statutory body operating within the Debt Management Office of the UK Treasury (DMO) and is responsible for lending money to local authorities and managing certain public sector funds.
REMUNERATION	Payment or compensation received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment.
RESERVES	Amounts set aside for purposes falling outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes, general contingencies and working balances.
TO DEBIT	An accounting entry which results in either an increase in assets or a decrease in liabilities or net worth.
TO CREDIT	An accounting entry which results in either a decrease in assets or an increase in liabilities or net worth.
TRUE AND FAIR VIEW	Financial statements shall give a true and fair presentation of the financial position, financial performance and cash flows of a Council.
VIREMENT	Transfer of resources from one budget head to another in order to accommodate variations in spending policies.

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