

# Statement of Accounts

## 2007-2008



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# GENERAL INFORMATION

## PHYSICAL FEATURES

Hastings covers an area of **2,972 hectares**

The Council owns land amounting to approximately **1,142 hectares**

The length of the coastline is **12 kilometres**

## POPULATION

The Town's estimated population at the June 2001 Census as provided by the Office of National Statistics was **85,029**. The age structure was as follows :-

Age Range	Males	Females	Total	%
0 - 14	8,529	8,369	16,898	20
15 - 29	6,923	7,344	14,267	17
30 - 44	8,996	9,154	18,150	21
45 - 59	8,286	8,125	16,411	19
60 - 74	5,246	6,045	11,291	13
75 and over	2,682	5,330	8,012	10
	<b>40,662</b>	<b>44,367</b>	<b>85,029</b>	100

The registered electorate in 2007-2008 was : **61,835**

## COUNCIL TAX & BUSINESS RATING INFORMATION

Rateable value of business premises at 31 March 2008	<b>£43,737,716</b>
Net Borough Council Revenue Expenditure	<b>£15,961,140</b>
Council Tax Base	<b>£29,107</b>
Council Tax at Band D - includes all preceptors	<b>£1,460.12</b>

## EMPLOYEES

The average number of persons employed by the Council during the period was :-

	NUMBER OF EMPLOYEES	
	2006-2007	2007-2008
Full time	463	<b>450</b>
Part time (full time equivalents)	66	<b>67</b>
Total	529	<b>517</b>

The cost of employment during the year was :-

	£'000	£'000
Wages and Salaries	13,143	<b>13,683</b>
National Insurance	1,008	<b>1,020</b>
Pension Contributions	2,384	<b>2,558</b>
Total	16,535	<b>17,261</b>



## EXPENDITURE SUMMARY

2006-2007		2007-2008 REVISED ESTIMATE	2007-2008 ACTUAL		
NET £	<b>SERVICES :</b>	£	EXPEND. £	INCOME £	NET £
	<u>CORPORATE RESOURCES</u>				
	<b>Deputy Chief Executive &amp; Director of Resources</b>				
445,681	Chief Executive's Division	375,320	363,901	(5,079)	358,822
548,385	Borough Solicitors Division	621,290	598,576	(67,411)	531,165
277,126	Policy & Performance Unit	327,620	275,880	(29)	275,851
307,824	Democratic Services Division	363,060	340,853	0	340,853
360,757	Audit & Investigations Division	367,540	382,524	(11,135)	371,389
374,061	Estates Division	324,690	333,057	(27,994)	305,063
795,521	Accountancy & Exchequer Serv.Divs	760,500	747,865	(24)	747,841
2,202,360	Revenues Division	2,192,040	2,195,669	(61,845)	2,133,824
720,545	Information Technology Division	753,290	709,555	(402)	709,153
(6,032,260)	Less recharges to other accounts	(6,158,060)	(5,947,880)	173,919	(5,773,961)
0		(72,710)	0	0	0
601,382	Corporate Expenses	568,150	1,120,739	(372,554)	748,185
790,433	Democratic Representation	844,660	820,278	(65)	820,213
99,061	Election Expenses	82,480	15,379	(9,128)	6,251
97,874	Registration of Electors	124,610	156,893	(1,657)	155,236
(457,179)	Employment Areas	(489,350)	97,584	(562,750)	(465,166)
(846,430)	Factory Units	(926,640)	497,643	(1,326,319)	(828,676)
(1,039,204)	Land & Property Holdings	(1,036,060)	1,036,179	(1,464,193)	(428,014)
1,860,892	Corporate Management	1,459,250	1,391,019	0	1,391,019
768,001	Concessionary Bus Passes	1,053,210	1,078,899	(27,620)	1,051,279
183,387	Benefit Payments (net)	14,180	47,007,681	(46,991,493)	16,188
358,391	Tax Collection Costs	529,500	838,391	(319,688)	518,703
1,389,743	Other Income & Expenditure	230,880	331,043	(6,492)	324,551
67,573	Public Consultation	39,930	32,961	0	32,961
0	Local Strategic Partnership	0	62,536	(62,536)	0
39,629	Sustainability	46,190	39,605	0	39,605
175,308	The Foreshore Trust	483,480	498,496	0	498,496
98,748	Land and Property Systems (GIS)	113,110	137,954	0	137,954
139,993	Information Technology Reserve Exp	212,000	168,194	0	168,194
4,327,602		3,276,870	55,331,474	(51,144,495)	4,186,979

## EXPENDITURE SUMMARY

2006-2007		2007-2008 REVISED ESTIMATE	2007-2008 ACTUAL		
NET £	<b>SERVICES :</b>	£	EXPEND. £	INCOME £	NET £
	<u>REGENERATION &amp; PLANNING</u>				
	<b>Executive Director, Regeneration &amp; Planning</b>				
1,870,173	Planning Division	1,941,950	2,168,702	(18,545)	2,150,157
429,500	Projects Division	435,240	399,319	(13)	399,306
478,688	Regeneration Administration	591,490	580,874	(27,154)	553,720
718,303	Marketing & Communications Division	722,730	728,331	(9,404)	718,927
(3,496,664)	Less recharges to other accounts	(3,691,300)	(3,877,226)	55,116	(3,822,110)
0		110	0	0	0
428,598	Development Control	519,410	856,538	(311,283)	545,255
426,129	Forward Planning	437,890	400,489	0	400,489
87,096	E-planning	89,890	73,366	0	73,366
65,434	Building Control Services	65,000	351,831	(286,831)	65,000
(247,526)	Local Land Charges Register	(141,160)	243,494	(337,238)	(93,744)
263,262	Conservation	202,510	268,880	(2,669)	266,211
106,890	Environmental Schemes	49,420	92,483	(184)	92,299
36,859	Public Art	0	29,226	0	29,226
101,467	Dangerous Structures	141,610	131,094	0	131,094
419,516	Regeneration	540,350	1,034,540	(563,191)	471,349
(18,885)	Regeneration Programming Team Single Regeneration, AIF & LEGI	83,680	332,986	(311,369)	21,617
0	Payments	0	2,206,751	(2,206,751)	0
540	The Stade	270	4,582	(4,000)	582
0	Hastings & Bexhill Task Force	(160)	140,118	(139,630)	488
(7,367)	Greenways	0	70	(10,951)	(10,881)
185,665	Community Safety	182,060	882,589	(718,930)	163,659
61,082	Tressell Training	115,690	870,402	(704,419)	165,983
41,162	Projects Division - other expenditure	97,860	72,751	0	72,751
108,279	Civic & Ceremonial Expenses	99,540	98,590	(79)	98,511
245,227	Visitor & Community Marketing	296,340	382,868	(100,103)	282,765
93,033	1066 Country Campaign	99,440	168,450	(65,301)	103,149
344,145	Hastings Information Centre	386,200	823,024	(425,916)	397,108
14,186	European Liaison	46,380	16,747	0	16,747
8,635	Meteorological Expenses	9,050	8,876	0	8,876
119,760	Raising the Profile	96,230	116,293	(7,805)	108,488
361,874	Museums and Art Gallery	418,370	508,264	(78,938)	429,326
12,374	Hastings Castle & Caves	20,630	88,129	(78,155)	9,974
99,238	Cultural Development	57,420	63,350	0	63,350
13,189	Coastal Currents	10,000	93,063	(87,061)	6,002
3,369,862		3,924,030	10,359,844	(6,440,804)	3,919,040



## EXPENDITURE SUMMARY

2006-2007		2007-2008 REVISED ESTIMATE	2007-2008 ACTUAL		
NET £	<b>SERVICES :</b> <u>ENVIRONMENT &amp; SAFETY</u>	£	EXPEND. £	INCOME £	NET £
	<b>Executive Director, Environment &amp; Safety</b>				
610,684	Highways Division	650,850	634,629	(2,730)	631,899
1,374,241	Environmental Services Division	1,438,240	1,350,030	(28,858)	1,321,172
76,278	Emergency Call Out Service	76,220	74,452	(466)	73,986
321,142	Waste Management Team	400,130	412,907	(4,928)	407,979
8,836	Wardens Office	0	0	0	0
(2,391,181)	Less recharges to other accounts	(2,565,440)	(2,472,018)	36,982	(2,435,036)
0		0	0	0	0
33,866	Naming & Numbering Streets	30,910	30,345	0	30,345
(761,222)	Car Parking	(953,500)	2,086,372	(3,639,049)	(1,552,677)
(1,732)	ESCC Highways Management	18,770	442,433	(455,168)	(12,735)
205,743	Traffic Management	75,430	273,294	(48,438)	224,856
41,779	Highways Shelters and Seats	32,020	39,992	(10,607)	29,385
59,048	Transport Policy	38,470	35,729	(3,727)	32,002
13,106	Cycle Routes	0	0	0	0
16,781	Community Bus Scheme	0	0	0	0
74,236	Local Licence Fees/Liquor Licensing	69,940	265,771	(243,250)	22,521
360,794	Environmental Protection	379,310	363,931	(27,640)	336,291
228,435	Food Safety & Infectious Diseases	243,770	215,759	(443)	215,316
257,813	Health & Safety	270,300	248,652	0	248,652
98,608	Pest Control	107,660	112,637	(14,920)	97,717
	Wardens, Env.Comm.Officers &				
235,108	Stray Dogs Service	272,930	499,557	(322,806)	176,751
7,630	Car Crime Reduction	0	2,136	(3,964)	(1,828)
77,658	Abandoned Vehicles	94,280	107,854	(22,369)	85,485
14,847	Together Action	30,000	16,626	(380)	16,246
	Crime Prevention / CCTV /				
202,447	Neighbhd. Watch	41,470	144,273	(23,438)	120,835
1,279,062	Street Cleansing	1,333,610	1,474,663	(39,435)	1,435,228
2,224,799	Waste Collection	2,153,180	2,629,533	(526,700)	2,102,833
276,459	Public Conveniences	323,410	448,627	(1,652)	446,975
46,571	Emergency Planning	50,560	49,945	(7,100)	42,845
83,450	Allotments	68,620	75,728	(7,764)	67,964
172,146	Arboriculture	203,770	230,163	(29,900)	200,263
(24,063)	Cliff Railways	(49,510)	224,270	(183,196)	41,074
187,693	Sea Front	135,650	598,714	(198,744)	399,970
120,363	Decorative Lighting	87,450	156,866	(8)	156,858
63,303	Town Centre & Street Decorations	60,390	60,229	0	60,229
(67,449)	Cemetery & Crematorium	(88,460)	615,136	(694,634)	(79,498)
56,586	Ecology	66,810	65,081	0	65,081
291,314	Country Parks	229,180	252,380	(33,340)	219,040
303,353	Coast Protection - Sea Defences	26,670	310,839	(1,472)	309,367
53,685	Watercourses	53,560	57,216	0	57,216
5,329	Navigational Aids	10,930	7,872	0	7,872
1,397,386	Grounds & POS	1,583,550	1,734,735	(150,062)	1,584,673
(20,369)	Chalets and Hut Sites	(10,290)	70,448	(116,701)	(46,253)
22,710	Other Expenses	46,060	76,297	(53,360)	22,937
7,637,273		7,036,900	14,024,103	(6,860,267)	7,163,836

## EXPENDITURE SUMMARY

2006-2007		2007-2008 REVISED ESTIMATE	2007-2008 ACTUAL		
NET £	<b>SERVICES :</b> <u>COMMUNITY WELL-BEING</u>	£	EXPEND. £	INCOME £	NET £
	<b>Executive Director, Community Well-Being</b>				
1,506,246	Housing Services - Administration	1,624,170	<b>1,684,079</b>	<b>0</b>	<b>1,684,079</b>
997,295	Leisure Services - Administration	237,460	<b>219,327</b>	<b>0</b>	<b>219,327</b>
(2,503,541)	Less recharges to other accounts	(1,861,630)	<b>(1,903,406)</b>	<b>0</b>	<b>(1,903,406)</b>
0		0	0	0	0
556,710	Renovation Grant Administration	191,180	<b>989,782</b>	<b>(770,665)</b>	<b>219,117</b>
272,761	Housing Renewal	275,230	<b>311,592</b>	<b>(40,014)</b>	<b>271,578</b>
250,196	Housing Advice & Aid	273,890	<b>258,355</b>	<b>0</b>	<b>258,355</b>
566,715	Homelessness	457,470	<b>607,246</b>	<b>(188,014)</b>	<b>419,232</b>
0	Homelessness Strategy	0	<b>94,595</b>	<b>(94,595)</b>	<b>0</b>
350,044	Liaison-Agencies & Hsng. Assoc.	71,400	<b>224,070</b>	<b>0</b>	<b>224,070</b>
144,896	Housing Register / Nominations	190,760	<b>167,221</b>	<b>(251)</b>	<b>166,970</b>
0	Secure Accomodation Scheme	0	<b>110,026</b>	<b>(110,026)</b>	<b>0</b>
202,139	St Leonards Renewal Area	198,000	<b>1,899,106</b>	<b>(1,711,145)</b>	<b>187,961</b>
879,460	Community Action	824,440	<b>909,540</b>	<b>(104,977)</b>	<b>804,563</b>
80,664	Neighbourhood Renewal	83,260	<b>2,651,423</b>	<b>(2,568,163)</b>	<b>83,260</b>
0	Greater Hollington Partnership	0	<b>538,715</b>	<b>(538,715)</b>	<b>0</b>
368,903	Sports Centres	445,510	<b>930,826</b>	<b>(428,485)</b>	<b>502,341</b>
214,389	Sports Development	169,340	<b>153,293</b>	<b>(2,348)</b>	<b>150,945</b>
17,794	Sports Management	26,100	<b>79,642</b>	<b>(56,671)</b>	<b>22,971</b>
77,560	Play Development	124,330	<b>133,077</b>	<b>(15,958)</b>	<b>117,119</b>
50,194	Passport to Leisure Scheme	0	<b>0</b>	<b>0</b>	<b>0</b>
139,778	St Mary in the Castle	59,920	<b>60,190</b>	<b>(3,304)</b>	<b>56,886</b>
65,853	Support for Events	56,600	<b>45,129</b>	<b>(425)</b>	<b>44,704</b>
542,038	White Rock Theatre	562,170	<b>559,987</b>	<b>0</b>	<b>559,987</b>
34,219	Youth Activities	26,030	<b>20,184</b>	<b>0</b>	<b>20,184</b>
308,430	Corporate Personnel Expenses	141,140	<b>428,750</b>	<b>(170,218)</b>	<b>258,532</b>
5,122,743		4,176,770	<b>11,172,749</b>	<b>(6,803,974)</b>	<b>4,368,775</b>

## EXPENDITURE SUMMARY

2006-2007		2007-2008 REVISED ESTIMATE	2007-2008 ACTUAL		
NET £	SERVICES :	£	EXPEND. £	INCOME £	NET £
<u>20,457,480</u>	<b>DIRECT SERVICE EXPENDITURE</b>	<u>18,414,570</u>	<u>90,888,170</u>	<u>(71,249,540)</u>	<u>19,638,630</u>

2006-2007	SERVICE MEASURES	2007-2008
	Numbers of :-	
15,191	Museum visitors (main Museum closed for part of both years for refurbishment)	39,551
95,916	East Hill Cliff Railway users (out of use since June 2007)	53,781
122,602	West Hill Cliff Railway users	260,038
54,743	Hastings Castle visitors	53,473
13,282	Concessionary Bus Passes in circulation at year end	15,483
25	Public Conveniences	17
103	Burials	130
80,466	Grave spaces	80,565
1,402	Cremations	1,342
17,848	Kilometres of Street Swept per annum	17,848
2.76 million	Dustbins Emptied (Bin Equivalents)	2.17 million
5,645	Re-cycling tonnage	8,383
5	Renovation Grants - Number Completed	30
900	Planning Applications	934
17	Conservation Area Projects	3
1,004	Building Regulation Applications	1,102
2,289	Car Parking Spaces (Off-Street)	2,289
996,408	Vehicles Parked (Off Street)	979,442
32,231	Penalty Charge Notices issued	29,350
1,120	Untaxed & Abandoned Vehicles removed	453
1,605	Licences Issued	2,198
465	Food Hygiene Inspections	565
232	Health & Safety Inspections	135
3,715	Local Land Charges (full searches only)	1,840
61,208	Local Electorate	61,835
85	Number of Factory Units	85
1,208,132	Rental Income from Factory Units	1,318,879



# FINANCIAL REVIEW AND FOREWORD

## INTRODUCTION

The Council's accounts for the year of 2007-2008 are set out on pages 15 to 50. They consist of :-

### The Core Single Entity Financial Statements:

- (a) The Income & Expenditure Account - the Council's main revenue account covering income and expenditure on all services.
- (b) The Statement of Movement on the General Fund Balance - a statement reconciling the Income & Expenditure Account to the General Fund which is that used to determine the council tax for the year.
- (c) The Statement of Total Recognised Gains & Losses (STRGL) - a statement that reflects the Council's entire gains and losses, not just those shown in the Income & Expenditure Account.
- (d) The Balance Sheet - which sets out the financial position of the Council on 31 March 2008. It includes the Collection Fund.
- (e) The Cash Flow Statement - which summarises the total movement of the Council's Funds for the year.

### Notes to the Core Financial Statements-

### The Supplementary Single Entity Financial Statements:

- (f) The Collection Fund Income and Expenditure Account - the Council is required to maintain a collection fund to receive sums by way of Community Charges, Council Tax, Business Rates, and any other amounts relating to the fund. Payments out include sums required by precepting bodies (such as the East Sussex County Council and the Council's own own General Fund, the contribution to the national Business Rating Pool and other amounts relating to the operation of the Fund.
- (g) A Capital Expenditure Summary which provides an analysis of the year's spending on the provision and improvement of lasting assets and deferred charges, together with how it was financed.

These accounts are supported by the Statement of Accounting Policies and an Annual Governance Statement which follows this foreword, and various notes to the accounts.

This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's position. The following three statements show in broad terms where the Council's money comes from, what it is spent on, and what services it provides.

### Where the Money Comes from :-

	£'000	%
Taxpayers (govt. grants)	55,292	61
Rents & Charges	11,293	12
Local Taxpayers - Council Tax	6,289	7
Business Rates - Council share	8,485	9
Other Income	9,603	11
	<b>90,962</b>	

### What the Money is Spent on :-

	£'000	%
Employees	18,201	20
Running Expenses	23,213	26
Depreciation & Other Capital Charges	3,988	4
Housing & Council Tax Benefit Payments & Disc.Rate Relief	45,560	50
	<b>90,962</b>	

### The Service Provided :-

	£'000	%
Cultural, Environmental & Planning Services	26,707	29
Highways, Roads & Transport Services	3,987	4
Housing Services - Benefits	47,008	52
Housing Services - Other	4,662	5
Central Services	6,024	7
Trading Services	2,574	3
	<b>90,962</b>	

# FINANCIAL REVIEW AND FOREWORD

## GENERAL FUND REVENUE BUDGET

	£'000
<b>Original</b> budget agreed in March 2007	<b>17,566</b>
<u>Less</u> contribution from reserves	<u>(1,413)</u>
Met by grant & Collection Fund	<u><b>16,153</b></u>
<b>Revised</b> budget agreed during year	<b>18,003</b>
<u>Less</u> contribution from reserves	<u>(1,850)</u>
Met by grant & Collection Fund	<u><b>16,153</b></u>
<b>Actual</b> spending for year	<b>16,651</b>
<u>Less</u> contribution from reserves	<u>(498)</u>
Met by grant & Collection Fund	<u><b>16,153</b></u>
The net saving compared to the revised budget was	<u><b>(1,352)</b></u>

The major changes from the revised budget are as follows:-

	£'000
Increase in net interest receipts	<b>(57)</b>
IT Reserve funded expend.unspent	<b>(44)</b>
Renewal & Repairs Reserve funded works unspent	<b>(119)</b>
Increased provision for Bad Debts	<b>122</b>
Advanced receipts from landfill site at Pebsham	<b>(162)</b>
LABGI additional grant received	<b>(83)</b>
Minimum Revenue Provision reduced	<b>(87)</b>
Twin Bin scheme - rephased	<b>(85)</b>
Foreshore Trust property - rate relief (includes prior years)	<b>(316)</b>
Wardens Service - underspending	<b>(89)</b>
General decrease in expenditure / increase in income	<b>(432)</b>
Net under-spending	<u><b>(1,352)</b></u>

## CAPITAL SPENDING

In 2007-2008 the Council spent £6.460m on capital projects compared with the revised budget of £8.126m.

The reasons for the decreased expenditure were :-

	£'000
Expenditure rephased into 2008-2009	<b>(1,828)</b>
New capitalised expenditure	<b>89</b>
Overspending	<b>36</b>
Advanced Expenditure	<b>46</b>
Underspending	<b>(9)</b>
Net variation	<u><b>(1,666)</b></u>

This capital expenditure was financed as shown below:-

	£'000
Loan	<b>30</b>
Proceeds from the sale of assets	<b>796</b>
Grants	<b>4,135</b>
Reserves	<b>1,349</b>
Revenue	<b>150</b>
Total financing	<u><b>6,460</b></u>

Total loans outstanding owed to external sources for capital spending amount to £15.198m. Under the prudential code for borrowing the Council assessed its limit for affordable borrowing at £45m and its operational boundary at £30m.

The Council provides for the pensions of its past and present employees contributing to the East Sussex County Council Pension Fund. The Council's share of this fund at the 31st March 2008 showed a deficit of £13.875m following the most recent actuarial valuation.

### FURTHER INFORMATION

Further information about the accounts is available from Financial Services at the address shown on page 1.

**N. Dart , CPFA , Deputy Chief Executive and Director of Corporate Resources**

# AUDIT REPORT (to be updated)

## INDEPENDENT AUDITOR'S REPORT TO HASTINGS BOROUGH COUNCIL

### OPINION ON THE FINANCIAL STATEMENTS

I have audited the statement of Hastings Borough Council for the year ended 31st March 2008 under the Audit Commission Act 1998, which comprise the Income and Expenditure Account, Statement of the Movement on the General Fund balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Hastings Borough Council in accordance with Part II of the Audit Commission Act 1998 and no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### RESPECTIVE RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER AND AUDITORS

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority in the United Kingdom 2006 are set out in the Statement of Accountable Officer's responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Council in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance: 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' (issued in April 2004). I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Forward. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### BASIS OF AUDIT OPINION

I conducted out my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which we considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and its expenditure for the year then ended.

..... Auditor

PKF (UK) LLP

30th September 2008

# AUDIT REPORT - (to be updated)

## CONCLUSION ON ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

### AUTHORITY'S RESPONSIBILITIES

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

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### AUDITOR'S RESPONSIBILITIES

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in the use of its resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- \* certifying that I have done so;
- \* stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- \* where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### CONCLUSION

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006. I am satisfied that, in all significant respects, Hastings Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 march 2008.

### BEST VALUE PERFORMANCE PLAN

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 in December 2007. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### CERTIFICATE

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

.....Auditor

30th September 2008



# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## THE COUNCIL'S RESPONSIBILITIES

The Council is required :-

(i) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Hastings that officer is the Deputy Chief Executive and Director of Finance (referred to as the Deputy Chief Executive hereafter).

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

## RESPONSIBILITIES OF THE DEPUTY CHIEF EXECUTIVE

The Deputy Chief Executive is responsible for the preparation of the Council's statement of accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2007.

In preparing this statement of accounts, the Deputy Chief Executive has :-

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

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

(iii) complied with the Code.

THE DEPUTY CHIEF EXECUTIVE HAS ALSO :

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

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

N Dart CPFA, Deputy Chief Executive and Director of Corporate Resources

# ANNUAL GOVERNANCE STATEMENT

## SCOPE OF RESPONSIBILITY

Hastings Borough 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. Hastings Borough 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.

In discharging this overall responsibility, Hastings Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Hastings Borough 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*.

A copy of the code is on our website at [www.hastings.gov.uk](http://www.hastings.gov.uk). This statement explains how Hastings Borough Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values for the direction and control of the authority and its activities through which it accounts to, engages and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives 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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than an 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 Hastings Borough Council 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 for a number of years at Hastings Borough Council and, in particular, for the year ended 31 March 2008 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 authority's governance arrangements

including arrangements for:-

Hastings Borough Council continues to have an established Corporate Plan setting out its objectives and there is an accompanying Performance Plan in which achievement of the authority's objectives is monitored.

Hastings Borough Council facilitates policy and decision-making via a Cabinet Structure with Cabinet Member portfolios. There are Overview and Scrutiny Committees covering all portfolios. An Audit Committee provides independent assurance to the council on risk management and control, and the effectiveness of the arrangements the council has for these matters. The Constitution is reviewed annually by the Monitoring Officer and is codified into one document that is available on the intranet and external web pages.

Hastings Borough Council ensures compliance with established policies, procedures, laws and regulations - including risk management. There is a comprehensive corporate induction programme in place and information regarding policies and procedures are held on the intranet, which continues to be enhanced and developed. The Council has an Internal Audit function and established protocols for working with External Audit. The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.

Hastings Borough Council has continued to enhance and strengthen its internal control environment through the introduction of new policies and procedures.

The Council has had a risk management strategy since July 2002, and this is regularly reviewed. Leadership is provided to the risk management process by the Corporate Director Environmental Services who is the Risk Management Champion and the Deputy Leader who is designated as the Members Risk Management Champion. The Council has approached embedding of risk management in accordance with best practice guidance.

Hastings Internal Audit continues to provide training and support to give managers at all levels a better understanding of how to enhance risk management in their area of responsibility and to have some understanding of the process up and down the Council. The high-level risk management methodology is being reviewed to provide more focus to member and senior officer management of risk.

Hastings Borough Council ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised by having regard to a combination of economy, efficiency and effectiveness as required by the Best Value Duty.

The Comprehensive Performance Assessment (CPA) framework currently assesses the Council as 'good'.

# ANNUAL GOVERNANCE STATEMENT

## THE GOVERNANCE FRAMEWORK (continued)

The Audit Commission's annual assessment of the Council stated in its main messages that:-

" The Council is improving services in line with its priorities and in those areas which matter to local people. It can demonstrate some high performing services in comparison with other district councils, for example, Planning and overall, it exhibits a strong rate of improvement. There are tangible examples of change, for example, the continuing physical regeneration of the area".

Financial management in Hastings Borough Council and the reporting of financial standing is undertaken through a general ledger and management information system, AGRESSO, which integrates the general ledger function with those of budgetary control and payments. These are supported by the Financial Operating Procedures (FOPS) Manual held on the council's intranet which contains information on financial and business procedures and processes to be followed in all areas of the council. A scheme of delegation which sets out the powers of Directors, the Financial rules and Contract Standing Orders form part of the Constitution. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.

Performance management in Hastings Borough Council and the reporting of performance management continues to be improved with a more focussed Corporate Plan setting out priorities and supported by a performance plan. The performance plan explains how the council will deliver the priorities and the commitments made in the Corporate Plan. The performance plan focusses on corporate priorities and reflects the council's determination to prioritise the areas of greatest importance for the people of Hastings. Performance indicators are recorded and monitored on the Performance Plus system.

## REVIEW OF EFFECTIVENESS

Hastings Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Directors within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Committee's Internal Audit and Risk management's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The Council contributes to the delivery and of the Community Strategy for Hastings through the Corporate Plan. This is supported by a planning framework, which includes policy framework plans and Directorate / Service Plans. The council monitors and reports publicly on progress so residents can see how issues that matter to them are being tackled. The plan is monitored on a quarterly basis by both the Performance Review Panels and Overview and Scrutiny Committees.

Service unit business plans contain a variety of performance indicators and targets that are regularly reviewed.

The Council's constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and their senior managers. In particular the council has identified the three statutory posts as follows:-

- \* Head of Paid Service - Chief Executive
- \* Chief Financial Officer - Deputy Chief Executive & Director of Corporate Resources
- \* Monitoring Officer - Borough Solicitor

The council continues to assess how its overall corporate governance responsibilities are discharged. In particular the council has adopted the CIPFA / Solace guidance and has developed a local code of corporate governance.

The arrangements for the provision of internal audit are contained within the Council's Financial Rules, which are included within the Constitution. The Deputy Chief Executive & Director of Corporate Resources is responsible for ensuring that there is an adequate and effective system of internal audit of the council's accounting and other systems of internal control as required by the Accounts and Audit Regulations 2003 as amended in 2006. The internal audit service is managed, independently, by the Deputy Chief Executive & Director of Corporate Resources, and operates in accordance with the CIPFA code of practice for Internal Audit in Local Government 2006. The Hastings audit plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the council's corporate governance arrangement, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to council establishments and fraud investigations. The resulting work plan is discussed and agreed with the Corporate Directors and the Audit Committee and shared with the Council's external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Hastings Internal Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any areas needing improvement. These are submitted to Members and Corporate Directors, as appropriate.

The council's review of the effectiveness of the system of internal control is informed by:-

- \* Directorate assurance based on management information, performance information, officer assurance statements and scrutiny reports
- \* the work undertaken by Hastings audit during the year
- \* the work undertaken by the external auditor reported in their annual audit and inspection letter
- \* other work undertaken by independent inspection bodies.

From the work undertaken by Hastings Audit in 2007/08 the Chief Auditor was able to give the following assurance "I am able to provide a reasonable assurance" on the key areas of risk management, corporate governance and financial control. In this context "reasonable assurance" means that the systems can be relied upon to prevent error, fraud or

# ANNUAL GOVERNANCE STATEMENT

## REVIEW OF EFFECTIVENESS (continued)

misappropriation occurring without detection, and that nothing was found that would materially affect the council's standing or Annual Accounts. Internal Audit did identify a number of concerns that required remedial action and these were reported to the appropriate Corporate Director or Senior Manager during the year.

Progress has been made to enhance Data Quality in 2007/08. A summary is as follows:-

- \* adoption of Data Quality Policy in September 2007/08, with action plan agreed (progress to be reported to September 2008 Audit Committee to coincide with annual assessment)
- \* positive result from Data Quality Assessment, for 2006/07 period, HBC classified as "*Performing well and above minimum requirements*".
- \* programme of Data Quality Reviews undertaken on areas identified as 'High Priority' including Development Control, Benefits, Forward Planning and Housing Options: Homelessness.
- \* Data Quality issues and changes made to data previously reported, included in quarterly performance reports to the Overview and Scrutiny Committees.
- \* work in third and fourth quarters of 2007/08 focussed on preparation for the introduction of new National Indicators from 1st April 2008, and the related comprehensive review of existing Best Value PI's, Local and Management PI's to create an appropriate suite of indicators for HBC from 1st April 2008.
- \* risk assessment of National Indicators undertaken to identify focus of work and reporting in 2008/09. High-risk indicators identified as those where we need to establish a new process for reporting data not previously collected, e.g. biodiversity. Low risk indicators identified as those where existing reporting routes are well established (e.g. waste and re-cycling returns or homelessness statutory returns), or where a reliable external agency will be undertaking data collection e.g. DEFRA or MORI.
- \* data sharing principles developed with officers within the East Sussex Performance Managers Group and Southern Performance Improvement Network to enable performance and benchmarking information to be shared.

The Council addresses all agreed recommendations made in inspection reports received on it. Significant progress has been made on the previous recommendations made in recent years as follows.

Homelessness: our approach to homelessness prevention has resolved 134 cases, where advice casework has prevented the need for a homelessness application, up from 96 preventions the previous year. This has helped reduce the number of cases of homelessness from 241 for 2006/07, to 156 for 2007/08. The number of households in temporary accommodation fell from 236 for 2006/07 to 132 for 2007/08.

Recycling: in 2006/07 the Council met its statutory recycling target of 18%, reaching 18.25%. In October 2007/08 an alternate weekly collection scheme was introduced, further

raising recycling levels above our statutory 20% target for the year. The provisional figure for the year is over 23%, and final figures are currently being confirmed with East Sussex County Council.

Council Tax collection: following a scrutiny review of Council tax collection, our rate for 2007/08 rose to 96.06%, from 95.3% the year before.

Sickness Absence: levels of sickness absence have fallen for the last two years, following a thorough review of processes for addressing sickness absence, and average number of days lost was 9.61 for 2007/08, down from 11.79 in 2006/07.

## SIGNIFICANT GOVERNANCE ISSUES

Other areas which have been highlighted in the review of the council's internal control include those listed below. In each case the directors responsible have identified the risk involved and prepared plans to contain the risks and deliver the necessary improvements.

Systems of internal control can be strengthened by regularly carrying out full cash reconciliations. It should be stressed that daily cheque reconciliations have at all times been carried out and have been fully effective in promptly detecting any discrepancies. The Council accepts that the overall reconciliation is a key control that needs to be performed on a monthly basis. A regime has therefore been put in place to bring the overall reconciliations up to date, which is monitored weekly by senior management.

An external review was carried out by PKF (UK) LLP into income lost by the Council to an organisation providing cash collection services. It concluded that there had been weaknesses by the Council in its contract terms and conditions and weaknesses in contract performance and action taken to manage that performance. It also concluded that the Council's corporate risk management arrangements need to be strengthened to ensure that contract risks - including that of contract failure - are properly identified, and that serious contract performance problems are alerted to senior management and Members at the earliest opportunity. The council has accepted all 5 recommendations (3 of which were high priority and 2 medium priority) and is progressing the action plan accordingly.

It is known that there are overspends in the Museum project and Audit will be taking a report to the next Audit Committee with actions to strengthen project management. There is also an Officer Task Group examining how best to improve capital programme expenditure forecasting and management.

**Chief Executive - Roy Mawford**

**Leader of the Council - P Pragnell**

# STATEMENT OF ACCOUNTING POLICIES

## 1. GENERAL PRINCIPLES

The general principles adopted in compiling the accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on the application of Statements of Recommended Practice (SORP's).

The accounts have been compiled in accordance with the 2007 Code of Practice on Local Authority Accounting, Statements of Standard Accounting Practice (SSAP's) and Financial Reporting Standards (FRS's) relevant to local authorities.

The 2007 SORP introduced a number of changes to accounting practice these being explained in the Notes.

## 2. BASIS ON WHICH DEBTORS AND CREDITORS AT THE YEAR END ARE BROUGHT INTO ACCOUNT

The revenue and capital accounts of the Council are recorded on an income and expenditure basis with provision being made at the year end for debtors and creditors.

The accrual of income and expenditure into the period to which it relates accords with the accounting code of practice and FRS18.

## 3. NATURE OF SUBSTANTIAL RESERVES, PROVISIONS, CONTINGENT GAINS & LOSSES AND DEFERRED CHARGES

(a) The Council maintains various reserves created under the provisions of the Local Government (Miscellaneous Provisions) Act 1976 and Local Government & Housing Act 1989. These include Capital Reserves, a Risk Management Reserve, a Renewal and Repairs Reserve, an Industrial Development Reserve, an Information Technology Reserve and a General Reserve (see notes to the Core Financial Statements).

(b) The loan debt outstanding on mortgages granted to purchase housing, and loans to other organisations is shown in the Balance Sheet as Long Term Debtors.

(c) Provisions have been established to provide for bad debts arising from general debtors, Council Taxpayers, residual sums due from Community Charge payers, Business rate payers and former tenants. These are in accordance with government regulations and accounting code of practice.

(d) Deferred charges represent expenditure of a capital nature where no fixed asset is created. Such expenditure is normally written off against revenue in the year in which it was incurred. Exceptions may include items of value to the authority which are then written off against revenue over appropriate periods.

(e) Legislation on the capital receipts of local authorities does not permit income over £10,000 on the sale of assets (both tangible & intangible) to be credited to the general fund revenue account as required by SSAP6. Therefore receipts from the disposal of assets are held in the capital receipts unapplied account or capital receipts set aside account until such time as they are used. The legislation changed from 1 Sept. 1999 from when all capital receipts arising from the sale of non-housing assets can be used and none need be set aside.

Interest on unused capital receipts is credited to the General Fund.

(f) Contingent gains and losses arise from time to time where material sums apply (eg. legal claims pending settlement, disputed contractual liabilities, guarantees, grant approvals) at the balance sheet date. They are disclosed in notes to the Core Financial Statements.

## 4. BASIS OF PROVISION FOR REDEMPTION OF DEBT

The Council operates a Consolidated Loans and Investment Account into which all loans raised are paid and from which all loans are eventually repaid. Repayment of loans is made on the basis of a minimum revenue provision. This is calculated at 4 % of the Net Borrowing Requirement.

## 5. BASIS ON WHICH CAPITAL WORKS OR EXPENSES ARE RECORDED IN THE BALANCE SHEET

Capital works and expenses are recorded in the balance sheet at cost except for appropriation of land and buildings which are recorded at value current at the time of appropriation. Expenditure of less than £50,000 on any one scheme is generally treated as revenue.

# STATEMENT OF ACCOUNTING POLICIES

## 6. BASIS OF VALUATION OF ASSETS

In the Balance Sheet :-

- (i) Infrastructure and community assets are shown at historical cost net of depreciation.
- (ii) Operational land and properties and other operational assets are shown at an open market valuation.
- (iii) Non-operational land and properties and other non-operational assets, and assets that are surplus to requirements, are shown at an open market valuation.
- (iv) Intangible Assets are shown at historic cost net of depreciation.

## 7. BASIS OF DEPRECIATION PROVISION

Depreciation has been provided for on all fixed assets with a finite useful life, which can be determined at the time of acquisition or revaluation. This includes freehold property.

It has been calculated on a straight-line basis over the expected remaining life of those assets. It is assessed on the difference between the book value and any estimated residual value.

## 8. COSTS OF SUPPORT SERVICES

The aim is to allocate the costs of Support Services completely over all the services of the Council. Minor residual balances are transferred to holding accounts to be adjusted in later years.

The bases of allocation used for the main costs of Support Services are outlined as follows :-

### Administrative staff :

Apportionment of staff time for each member of staff.

### Project Management staff:

Actual time spent by the relevant staff.

### Administrative Buildings :

All costs are pooled and recharged on the basis of the number of staff occupying those buildings.

## 9. COST OF THE CORPORATE & DEMOCRATIC CORE & UNAPPORTIONED CENTRAL OVERHEADS

The costs of corporate policy making, public accountability and of unapportionable central overheads for which no user continues to benefit, are not allocated but remain as a charge to the General Fund in their own right.

## 10. INTEREST CHARGES

Net interest on external loans and investments paid by the Consolidated Loans and Investment Account is recharged to the Income and Expenditure Account.

A proportion of that interest is then further recharged to Housing Act Advances and shared services (on the basis of notional outstanding debt).

## 11. STOCKS

Separate stock accounts are kept for souvenirs, waste bins, tourist information, materials, and office supplies. They are valued on the basis of cost or net realisable value.

## 12. PENSIONS

The Council contributes to the East Sussex County Council Pension Fund. It is a defined benefit scheme providing benefits based on final pensionable pay. The fund is responsible for all pension payments except for additional entitlements to payments which have been granted at the discretion of Hastings Council.

The Council complies with FRS17 which relates to the accounting treatment of accumulated retirement benefits earned at the balance sheet date, even if the actual benefits are paid out over many years into the future. The policy reflects the commitment in the long term to increase employer contributions to make up any shortfall in attributable assets in the pension fund.

## 13. GOVERNMENT GRANTS

Revenue grants are matched with the expenditure to which they relate. They are credited to the revenue account of the period in respect of which they are payable.

Where the acquisition of a fixed asset is either wholly or partially financed by government grant, the amount of grant is credited to a government grants deferred account and written off to the related service account over the useful life of the asset to match the depreciation of the asset to which it relates.

# STATEMENT OF ACCOUNTING POLICIES

## 14. LEASES

Finance Leases - rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease.

Operating Leases - rentals payable under operating leases are charged to revenue over the term of the lease.

## 15. VAT

VAT has only been included in the accounts when it is irrecoverable.

## 16. FAIR VALUE

The fair value of borrowings has been based on the comparable new borrowing / deposit rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities.

# INCOME & EXPENDITURE ACCOUNT

2006-2007 Adjusted Net Expend.		2007-2008 <b>GROSS EXPEND.</b>	2007-2008 <b>INCOME</b>	2007-2008 <b>NET EXPEND.</b>	2007-2008 Pension adjustment under FRS 17 <sup>1</sup>	2007-2008 <b>Adjusted Net Expend.</b>
£'000	SERVICES	£'000	£'000	£'000	£'000	£'000
	Cultural, Environmental & Planning Services:					
706	Cultural Services	706	(83)	623	(3)	620
5,736	Environmental Services	8,302	(2,648)	5,654	(22)	5,632
1,697	Planning and Development Services	5,671	(3,826)	1,845	(21)	1,824
3,182	Recreation & Sport	4,567	(977)	3,590	(16)	3,574
828	Tourism	1,609	(686)	923	(5)	918
1,024	Community Development	5,033	(3,979)	1,054	(13)	1,041
1,827	Other	819	(19)	800	(2)	798
	Highways, Roads & Transport Services:					
(757)	Highways - Parking	2,086	(3,639)	(1,553)	(3)	(1,556)
768	Transportation - Concessionary Fares	1,079	(28)	1,051	0	1,051
376	Other	822	(518)	304	(4)	300
	Housing Services:					
208	Housing Benefits	47,008	(46,991)	17	(13)	4
2,362	Housing - other than Council Housing	4,662	(2,915)	1,747	(14)	1,733
805	Central Services to the Public	2,092	(668)	1,424	(11)	1,413
3,100	Corporate & Democratic Core Expenses	2,739	(170)	2,569	(21)	2,548
604	Non Distributed Costs	1,121	(373)	748	(4)	744
(78)	Other Funds (see Note 32)	72	0	72	0	72
22,388	<b>Net Cost of Services</b>	<b>88,388</b>	<b>(67,520)</b>	<b>20,868</b>	<b>(152)</b>	<b>20,716</b>
(1,828)	(Surplus) / Deficit on Trading Undertakings not included in Net Cost of Services - Note 2	2,574	(3,731)	(1,157)	(4)	(1,161)
(232)	(Gains) & Losses on Disposal of Fixed Assets	0	(152)	(152)	0	(152)
(1,268)	Interest and Investment Income	0	(1,574)	(1,574)	0	(1,574)
898	Interest Payable and similar charges	804	0	804	0	804
(109)	Pensions Interest Cost and expected Return on Pensions Assets	0	0	0	(204)	(204)
19,849	<b>Net Operating Expenditure</b>	<b>91,766</b>	<b>(72,977)</b>	<b>18,789</b>	<b>(360)</b>	<b>18,429</b>
	SOURCES OF FINANCE					
(1,601)	General Government Grants			(1,557)	0	(1,557)
(8,045)	Non Domestic Rates Redistribution			(8,485)	0	(8,485)
0	Transfers to / from Collection Fund re previous years (surpluses) / deficits			45	0	45
(6,055)	Amount met from Collection Fund			(6,289)	0	(6,289)
4,148	<b>(Surplus) / Deficit for the year</b>			<b>2,503</b>	<b>(360)</b>	<b>2,143</b>

<sup>1</sup> Financial Reporting Standard 17 (FRS17) requires an adjustment to be made to the accounts to reflect the difference between the actual employer contribution to the pension fund and the estimated true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a pension at retirement.



## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income & Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different basis, the main differences being:-

- \* Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- \* Depreciation and impairment of fixed assets is charged to the Income & Expenditure Account but cannot be charged to the General Fund. The amortisation of intangible fixed assets is treated in a similar way.
- \* Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.
- \* A statutory provision for the repayment of debt related to capital investment is included when determining the General Fund balance, but is not included in the Income & Expenditure Account.
- \* Net gains or losses on the sale of fixed assets is charged to the Income & Expenditure Account but cannot be charged to the General Fund.
- \* The net transfer from reserves is excluded from the Income & Expenditure Account but is included when determining the General Fund balance.

2006-2007 £'000		2007-2008 £'000	2007-2008 £'000
	Change in the General Fund Balance for the year analysed between:		
(4,148)	Surplus / (deficit) for the year on the Income & Expenditure Account	(2,143)	
4,226	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance for the year - <i>Note 15.</i>	<u>2,071</u>	<u>(72)</u>
<u>78</u>			<u>(72)</u>
553	General Fund Balance brought forward ( <i>see Note. 32</i> )		631
<u>631</u>	<b>General Fund Balance carried forward</b>		<u>559</u>

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (STRGL)

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income & Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-imburement of the net liability to cover the cost the cost of retirement benefits.

<b>2006-2007</b> <b>£'000</b>		<b>2007-2008</b> <b>£'000</b>
4,148	(Surplus) / Deficit on the Income & Expenditure Account for the year	<b>2,143</b>
(546)	(Surplus) / Deficit arising on revaluation of Fixed Assets	<b>(1,676)</b>
(5,301)	Actuarial (Gains) & Losses on Pension Fund Assets & Liabilities	<b>(3,175)</b>
281	(Surplus) / Deficit attributable to the Council on the Collection Fund	<b>(44)</b>
(1,223)	Other (Gains) & Losses	<b>(647)</b>
<hr/> <b>(2,641)</b>	<b>Total Recognised (Gains) &amp; Losses for the year</b>	<hr/> <b>(3,399)</b>

# BALANCE SHEET

2006-2007		2007-2008	
£'000	<b>FIXED ASSETS - Note 17</b>	£'000	£'000
	<b>Tangible Assets:</b>		
	Operational Assets- Note 18		
9,219	Land & Buildings	11,158	
12,549	Infrastructure Assets	12,543	
1,171	Vehicles, Plant, Furniture & Equipment	1,837	
12,953	Community Assets	13,767	39,305
	Non-operational Assets- Note 19		
28,572	Investment Properties	27,822	
0	Assets under Construction	338	
2,451	Surplus Assets, held for Disposal	1,586	29,746
<u>66,915</u>			<u>69,051</u>
848	<b>Intangible Assets: Note 20</b>		565
<u>67,763</u>	Total of Fixed Assets		<u>69,616</u>
	<b>LONG TERM INVESTMENTS</b>		
0	Investments		0
	<b>LONG TERM DEBTORS Note 22</b>		
98	Mortgages		62
300	Other		237
<u>68,161</u>	Total Long -Term Assets		<u>69,915</u>
	<b>CURRENT ASSETS</b>		
74	Stocks - Note 23		74
9,593	Debtors - Note 24		9,044
20,877	Short Term Deposits - Note 37		18,801
7	Cash in Hand		5
<u>30,551</u>			<u>27,924</u>
	<b>CURRENT LIABILITIES</b>		
(7,255)	Creditors - Note 25		(5,643)
(6,000)	Borrowing repayable on demand or within one year - Note 26		(3,508)
(729)	Bank Overdraft		(2,746)
<u>(13,984)</u>			<u>(11,897)</u>
<u>16,567</u>	Net Current Assets / (Liabilities)		<u>16,027</u>
<u>84,728</u>	Total Assets less current liabilities		<u>85,942</u>

# BALANCE SHEET

2006-2007 £'000		2007-2008 £'000	£'000
84,728	Total Assets less Current Liabilities b/f		85,942
	<b>LONG TERM LIABILITIES</b>		
(15,198)	Long Term Borrowing repayable in excess of 1 year - <i>Note 26</i>		(15,317)
0	Deferred Liabilities - <i>Note 27</i>		0
(11,198)	Government Grants Deferred		(12,389)
(1,790)	Provisions - <i>Note 28</i>		(1,830)
(17,410)	Liability related to a Defined Benefit Pension scheme - <i>Note 5</i>		(13,875)
<u>(45,596)</u>			<u>(43,411)</u>
<u>39,132</u>	<b>Total Assets less Liabilities</b>		<u>42,531</u>
	<b>FINANCED BY:</b>		
(43)	Deferred Credits - <i>Note 29</i>		(35)
(274)	Trust Funds - <i>Note 30</i>		(487)
(631)	Revenue Balances - <i>Note 32</i>		(559)
(10,228)	Reserves - <i>Note 31</i>		(8,774)
0	Financial Instruments Adjustment Account - <i>Note 31a</i>		(289)
3,402	Fixed Asset Restatement Account - <i>Note 33</i>		
(48,993)	Capital Financing Account - <i>Note 34</i>		
	Revaluation Reserve - <i>Note 33</i>		(1,704)
	Capital Adjustment Account - <i>Note 34</i>		(44,432)
0	Usable Capital Receipts Reserve - <i>Note 35</i>		(307)
17,410	Pensions Reserve - <i>Note 36</i>		13,875
	Collection Fund Balance * - <i>Note 38</i>		
225	Hastings Borough Council		181
<u>(39,132)</u>	<b>Total Net Worth</b>		<u>(42,531)</u>

\* see Collection Fund Income & Expenditure Account on pages 47 to 49 for detail.

# CASH FLOW STATEMENT

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2006-2007 £'000	REVENUE ACTIVITIES	2007-2008 £'000
	<b>CASH OUTFLOWS</b>	
17,789	Cash paid to and on behalf of employees	18,389
20,917	Other operating cash payments	25,686
34,713	Housing benefit payments	37,594
16,176	National non-domestic rate payments to national pool & other adjustments	16,045
34,517	Net Precepts paid	35,980
124,112		133,694
	<b>CASH INFLOWS</b>	
(31,743)	Council Tax income	(34,483)
(16,066)	National non-domestic rate receipts from ratepayers	(16,688)
(8,045)	National non-domestic rate receipts from national pool	(8,485)
(1,507)	Revenue Support Grant	(1,424)
(44,616)	DWP grants for benefit payments	(47,809)
(8,561)	Other government / agencies grants	(6,513) <i>Note 42.</i>
(13,084)	Cash received for goods & services & rents	(16,287)
(123,622)		(131,689)
490	Net expenditure / (income)	2,005
	<b>SERVICING OF FINANCE</b>	
	<b>CASH OUTFLOWS</b>	
920	Interest paid	467
	<b>CASH INFLOWS</b>	
(1,125)	Interest received	(518)
285	Net Revenue Activities	1,954 <i>Note 41.</i>
	<b>CAPITAL ACTIVITIES</b>	
	<b>CASH OUTFLOWS</b>	
5,776	Purchase of fixed and intangible assets	6,065
0	Other capital cash payments	0
5,776		6,065
	<b>CASH INFLOWS</b>	
(1,067)	Sale of other fixed assets	(542)
(2,983)	Capital grants received	(4,960)
0	Other capital cash receipts	0
1,726	Net Capital Activities	563
2,011	Net cash (inflow) / outflow before financing	2,517 <i>Note 43.</i>

# CASH FLOW STATEMENT

2006-2007 £'000		2007-2008 £'000
	<b>FINANCING</b>	
	<b>CASH OUTFLOWS</b>	
6,000	Repayment of amounts borrowed	2,500
	<b>CASH INFLOWS</b>	
0	New loans raised	0
0	New short -term loans	0
6,000		2,500
	 <b>MANAGEMENT OF LIQUID RESOURCES</b>	
(8,675)	Net (decrease) / increase in short-term lending & bank deposits <i>Note 44.</i>	(3,000)
(8,675)		(3,000)
(664)	Net (Increase) / decrease in cash	2,017

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 1. PRIOR PERIOD ADJUSTMENTS

Fixed assets belonging to the Foreshore Trust have been written out of the balance sheet as at 1 April 2007. Both years figures now reflect the reduction - a net £3.395m made up from £2.103m of Operational Assets and £1.292 of Non-Operational Assets. The opposite entry is to the Capital Financing Account.

Revenue Balances - Note 32 - S38 and S106 monies being held before their eventual release have been re-categorised as receipts in advance and now reflect as Creditors at the 31st March 2007.

The total sum was £308,000 and both Balances and Creditors have been restated to reflect this transfer.

## NOTE 2. TRADING UNDERTAKINGS

The Council operates various undertakings whose financial results were as follows :-

2006-2007 NET £'000		EXPEND. £'000	2007-2008 INCOME £'000	NET £'000
(2,343)	Employment Areas, Factories, Land & Property Entertainments & Amenities	1,631	(3,353)	(1,722)
542	- White Rock Theatre	560	0	560
12	- Caves & Castle	88	(78)	10
(44)	- Chalets, Hut Sites and Cliff Railways	295	(300)	(5)
<u>(1,833)</u>		<u>2,574</u>	<u>(3,731)</u>	<u>(1,157)</u>
5	Adjustment for pension contributions under FRS17			(4)
<u>(1,828)</u>	Net deficit / (surplus)			<u>(1,161)</u>

## NOTE 3. EMPLOYEE REMUNERATION (excluding employers pension contributions)

The number of employees of the Council whose emoluments were within the following ranges were :-

2006-2007		2007-2008
8	£50,001 - 60,000	12
2	£60,001 - 70,000	1
4	£70,001 - 80,000	5
2	£80,001 - 90,000	1
1	£90,001 - £100,000	1
<u>17</u>		<u>20</u>

## NOTE 4. AMOUNT SET ASIDE FOR THE REPAYMENT OF EXTERNAL LOANS - MRP

From 1 April 2007 Government introduced new regulations concerned with the treatment of MRP. This places a general duty on the Council to make prudent provision for the re-payment of capital debt. The Councils financial advisors have reviewed the local position and ascertained that for 2007-08 no provision need be made.

2006-2007 £'000		2007-2008 £'000
0	General Fund schemes	0
<u>0</u>		<u>0</u>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 5. PENSION COSTS

The Council provides for the pensions of its past and present employees by way of annual contributions to the East Sussex County Council Pension Fund. It is a defined benefit scheme providing benefits based on final

2006-2007			2007-2008	
£'000	%		£'000	% of pensionable pay
2,227	19.50	Primary contribution	2,397	20.80
158	1.38	Discretionary years, added years and lump sums awarded	161	1.40
<u>2,385</u>	<u>20.88</u>	Total payments to the Pension Fund	<u>2,558</u>	<u>22.20</u>

The last full actuarial valuation was as at 31 March 2007. The cost of providing pensions has risen mainly as a result of the lower returns on investments, the longevity of members and the level of early retirements in the past. The assessed deficit of £13.875m impacts on the Council by way of increased employer contributions. Over the next three years the primary contribution will be 21.8%.

Hastings Nos. at 31 Jan.2007		Hastings Nos. at 31 Jan.2008
532	Active Members	494
483	Deferred Pensioners	519
626	Pensioners	630
<u>1,641</u>		<u>1,643</u>

2006-2007		2007-2008
£'000		% of payroll £'000
2,505	Current Service Cost	19.06% 2,196
60	Past Service Cost	0.45% 52
0	Impact of Settlements & Curtailments	1.45% 167
2,565	Total Operating Charge (A)	20.96% 2,415
4,754	Expected Return on Employer Assets	45.84% 5,283
(4,645)	Interest on Pension Scheme Liabilities	(44.07%) (5,079)
109	Net Return (B)	1.77% 204
<u>2,456</u>	Net Revenue Account Cost (A) - (B)	<u>19.19%</u> <u>2,211</u>

2006-2007		2007-2008
£'000		£'000
(22,640)	Deficit at the beginning of the year	(17,410)
(2,505)	Current Service Cost	(2,196)
(60)	Past Service Cost	(52)
0	Impact of Settlements & Curtailments	(167)
158	Contributions in respect of Unfunded Benefits	161
2,227	Employer contributions (as estimated by Actuary)	2,410
109	Net Return on Assets	204
5,301	Actuarial gains / (losses)	3,175
<u>(17,410)</u>	Deficit at end of year	<u>(13,875)</u>



# NOTES TO THE CORE FINANCIAL STATEMENTS

The Actuary has made no allowance in his calculations for the potential effect of employee or deferred pensioner members electing to take additional tax-free cash at retirement, as is permitted from April 2006.

Note : see also note 35.

2006-2007 £'000		2007-2008 £'000
36	Difference between expected and actual return on assets	(8,065)
76,845	Value of Assets	72,395
0.00%	% of assets	11.14%
51	Experience gains / (losses) on liabilities	(2,955)
94,255	Value of Liabilities	86,270
(0.10%)	% of assets	(3.43%)
5,301	Actuarial gains / (losses)	3,175
94,255	Value of Liabilities	86,270
5.60%	% of assets	3.68%

## NOTE 6. LEASES

Vehicles, plant and equipment have been acquired through operating leases. During the year payments under operating lease agreements, together with the future obligations are shown in the table below. There are no finance leases at the current time.

2006-2007 £'000		2007-2008 £'000
296	Operating Leases (vehicles)	302
0	Finance Leases (unit factories, fixed plant and equipment)	0
<u>296</u>		<u>302</u>
401	Future cash payments required under Operating Leases	459

## NOTE 7. MEMBERS ALLOWANCES

Allowances and expenses paid to Councillors during the year were :-

2006-2007 £'000		2007-2008 £'000
269	Members Allowances	278
24	Conferences, Training and Travelling Expenses	18
<u>293</u>		<u>296</u>
32	Number of Councillors	32
£9,166	Average sum per Councillor	£9,250

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 8. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the UK and Mayoral appeals.

Generally this expenditure relates to grants made to voluntary groups where other powers do not exist.

2006-2007 £'000		2007-2008 £'000
145	Grants to Voluntary Organisations	130
145		130

## NOTE 9. PUBLICITY EXPENDITURE

Since 1 April 1988 section 5 of the Local Government Act 1986 requires local authorities to keep a separate account of their expenditure on publicity, which is available for public inspection. The areas covered by the act include resort advertising and economic development advertising. During 2007-2008 this expenditure was as follows :-

2006-2007 £'000		2007-2008 £'000
134	Tourism Resort & Community Awareness publicity	134
134		134

## NOTE 10. RELATED PARTY TRANSACTIONS

During the year transactions with related parties arose as follows :-

	Receipts £'000	Payments £'000
Central Government		
Specific Revenue Grants	(54,322)	-
Revenue Support Grant (incl. LABGI)	(1,557)	-
Contributions to / from Business Rate Pool	(8,485)	16,045
Capital Grants	(4,960)	-
East Sussex County Council - precept	-	30,495
East Sussex Fire Authority - precept	-	2,145
Sussex Police Authority - precept	-	3,571
East Sussex County Council Pension Fund - payment of employer's pension contributions in respect of employees	-	2,558
Hastings Borough Council Staff - loans made to individual members of staff to assist with the purchase of vehicles and repayments	(49)	36
Hastings Borough Council Staff - grants to individual members of staff to assist with their costs of relocation when taking employment with the Council	-	0

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 11. BUILDING CONTROL STATEMENT

Under the Building (Local Authority Charges) Regulations 1998 the Council has made a scheme that took effect from 1 April 1999. The expenditure and income divided between chargeable and non-chargeable was :-

2006-2007 £'000		Chargeable £'000	Non-chargeable £'000	2007-2008 £'000
368	Expenditure	218	134	352
(303)	Income	(232)	(55)	(287)
65	Net (Surplus) / Deficit	(14)	79	65

## NOTE 12. AUDIT FEES

Fees were paid to the Council's external auditors for services carried out as follows:-

2006-2007 £'000		2007-2008 £'000
90	External audit services	117
41	Certification of Grant Claims and Returns	28
15	Other Services	0
146		145

## NOTE 13. TRANSPORT ACT 2000

Under the powers conferred by this act the following expenditure was incurred (nil in 2007-08):-

2006-2007 £'000		2007-2008 £'000
17	Expenditure on an Evening Transport Service	0
14	Grant towards 'Dial-a-Ride' community transport service	0
31		0

## NOTE 14. LOCAL AREA AGREEMENT (LAA) GRANT

The Council is a participant in an LAA - a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for public services. In 2007-08 the Council received the following grants via the East Sussex County Council as accountable body:-

Purpose of grant:-	2007-2008 £'000
Neighbourhood Management Pathfinder project	440
Building Safer Communities & Anti-Social Behaviour Co-ordinator	177
Local Enterprise Grant Initiative (LEGI) - revenue & capital schemes	1,426
Neighbourhood Element	547
Neighbourhood Renewal Fund	1,836
Waste & Efficiency Grant	73
	4,499

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 15. RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006-2007 £'000		2007-2008 £'000
	<b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</b>	
(316)	Amortisation of intangible fixed assets	(283)
(1,391)	Depreciation and impairment of fixed assets	(2,223)
359	Government Grants Deferred amortisation	2,944
(859)	Write downs of deferred charges to be financed from capital resources	(2,810)
0	Unamortised discount on the premature repayment of PWLB long term loans	289
232	Net Gain / (Loss) on disposal of Fixed Assets	152
(2,456)	Net charges made for retirement benefits in accordance with FRS17	(2,198)
(4,431)		(4,129)
	<b>Amounts not included in the Income &amp; Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>	
0	Minimum revenue provision for capital financing	0
0	Capital expenditure charged in-year to the General Fund Balance	0
2,385	Employers contributions payable to the ESCC Pension Fund and retirement	2,558
2,385		2,558
	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>	
(2,346)	Movement on Earmarked Reserves	(690)
166	Movement on General Reserves	190
(2,180)		(500)
(4,226)	<b>Net additional amount required to be credited to the General Fund Balance for the year</b>	(2,071)

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 16. STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (STRGL):

### (SURPLUS) / DEFICIT ON REVALUATION OF FIXED ASSETS

2006-2007 £'000		2007-2008 £'000
347	Writing down of Fixed Asset values	0
(961)	Unrealised Gains	(1,704)
68	De-Minimus adjustments	28
(546)	Net (gain) / loss	(1,676)

### ACTUARIAL GAINS & LOSSES ON PENSION FUND ASSETS & LIABILITIES

£'000		£'000
36	Difference between the expected and actual return on assets	(8,065)
51	Differences between actuarial assumptions about liabilities and actual experience	(2,955)
5,214	Changes in demographic and financial assumptions used to estimate liabilities	14,195
5,301	Net gain / (loss)	3,175

From 2003-04 the Code of Practice on Local Authority Accounting in the UK has introduced the requirement to show the actuarial gains and losses related to the Council's share of the East Sussex Pension Fund.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 17. FIXED ASSETS

An analysis of fixed assets includes the following :-

2006-2007 no's		2007-2008 no's
	<b>Operational Land and Buildings :</b>	
1	Town Hall	1
9	Offices	9
18	Off Street Car Parks	18
1	Leisure Centres and Pools	1
2	Museums and Galleries	2
2	Theatre and Entertainments Buildings	2
1	Cemetery	1
1	Crematorium	1
2	Cliff Railways	2
1	Hastings Castle	1
1	St.Clements Caves	1
	<b>Community Assets :</b>	
617 hectares	Parks, Recreation Grounds and Open Spaces	617 hectares
3	Reservoirs	3
	<b>Non-operational Assets :</b>	
1	St.Mary in the Castle	1
36 units	Commercial Property rented out	36 units
131 units	Industrial Land and Property rented out	131 units
3	Agricultural Properties	3
1	Fishmarket	1
	<b>Infrastructure Assets :</b>	
1	Harbour Arm	1
4km	Promenade	4km
4km	Coast Defence Walls	4km

Assets are revalued on a rolling programme basis, service by service. On this basis all assets are revalued within a five year period.

Operational and Non-operational assets are valued on an open market basis. Infrastructure and Community assets are valued on a historic cost basis.

Valuations are carried out in-house by the Council's Estates Manager who is an Member of the Royal Institution of Chartered Surveyors.

Depreciation on all tangible assets is calculated on a straight-line basis over the expected remaining life of those assets. It is assessed on the difference between the book value and any estimated residual value.

Amortisation of intangible assets is generally calculated over a five year life.

Certain seafront car parks and other land and buildings along the seashore are in the ownership of the Foreshore Trust. These are currently managed by the Council and historically figure in the assets shown in the Balance Sheet. During 2007-08 these have been separated from the Council's accounts - a value of £3.395m has been written out of the 2006-07 and 2007-08 fixed asset balances.

During the year a number of assets were sold, amongst these were:-

Land at Broomgrove (old power station site) and Chiltern Drive

## NOTES TO THE CORE FINANCIAL STATEMENTS

### NOTE 18. OPERATIONAL ASSETS

Movements in operational assets during the year :-

	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra- structure Assets £'000	Communit y Assets £'000	<b>Total £'000</b>
Gross Book Value at 1st April	9,748	1,755	18,378	13,577	<b>43,458</b>
Additions	476	993	665	864	<b>2,998</b>
Disposals	0	(5)	0	0	<b>(5)</b>
Impairments	(69)	(31)	0	(2)	<b>(102)</b>
Revaluations	1,591	0	0	0	<b>1,591</b>
Re-categorisation	0	0	0	0	<b>0</b>
Gross Book Value at 31st March	<u>11,746</u>	<u>2,712</u>	<u>19,043</u>	<u>14,439</u>	<b><u>47,940</u></b>
Accumulated Depreciation at 1st April	(529)	(584)	(5,829)	(624)	<b>(7,566)</b>
Depreciation this year	(175)	(318)	(671)	(50)	<b>(1,214)</b>
Depreciation Written Out on Asset Movement	116	27	0	2	<b>145</b>
Accumulated Depreciation at 31st March	<u>(588)</u>	<u>(875)</u>	<u>(6,500)</u>	<u>(672)</u>	<b><u>(8,635)</u></b>
Net Book Value at 31st March	<u>11,158</u>	<u>1,837</u>	<u>12,543</u>	<u>13,767</u>	<b><u>39,305</u></b>

### NOTE 19. NON-OPERATIONAL ASSETS

Movements in non-operational assets during the year :-

	Investment Properties £'000	Assets Under Con- struction £'000	Surplus Assets held for Disposal £'000	<b>Total £'000</b>
Gross Book Value at 1st April	29,840	0	2,451	<b>32,291</b>
Additions	162	338	0	<b>500</b>
Disposals	0	0	(865)	<b>(865)</b>
Impairments	(870)	0	0	<b>(870)</b>
Revaluations	0	0	0	<b>0</b>
Re-categorisation	0	0	0	<b>0</b>
Gross Book Value at 31st March	<u>29,132</u>	<u>338</u>	<u>1,586</u>	<b><u>31,056</u></b>
Accumulated Depreciation at 1st April	(1,268)	0	0	<b>(1,268)</b>
Depreciation this year	(42)	0	0	<b>(42)</b>
Depreciation Written Out on Asset Movement	0	0	0	<b>0</b>
Accumulated Depreciation at 31st March	<u>(1,310)</u>	<u>0</u>	<u>0</u>	<b><u>(1,310)</u></b>
Net Book Value at 31st March	<u>27,822</u>	<u>338</u>	<u>1,586</u>	<b><u>29,746</u></b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 20. INTANGIBLE ASSETS

Movements in intangible assets during the year :-

	Software £'000	Other £'000	Total £'000
Gross Book Value at 1st April	1,431	0	1,431
Additions	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Re-categorisation	0	0	0
Gross Book Value at 31st March	1,431	0	1,431
Accumulated Amortisation at 1st April	(583)	0	(583)
Amortisation this year	(283)	0	(283)
Accumulated Amortisation at 31st March	(866)	0	(866)
Net Book Value at 31st March	565	0	565

## NOTE 21. DEFERRED CHARGES

Deferred charges represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. The expenditure is written down during the year of acquisition and therefore no sum remains on the face of the balance sheet.

	Balance at 1 April £'000	Expenditure £'000	Amount written out £'000	Balance at 31 March £'000
Renovation & Social Housing Grants	0	1,825	1,825	0
Other	0	985	985	0
	0	2,810	2,810	0

## NOTE 22. LONG TERM DEBTORS

Mortgages granted for housing purposes, loans made to businesses, and to staff by way of car loans.

2006-2007 £'000		2007-2008 £'000
98	Mortgages	62
192	Loans to Businesses	144
108	Car Loans to Staff	98
398		304
0	<u>Less</u> : Provision for bad debts	(5)
398		299

The SORP 2007 requires that the fair value of this category of asset be disclosed in the notes to the accounts. The following fair values apply:-

Mortgages	62
Loans to Businesses	139
Car Loans to Staff	94
	295



# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 23. STOCKS

Small stocks of saleable and consumable items held by a number of service providers.

2006-2007 £'000		2007-2008 £'000
74	Stocks of materials, souvenirs, provisions & office supplies	74
74		74

## NOTE 24. DEBTORS

2006-2007 £'000	<b>AMOUNTS FALLING DUE WITHIN ONE YEAR:</b>	2007-2008 £'000
7,620	Local Taxpayers	6,711
3,861	Government Departments / Bodies	2,647
858	Other Local Authorities & Public Bodies	481
1,304	Collection Fund deficits attributable to precepting authorities	1,048
848	Housing Rents & Benefit Payments	2,018
2,420	Sundry Debtors	2,496
16,911		15,401
(7,318)	<u>Less</u> : Provision for bad debts	(6,357)
9,593	<b>TOTAL</b>	<b>9,044</b>

## NOTE 25. CREDITORS

2006-2007 £'000	<b>AMOUNTS FALLING DUE WITHIN ONE YEAR:</b>	2007-2008 £'000
1,114	Government Departments / Bodies	1,794
719	Other Local Authorities & Public Bodies	804
0	Collection Fund surpluses attributable to precepting authorities	0
5,422	Sundry Creditors	3,045
7,255	<b>TOTAL</b>	<b>5,643</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 26. BORROWING

2006-2007 £'000	SOURCE OF LOAN	2007-2008 £'000
6,000	Money Market - Short Term	# 3,508
15,198	Public Works Loan Board	* 15,317
<u>21,198</u>		<u>18,825</u>

# Includes accrued interest of £7,825.

\* Includes accrued interest of £118,418

### AN ANALYSIS OF LOANS BY MATURITY (Excluding accrued interest & discounts)

£'000		Interest rate %	£'000
6,000	Maturing within one year	5.44	3,500
<u>6,000</u>	Total borrowing repayable within one year		<u>3,500</u>
0	Maturing in 1 - 15 years		0
15,198	Maturing in more than 15 years	4.68	15,198
<u>15,198</u>	Total borrowing repayable in excess of one year (Long Term Borrowing)		<u>15,198</u>
<u>21,198</u>	Total Borrowing	average 4.82	<u>18,698</u>

The SORP 2007 requires that the fair value of this category of asset be disclosed in the notes to the accounts. The following fair values apply:-

Money Market - Short Term	3,508
Public Works Loan Board	15,366
	<u>18,874</u>

## NOTE 27. DEFERRED LIABILITIES

Deferred liabilities arise from outstanding finance lease agreements for such items as unit factories and fixed & moveable plant. However all such agreements have now ceased.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 28. PROVISIONS

Provisions have been created for liabilities that will occur sometime in the future but are of uncertain timing or amount.

	Balance at 1 April £'000	Receipts in Year £'000	Payments in Year £'000	Balance at 31 March £'000
Restructuring of Council Directorates	113	0	0	113
The Foreshore Trust	1,350	0	0	1,350
Other miscellaneous provisions	327	50	10	367
	1,790	50	10	1,830

(i) a provision has been put aside to fund the costs arising out of restructuring Council Directorates. It is budgeted to be used during 2008/9.

(ii) a provision has been set up during the year in anticipation of the Foreshore Trust settlement in 2008-09. (see also Note 39.)

(iii) other miscellaneous provisions are likely to be used during 2008/9, or soon thereafter.

## NOTE 29. DEFERRED CREDITS

Deferred Credits have mainly arisen from mortgages on sales of ex-Council houses, which form the main part of mortgages under long term debtors and loans made to local businesses and other organisations.

2006-2007 £'000		2007-2008 £'000
35	Mortgagors	27
8	Loans to Business & Other Organisations	8
43		35

## NOTE 30. TRUST FUNDS

The Foreshore Trust has recently been constituted in accordance with a conveyance on trust from the Crown to Hastings Corporation in 1893 to hold an area of the foreshore on trust for the common good of all Her Majesty's subjects. Until recently the trust had not been activated. During 2007-08 the net income from Trust activities (mostly car parking and seafront entertainments) was assessed at £213,011.

The Council also acts as trustee for legacies left by inhabitants of the Borough and elsewhere. The main trusts are summarised below :-

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
The Foreshore Trust	255	213	0	468
Brassey Fund (purchase of Museum exhibits etc.)	17	2	2	17
Vicat Cole Bequest	2	0	0	2
	274	215	2	487

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 31. RESERVES

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Capital Reserve	5,285	316	1,517	4,084
General Reserve	1,831	190	0	2,021
Renewal and Repairs Reserve	1,571	400	323	1,648
Risk Management Reserve	273	36	7	302
Industrial Development Reserve	210	109	260	59
Information Technology Reserve	404	125	168	361
On-Street Car Parking Surplus Reserve	181	49	129	101
Planning Development Reserve	277	365	640	2
Interest Equalisation	188	0	0	188
Other Reserves	8	0	0	8
	10,228	1,590	3,044	8,774

- (i) The General Reserve is used to support revenue spending.
- (ii) The Renewal and Repairs Reserve is maintained for the purchase of vehicles, plant, equipment and the repair and redecoration of property.
- (iii) The Risk Management Reserve is used to cover excesses on claims and certain small risks. The object is to minimise insurance premiums whilst providing sufficient cover.
- (iv) The Industrial Development Reserve provides grants and loans to encourage and assist local businesses.
- (v) The Information Technology Reserve is for the purpose of financing the purchase of computing equipment and computer systems required by the Council.
- (vi) Surpluses from On-street car parking are shared with East Sussex County Council. Both shares will be spent on traffic management and transportation issues within the borough.
- (vii) The unused part of Planning Development grant received from central government has been treated as a reserve.
- (viii) the Interest Equalisation reserve has been created to 'smooth' the expected fluctuations in interest rates that would otherwise effect the revenue earnings arising from the substantial short term deposits.

## NOTE 31a. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This is a statutory account that is carrying the unamortised part of a discount received during the year for the premature repayment of a £10m loan from the PWLB. The sum is written down to the Income & Expenditure Account over a 10 year period.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Financial Instruments Adjustment Account	0	289	0	289
	0	289	0	289

## NOTE 32. REVENUE BALANCES

See also 'Statement of Movement on the General Fund Balance' for movement on the year.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
General Fund net service balance	500	0	0	500
Other Funds	131	0	72	59
	631	0	72	559

# NOTES TO THE CORE FINANCIAL STATEMENTS

## **NOTE 33. REVALUATION RESERVE (Incorporating the FIXED ASSET RESTATEMENT RESERVE)**

The Balance Sheet figures for the 31st March 2007 have been adjusted from those included in the Statement of Accounts for 2006-07 to accommodate the implementation of the Revaluation Reserve. This reserve replaces the Fixed Asset Restatement Account. The balance of £3.4m has been written off to the Capital Financing Account to form the new Capital Adjustment Account. The Revaluation Reserve has been included in the Balance Sheet with a zero opening balance. The closing balance will therefore show revaluation gains accumulated since 1 April 2007.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	<b>Balance at 31 March £'000</b>
Revaluation Reserve	0	1,704	0	<b>(1,704)</b>
Fixed Asset Restatement Account	3,402	0	3,402	<b>0</b>
	<u>3,402</u>	<u>1,704</u>	<u>3,402</u>	<u><b>(1,704)</b></u>

## **NOTE 34. CAPITAL ADJUSTMENT ACCOUNT (formerly the Capital Financing Account)**

This account contains:-

- a. the amount of capital expenditure financed from revenue, reserves and capital receipts
- b. the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans
- c. the amount released annually from the Government Grants Deferred account
- d. the amount written down annually from Deferred Charges

	Balance at 1 April £'000	Income £'000	Expenditure £'000	<b>Balance at 31 March £'000</b>
Capital Adjustment Account	(48,993)	(5,143)	9,704	<b>(44,432)</b>
	<u>(48,993)</u>	<u>(5,143)</u>	<u>9,704</u>	<u><b>(44,432)</b></u>

Nb: see Note 1 regarding the re-statement of the opening balance with regard to the writing off of assets belonging to the Foreshore Trust - a reduction of £3.395m.

## **NOTE 35. USABLE CAPITAL RECEIPTS RESERVE**

These represent proceeds from the sale of fixed assets such as land and property. Capital receipts can be used to finance new capital expenditure within government guidelines but they cannot be used for day to day spending. The unused amount is the balance shown below.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	<b>Balance at 31 March £'000</b>
Usable Capital Receipts Reserve	0	(1,153)	846	<b>(307)</b>
	<u>0</u>	<u>(1,153)</u>	<u>846</u>	<u><b>(307)</b></u>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 36. PENSION FUND ASSETS & LIABILITIES

The Council provides for the pensions of its past and present employees by way of annual contributions to the East Sussex County Council Pension Fund. It is a defined benefit scheme providing benefits based on final pensionable pay. Part of the Pension Fund is attributable to Hastings Borough Council in recognition of the assets held and the liability of pensions to past and present employees.

An actuarial valuation as at 31 March 2008 for the purposes of FRS17 reveals :-

<b>Assumptions as at 31 March:</b>	2006-2007	2006-2007	2007-2008	2007-2008
Price increases		3.20%		<b>3.60%</b>
Salary increases		4.70%		<b>5.10%</b>
Pensions increases		3.20%		<b>3.60%</b>
Discount rate		5.40%		<b>6.90%</b>
Expected Return:		Fund Value £'000		Fund Value £'000
Equities	7.80%	50,159	<b>7.70%</b>	<b>47,580</b>
Bonds	4.90%	9,847	<b>5.70%</b>	<b>9,867</b>
Property	5.80%	8,056	<b>5.70%</b>	<b>6,948</b>
Cash	4.90%	8,783	<b>4.80%</b>	<b>8,000</b>
	<u>6.90%</u>	<u>76,845</u>	<u><b>6.90%</b></u>	<u><b>72,395</b></u>

The actuary has assumed that 25% of the pension fund members took tax-free cash at retirement up to the HMRC limits.

Under the projected unit method the current service cost will increase as the pension fund members approach retirement age.

<b>Assets of the Whole Fund:</b>	2006-2007	2007-2008
	Fund Value £'000	Fund Value £'000
Equities	1,107,400	<b>1,099,814</b>
Bonds	217,400	<b>214,316</b>
Property	177,900	<b>177,149</b>
Cash	193,900	<b>216,791</b>
Total	<u>1,696,600</u>	<u><b>1,708,070</b></u>

<b>Net Pension Asset (this Council) as at 31 March:</b>	2006-2007	2007-2008
	£'000	£'000
Estimated Employer Assets (A)	76,845	<b>72,395</b>
Present Value of Scheme Liabilities	91,558	<b>83,786</b>
Present Value of Unfunded Liabilities	2,697	<b>2,484</b>
Total Value of Liabilities (B)	94,255	<b>86,270</b>
Net Pension Asset (A) - (B)	<u>(17,410)</u>	<u><b>(13,875)</b></u>

The overall position on the Balance Sheet if the Council's other reserves are taken into account is a net reserves deficit of £5.1m.

The three years deficits previous to 2006-07 are:- 2005/6 £22.640m; 2004/5 £23.183m ; 2003/4 £11.478m.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 37. SHORT TERM DEPOSITS

The Council has invested its surplus funds using a Fund Manager for the large part, and its own bankers when funds are temporarily in hand. The combined value was as follows:-

2006-2007 £'000		2007-2008 £'000
7,635	Bank Deposits	3,124
12,537	Certificates of Deposit	14,901
705	British Government Securities (Gilts)	776
20,877		18,801

The SORP 2007 requires that the fair value of this category of asset be disclosed in the notes to the accounts. The following fair values apply:-

Bank Deposits	3,124
Certificates of Deposit	14,901
British Government Securities (Gilts)	776
	18,801

## NOTE 38. COLLECTION FUND

Surpluses and deficits that are attributable to the precepting authorities (East Sussex County Council, Sussex Police Authority and East Sussex Fire Authority) are shown in the top half of the Balance Sheet as creditors (surpluses) or debtors (deficits) as only the balance attributable to Hastings Borough Council as billing authority can be counted as 'Net Worth'.

## NOTE 39. CONTINGENT LIABILITIES

a. With the setting up of the Foreshore Trust the trustees have come to an agreement with the Council that a sum of £1.35m should be paid in recognition of the past few years foreshore activities that include car parking and other revenue generating activities. The Charity Commission need to sanction this arrangement and there are still detailed terms to be resolved, including whether part of this sum is dealt with by land transfers. A provision of £1.35m has been created in the accounts in anticipation of the settlement. Note 29 shows that the activities in 2007-08 generated £213,011 which is being held within the accounts for The Foreshore Trust to use (see also Notes 16 & 26).

## NOTE 40. POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## NOTE 41. REVENUE ACTIVITIES NET CASH FLOW

2006-2007		2007-2008
£'000		£'000
4,148	Deficit / (Surplus) on year as shown in Income & Expenditure Account	2,143
1,890	Deficit / (Surplus) on year as shown in Collection Fund	(300)
<u>6,038</u>		<u>1,843</u>
(4,534)	Add / (Less) non-cash transactions	2,071
(1,219)	Add / (Less) revenue items accrued in the accounts	(1,960)
<u>285</u>	Deficit / (Surplus) on year	<u>1,954</u>

## NOTE 42. ANALYSIS OF OTHER GOVERNMENT / AGENCIES GRANTS

2006-2007		2007-2008
£'000		£'000
(1,574)	Neighbourhood Renewal	(1,835)
(396)	Planning Development Grant	(290)
(1,130)	LEGI - revenue schemes	(225)
(990)	Area Investment Framework (AIF)	(449)
(2,308)	Single Regeneration Budget ( SRB ) - revenue schemes	(820)
(2,163)	{ Community Grants	(1,237)
	{ Other	(1,657)
<u>(8,561)</u>		<u>(6,513)</u>

## NOTE 43. RECONCILIATION OF CASH FLOWS TO NET DEBT

2006-2007		2007-2008
£'000		£'000
(664)	(Increase) / Decrease in cash at bank and in hand	2,017
8,675	(Increase) / Decrease in liquid resources	3,000
(2,500)	Increase / (Decrease) in short-term borrowing	(2,500)
(3,500)	(Repayment ) / New Loans Raised re longer-term borrowing	0
<u>2,011</u>		<u>2,517</u>

## NOTE 44. LIQUID RESOURCES

2006-2007		2007-2008
£'000		£'000
0	(Increase) / Decrease in short-term lending	0
(8,675)	(Increase) / Decrease in bank deposits	(3,000)
<u>(8,675)</u>		<u>(3,000)</u>

The decrease in liquid resources arises from the repayment to the Council of a short-term deposit that was not re-deposited but required for day to day treasury management purposes.



# COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

2006-2007 £'000	<b>INCOME</b>	2007-2008 £'000
32,701	Income from Council Taxpayers	34,474
8,482	Transfers from General Fund re Council Tax - Council Tax Benefit awarded	8,841
0	Sums recovered from Preceptors re previous year's Collection Fund deficit - East Sussex County Council	215
0	- East Sussex Fire Authority	15
0	- Sussex Police Authority	25
0	- Hastings Borough Council	45
<hr/> 41,183	Total from Council Tax	<hr/> 43,615
1	Income collected from old system Community Charge	0
16,077	Income collectable from Business Ratepayers - <i>Note 2</i>	15,702
<hr/> 57,261		<hr/> 59,317
	<b>EXPENDITURE</b>	
29,123	East Sussex County Council Precept on Collection Fund - <i>Note 3</i>	30,495
3,357	Sussex Police Authority Precept on Collection Fund - <i>Note 3</i>	3,571
2,038	East Sussex Fire Authority	2,145
6,054	Hastings Borough Council Demand on Collection Fund - <i>Note 3</i> Business Rate - <i>Note 2</i>	6,289
15,952	- Payment to National Pool	15,576
125	- Cost of Collection	126
	Bad & Doubtful Debts	
0	- Write offs of uncollectable Council Tax	1,898
2,502	- Provision for uncollectable Council Tax-addition / (reduction) to the sum required	(1,083)
<hr/> 59,151		<hr/> 59,017
<hr/> 1,890	Movement on Fund Balance - (surplus) / deficit	<hr/> (300)
	<b>FUND BALANCE - <i>Note 4</i></b>	
(361)	Balance brought forward	1,529
1,890	(Surplus) / deficit for year	(300)
<hr/> 1,529	Balance carried forward	<hr/> 1,229

# COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

## NOTE 1. GENERAL

These accounts represent the transactions of the Collection Fund (accounting separately for income relating to council tax, non-domestic rates and residual community charge) which is a statutory fund separate from the main accounts of the Council, although it is consolidated with the other accounts to form the Consolidated Balance Sheet. The account has been prepared on the accruals basis. The costs of administering collection are accounted for in the General Fund.

## NOTE 2. INCOME FROM BUSINESS RATES (NNDR)

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR Pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. Under these arrangements the amounts included in these accounts can be analysed as follows :-

2006-2007 £'000		2007-2008 £'000
(18,895)	Non-Domestic rates billed at uniform business rate of 44.1p (2006-2007 : 43.3p)	(19,275)
2,818	Less adjustments to charges, voids, reliefs and other non-collectable sums	3,573
<u>(16,077)</u>	Amount Collectable	<u>(15,702)</u>
125	Less allowance for the Cost of Collection	126
<u>(15,952)</u>	Net contribution to National Pool	<u>(15,576)</u>
£8,045,421	Redistribution from National Pool - credited to General Fund	£8,484,864
£43,957,770	Rateable Value of Business Premises at 31 March	£43,737,716

## NOTE 3. COUNCIL TAX BASE

Band & Value	Number of Properties	Relationship to Band D	Annual Amount
Band A - up to £40,000	14,000	6/9	£973.41
Band B - over £40,000 up to £52,000	11,638	7/9	£1,135.64
Band C - over £52,000 up to £68,000	7,104	8/9	£1,297.88
Band D - over £68,000 up to £88,000	5,487	-	£1,460.12
Band E - over £88,000 up to £120,000	2,182	11/9	£1,784.59
Band F - over £120,000 up to £160,000	771	13/9	£2,109.06
Band G - over £160,000 up to £320,000	188	15/9	£2,433.53
Band H - over £320,000	52	18/9	£2,920.24
	<u>41,422</u>		

Council Tax Base and amount originally expected for 2007-2008 = **29,107**

East Sussex County Council share	£30,495,113
Sussex Police Authority share	£3,570,556
East Sussex Fire Authority share	£2,145,185
Hastings Borough Council share	£6,288,790
	<u>£42,499,644</u>

# COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

## NOTE 4. COUNCIL TAX SURPLUSES & DEFICITS

In accordance with the accounting code of practice surpluses and deficits arising from the collection of Council Collection Fund.

The table below shows the respective balances on the collection fund and how they relate to each authority.

	2006-2007		2007-2008	
	Community Charge £'000	Council Tax £'000	Community Charge £'000	Council Tax £'000
Balance brought forward :-				
East Sussex County Council	0	257	0	(1,101)
Sussex Police Authority	0	31	0	(125)
East Sussex Fire Authority	0	17	0	(78)
Hastings Borough Council	1	55	2	(227)
Surplus / (Deficit)	<u>1</u>	<u>360</u>	<u>2</u>	<u>(1,531)</u>
Movement on Fund Balance :-				
East Sussex County Council	0	(1,358)	0	215
Sussex Police Authority	0	(156)	0	25
East Sussex Fire Authority	0	(95)	0	15
Hastings Borough Council	0	(282)	0	44
Surplus / (Deficit)	<u>0</u>	<u>(1,891)</u>	<u>0</u>	<u>300</u>
Balance carried forward :-				
East Sussex County Council	0	(1,101)	0	(886)
Sussex Police Authority	0	(125)	0	(100)
East Sussex Fire Authority	0	(78)	0	(63)
Hastings Borough Council	2	(227)	2	(183)
Surplus / (Deficit)	<u>2</u>	<u>(1,531)</u>	<u>2</u>	<u>(1,231)</u>
Total of Community Charge and Council Tax		<u>(1,529)</u>		<u>(1,229)</u>

## CAPITAL EXPENDITURE SUMMARY

2006-2007 £'000	<b>(See also Notes to the Core Financial Statements 17 to 20)</b> Detail	2007-2008	
		£'000	£'000
	<b>Operational Assets:</b>		
	Other Land & Buildings -		
1,310	Office Accomodation	197	
900	Museum Extension	162	
224	Cliff Railways	7	
135	Bank Buildings Refurbishments	65	
0	Fairlight Place Farm Cottages	89	
16	Other	53	573
	Infrastructure Assets -		
86	Long Term Beach Management & Groyne Refurbishment	32	
325	Sea Front Strategy	629	
45	SRB Regeneration Initiatives	2	
59	Other	1	664
40	Vehicles, Plant & Equipment		993
91	Intangible Assets - Software & Systems / Project Evaluation		55
	Community Assets -		
127	West Marina Area Regeneration	0	
84	Allotment Regeneration	3	
283	St.Leonards Gardens / West Lodge	742	
64	Country Park	26	
64	Other Parks, Gardens, Recreation Grounds & Public Open Spaces	41	
187	Playground Enhancements & Games Areas	17	
133	Decorative Lighting	18	
250	Turner Painting of the Old Town	0	
73	Other	17	864
4,496			3,149
	<b>Non-operational Assets:</b>		
0	Creation of new Business Units	338	
24	Factory Unit Refurbishments	162	
2	Other	0	500
4,522	<b>Total of Fixed Assets</b>		3,649
	<b>Deferred Charges:</b>		
180	Conservation Grants	65	
984	Renovation & Disabled Facilities Grants	768	
300	Affordable Housing Grants	160	
896	Renewal Areas	1,551	
175	Empty Properties Strategy	231	
145	Other	36	2,811
7,202	<b>Total Capital Expenditure for year</b>		6,460
	<b>Financed by :-</b>		
2,461	Loan		30
1,687	Capital Receipts (proceeds of the sale of fixed assets)		796
3,024	Grant receipts		4,135
30	Use of Reserves		1,349
0	From Revenue		150
7,202	<b>Total Financing</b>		6,460

# GLOSSARY

## **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## **BUDGET**

The Council's policy expressed in financial terms for a specified period.

## **CAPITAL CHARGE**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

## **CAPITAL EXPENDITURE**

Expenditure on the provision and improvements of lasting assets such as land, buildings, vehicles and equipment. Also referred to as Capital Works.

## **CAPITAL RECEIPTS**

The proceeds from the sale of fixed assets.

## **COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that have restrictions on their disposal. Examples are parks and historic buildings.

## **CREDITORS**

Amounts owed by the Council but not paid at the date of the balance sheet.

## **DEBTORS**

Amounts owed to the Council but unpaid at the date of the balance sheet.

## **DEFERRED CHARGES**

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example is improvement grants.

## **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technological or other changes.

## **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## **EXTRAORDINARY ITEMS**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the Council's normal activities and which are not expected to recur.

## **GOVERNMENT GRANTS**

Central Government contributions towards local authority expenditure: examples: Revenue Support grant, Housing subsidy and Housing & Council Tax Benefit subsidy & grants.

## **INFRASTRUCTURE ASSETS**

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. An example is the sea wall and promenade.

## **NATIONAL BUSINESS RATE POOL**

Business rate payments go into a central pool managed by the Department for Communities & Local Government. Each charging authority receives from that pool a sum proportioned to the number of Council Taxpayers in its area.

## **NON-OPERATIONAL ASSETS**

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. An example is property surplus to requirement pending sale or redevelopment.

## **OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **PRECEPT**

The amount of money the County Council, Sussex Police and the Fire Authority have instructed the Borough Council to collect and pay over to it out of Council Tax receipts held in the Collection Fund.

## **PROVISIONS**

Sums set aside for any liabilities or losses which are likely to be incurred, but uncertain as to the dates on which they will arise.

## **PUBLIC WORKS LOAN BOARD (PWLB)**

A Government financed body which provides a source of long - term borrowing for local authorities.

## **RESERVES**

Internal reserves set aside to finance future expenditure for purposes falling outside the definition of provisions.

## **REVENUE SUPPORT**

A Government grant distributed to local authorities to augment income raised by the Council Tax. It is centrally determined on a needs basis.

## **STATEMENT OF RECOMMENDED PRACTICE (SORP)**

Standards issued by the accountancy bodies to prescribe approved accounting methods.