

Statement of Accounts

2008-2009



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published by :-
Financial Services
Hastings Borough Council
PO Box 39
Hastings
East Sussex
TN34 3WN

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

phone : 01424 451519 or email : accountancy@hastings.gov.uk
website : www.hastings.gov.uk

GENERAL INFORMATION

PHYSICAL FEATURES

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

The Council owns land amounting to approximately **1,137 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
	40,662	44,367	85,029	100

The registered electorate in 2008-2009 was : **63,732**

COUNCIL TAX & BUSINESS RATING INFORMATION

Rateable value of business premises at 31 March 2009	£44,711,538
Net Borough Council Revenue Expenditure	£21,462,000
Council Tax Base	£29,110
Council Tax at Band D - includes all preceptors	£1,518.38

EMPLOYEES

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

	NUMBER OF EMPLOYEES	
	2007-2008	2008-2009
Full time	450	422
Part time (full time equivalents)	67	66
Total	517	488

The cost of employment during the year was :-

	£'000	£'000
Wages and Salaries	13,424	13,020
National Insurance	969	963
Pension Contributions	2,429	2,405
Total	16,822	16,388

EXPENDITURE SUMMARY

2007-2008		2008-2009 REVISED ESTIMATE	2008-2009 ACTUAL		
NET £	SERVICES : <u>CORPORATE RESOURCES</u>	£	EXPEND. £	INCOME £	NET £
	Deputy Chief Executive & Director of Resources				
358,822	Chief Executive's Division	358,260	344,769	0	344,769
531,165	Borough Solicitors Division	620,990	590,617	(36,670)	553,947
275,851	Policy & Performance Unit	330,070	316,956	0	316,956
340,853	Democratic Services Division	354,880	352,275	0	352,275
371,389	Audit & Investigations Division	380,860	387,423	(23,373)	364,050
305,063	Estates Division	318,210	303,916	(2,741)	301,175
747,841	Accountancy & Exchequer Serv.Divsn.	808,190	807,862	(15)	807,847
2,133,824	Revenues Division	2,196,170	2,354,575	(169,887)	2,184,688
709,153	Information Technology Division	746,520	723,675	(426)	723,249
(5,773,961)	Less recharges to other accounts	(6,114,150)	(6,182,068)	233,112	(5,948,956)
0		13,950	0	0	0
748,185	Corporate Expenses	431,250	1,077,666	(805,669)	271,997
820,213	Democratic Representation	827,710	817,079	(2,178)	814,901
6,251	Election Expenses	169,180	167,126	(5)	167,121
155,236	Registration of Electors	118,350	121,060	(8,190)	112,870
(465,166)	Employment Areas	(253,060)	89,736	(322,735)	(232,999)
(828,676)	Factory Units	(1,039,170)	268,334	(1,291,883)	(1,023,549)
(428,014)	Land & Property Holdings	(1,204,640)	771,742	(1,467,939)	(696,197)
56,886	St Mary in the Castle	1,520	3,659	(8,333)	(4,674)
1,391,019	Corporate Management	1,468,080	1,463,771	0	1,463,771
1,051,279	Concessionary Bus Passes	1,385,510	1,632,033	(466,135)	1,165,898
16,188	Benefit Payments (net)	58,480	52,973,005	(52,860,251)	112,754
518,703	Tax Collection Costs	466,360	845,676	(381,254)	464,422
304,033	Other Income & Expenditure	8,210	222,195	(145,252)	76,943
20,518	Efficiency	45,620	42,307	0	42,307
32,961	Public Consultation	49,680	42,901	0	42,901
0	Local Strategic Partnership	35,030	40,601	(5,357)	35,244
39,605	Sustainable Development	51,070	42,210	0	42,210
498,496	The Foreshore Trust	521,300	759,449	(258,647)	500,802
137,954	Land and Property Systems (GIS)	108,190	163,292	(20,000)	143,292
168,194	Information Technology Reserve Exp.	232,000	209,200	0	209,200
4,243,865		3,494,620	61,753,042	(58,043,828)	3,709,214

EXPENDITURE SUMMARY

2007-2008		2008-2009 REVISED ESTIMATE	2008-2009 ACTUAL		
NET £	SERVICES :	£	EXPEND. £	INCOME £	NET £
	<u>REGENERATION & PLANNING</u>				
	Executive Director, Regeneration & Planning				
2,150,157	Planning Division	1,781,940	2,116,181	(7,719)	2,108,462
399,306	Projects Division	468,680	463,273	0	463,273
553,720	Regeneration Administration	896,960	888,632	(19,702)	868,930
0	Area Based Grant Administration	603,300	504,179	(7,096)	497,083
718,927	Marketing & Communications Division	745,890	780,161	(19,410)	760,751
(3,822,110)	Less recharges to other accounts	(3,910,630)	(4,236,531)	53,927	(4,182,604)
0		586,140	515,895	0	515,895
545,255	Development Control	566,320	959,794	(351,971)	607,823
400,489	Forward Planning	307,470	394,407	(95,757)	298,650
73,366	E-planning	131,610	110,572	0	110,572
65,000	Building Control Services	65,000	380,564	(282,864)	97,700
(93,744)	Local Land Charges Register	40,070	147,174	(146,038)	1,136
266,211	Conservation	164,310	472,181	(217,000)	255,181
29,226	Public Art	59,710	57,434	0	57,434
131,094	Dangerous Structures	97,550	71,983	0	71,983
471,349	Regeneration	835,550	708,032	(3,378)	704,654
21,617	Regeneration Programming Team	1,050	1,342	0	1,342
0	Greater Hollington Partnership	277,000	268,801	(9,149)	259,652
887,823	Community Action	599,320	663,404	(1,856)	661,548
0	Area Based Grant Projects	1,529,130	1,697,264	(333,290)	1,363,974
582	The Stade	2,610	4,700	(13,384)	(8,684)
488	Hastings & Bexhill Task Force	0	163,570	(163,570)	0
(10,881)	Greenways	0	4,000	(10,450)	(6,450)
163,659	Community Safety	194,050	756,454	(545,722)	210,732
165,983	Tressell Training	163,630	588,739	(418,526)	170,213
72,751	Projects Division - other expenditure	84,940	19,967	0	19,967
98,511	Civic & Ceremonial Expenses	108,910	111,361	(1,389)	109,972
282,765	Visitor & Community Marketing	296,590	317,564	(37,165)	280,399
103,149	1066 Country Campaign	99,840	191,518	(93,514)	98,004
397,108	Hastings Information Centre	398,140	838,977	(448,272)	390,705
16,747	European Liaison	15,400	13,066	0	13,066
8,876	Meteorological Expenses	9,580	9,431	0	9,431
108,488	Raising the Profile	88,120	119,560	(22,731)	96,829
429,326	Museums and Art Gallery	400,090	484,306	(70,788)	413,518
9,974	Hastings Castle & Caves	32,070	125,474	(58,755)	66,719
63,350	Cultural Development	38,000	38,000	0	38,000
6,002	Coastal Currents	10,000	10,000	0	10,000
4,714,564		7,202,200	10,245,534	(3,325,569)	6,919,965

EXPENDITURE SUMMARY

2007-2008		2008-2009	2008-2009 ACTUAL		
NET		REVISED	EXPEND.	INCOME	NET
£		ESTIMATE	£	£	£
	SERVICES :				
	<u>ENVIRONMENTAL SERVICES</u>				
	Executive Director, Environment & Safety				
631,899	Highways Division	655,980	654,113	(3)	654,110
1,321,172	Environmental Services Division	1,500,680	1,441,827	(6,007)	1,435,820
73,986	Emergency Call Out Service	72,260	73,102	0	73,102
407,979	Waste Management Team	500,630	526,735	(845)	525,890
1,125,984	Amenities & Resorts Division	1,127,940	1,141,493	(283)	1,141,210
(3,561,020)	Less recharges to other accounts	(3,857,490)	(3,837,270)	7,138	(3,830,132)
0		0	0	0	0
30,345	Naming & Numbering Streets	30,470	30,260	0	30,260
(1,552,677)	Car Parking	(1,455,060)	2,386,964	(3,707,186)	(1,320,222)
(12,735)	ESCC Highways Management	36,610	464,458	(429,567)	34,891
224,856	Traffic Management	104,260	281,939	(48,438)	233,501
29,385	Highways Shelters and Seats	27,130	31,618	(8,824)	22,794
32,002	Transport Policy	42,050	34,968	0	34,968
22,521	Licensing	75,010	274,422	(238,692)	35,730
336,291	Environmental Protection	415,250	389,383	(6,258)	383,125
215,316	Food Safety & Infectious Diseases	244,710	238,673	(205)	238,468
248,652	Health & Safety	274,600	250,121	0	250,121
97,717	Pest Control	107,860	110,793	(13,099)	97,694
176,751	Environmental Enforcement Service	494,950	531,777	(47,445)	484,332
	DVLA Powers & Removal of				
85,485	Abandoned Vehicles	89,210	107,688	(22,426)	85,262
16,246	Together Action	20,790	21,404	0	21,404
120,835	Closed Circuit Television	41,550	176,464	(60,812)	115,652
1,435,228	Street Cleansing	1,440,670	1,502,328	(44,200)	1,458,128
2,102,833	Waste Collection	1,894,960	2,232,817	(439,749)	1,793,068
446,975	Public Conveniences	486,970	478,898	0	478,898
42,845	Emergency Planning	51,220	55,849	(6,033)	49,816
0	Bulverhythe Depot	(62,200)	31,381	(91,278)	(59,897)
67,964	Allotments	67,290	154,454	(9,482)	144,972
200,263	Arboriculture	206,850	227,390	(26,421)	200,969
41,074	Cliff Railways	9,150	184,712	(157,930)	26,782
399,970	Sea Front	387,400	692,176	(233,306)	458,870
156,858	Decorative Lighting	92,660	166,437	(839)	165,598
60,229	Town Centre & Street Decorations	61,480	65,730	0	65,730
(79,498)	Cemetery & Crematorium	(103,170)	645,473	(758,834)	(113,361)
65,081	Ecology	73,230	71,497	0	71,497
219,040	Country Parks	232,750	280,913	(38,379)	242,534
309,367	Coastal Protection	30,730	323,017	0	323,017
57,216	Watercourses	55,710	55,384	0	55,384
7,872	Navigational Aids	10,710	8,312	0	8,312
1,584,673	Grounds & POS	1,661,290	1,732,124	(170,774)	1,561,350
(46,253)	Chalets and Hut Sites	(24,020)	97,768	(129,417)	(31,649)
113,408	Other Expenses	42,830	95,400	(184)	95,216
7,256,135		7,165,900	14,432,992	(6,689,778)	7,743,214

EXPENDITURE SUMMARY

2007-2008		2008-2009 REVISED ESTIMATE	2008-2009 ACTUAL		
NET £	SERVICES : <u>COMMUNITY WELL-BEING</u>	£	EXPEND. £	INCOME £	NET £
	Executive Director, Community Well-Being				
1,684,079	Housing Services - Administration	1,586,690	1,831,930	(280,290)	1,551,640
219,327	Leisure Services - Administration	333,950	209,510	0	209,510
529,203	Personnel & Org. Development Div.	589,760	589,055	(1,011)	588,044
(2,432,609)	Less recharges to other accounts	(2,510,400)	(2,630,495)	281,301	(2,349,194)
0		0	0	0	0
219,117	Renovation Grant Administration	207,940	1,915,884	(2,781,445)	(865,561)
459,539	Housing Renewal	341,160	1,241,873	(831,673)	410,200
258,355	Housing Advice & Aid	321,070	281,871	0	281,871
419,232	Homelessness	506,330	629,661	(167,929)	461,732
0	Homelessness Strategy	0	123,607	(123,607)	0
224,070	Liaison-Agencies & Hsng. Assoc.	65,990	65,110	0	65,110
166,970	Housing Register / Nominations	214,990	198,481	(205)	198,276
502,341	Sports Centres	362,670	422,685	(41,353)	381,332
150,945	Sports Development	168,990	152,265	(2,757)	149,508
22,971	Sports Management	66,230	71,903	(57,707)	14,196
117,119	Play Development	126,660	100,985	(4,000)	96,985
0	Active Hastings	66,670	325,968	(263,858)	62,110
44,704	Support for Events	5,400	5,735	(255)	5,480
559,987	White Rock Theatre	582,730	581,617	0	581,617
20,184	Youth Activities	25,040	24,613	(790)	23,823
0	Make Way for Play	17,860	51,048	(51,048)	0
0	Other	16,290	106,369	(96,299)	10,070
258,532	Corporate Personnel Expenses	321,970	395,120	(142,397)	252,723
3,424,066		3,417,990	6,694,795	(4,565,323)	2,129,472

EXPENDITURE SUMMARY

2007-2008		2008-2009 REVISED ESTIMATE	2008-2009 ACTUAL		
NET £	SERVICES :	£	EXPEND. £	INCOME £	NET £
<u>19,638,630</u>	DIRECT SERVICE EXPENDITURE	<u>21,280,710</u>	<u>93,126,363</u>	<u>(72,624,498)</u>	<u>20,501,865</u>
2007-2008	SERVICE MEASURES				2008-2009
	Numbers of :-				
39,551	Museum visitors				45,884
53,781	East Hill Cliff Railway users (out of use since June 2007)				0
260,038	West Hill Cliff Railway users				209,173
53,473	Hastings Castle visitors				39,189
15,483	Concessionary Bus Passes in circulation at year end				16,789
27	Public Conveniences				26
130	Burials				121
80,565	Grave spaces				80,565
1,342	Cremations				1,389
17,848	Kilometres of Street Swept per annum				17,848
2.17 million	Dustbins Emptied (Bin Equivalents)				2.17million
8,383	Re-cycling tonnage				7,949
30	Renovation Grants - Number Completed				16
934	Planning Applications				676
3	Conservation Area Projects				3
1,102	Building Regulation Applications				1,344
1,840	Local Land Charges (full searches only)				695
2,289	Car Parking Spaces (Off-Street)				2,289
979,442	Vehicles Parked (Off Street)				981,721
29,350	Penalty Charge Notices issued				23,702
453	Untaxed & Abandoned Vehicles removed				330
2,198	Licences Issued				1,989
565	Food Hygiene Inspections				606
135	Health & Safety Inspections				383
61,835	Local Electorate				63,732
85	Number of Factory Units				95
£1,318,879	Rental Income from Factory Units				£1,542,183

FINANCIAL REVIEW AND FOREWORD

INTRODUCTION

The Council's accounts for the year of 2008-2009 are set out on pages 17 to 63. 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 2009. 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:

Explanations and more detailed information to support the statements (a) to (e) above.

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 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.

Changes to accounting policies that impact on the 2008-09 accounts include:-

- * revaluation of assets at the point of disposal is no longer appropriate
- * deferred charges are now referred to as 'Revenue Expenditure Funded from Capital Under Statute'
- * the costs of disposing of fixed assets can no longer be offset against the capital receipt but must be charged to revenue
- * Area Based Grant must be accounted for as a general grant, and treated as income in the period in which it is received

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)	60,922	65
Rents & Charges	10,637	11
Local Taxpayers - Council Tax	6,510	7
Business Rates - Council share	8,906	10
Other Income	6,151	7
	93,126	

What the Money is Spent on :-

	£'000	%
Employees	17,712	19
Running Expenses	19,015	21
Depreciation & Other Capital Charges	4,872	5
Housing & Council Tax Benefit Payments & Rate Relief	51,527	55
	93,126	

The Service Provided :-

	£'000	%
Cultural, Environmental & Planning Services	22,317	24
Highways, Roads & Transport Services	4,862	5
Housing Services - Benefits	52,973	57
Housing Services - Other	4,456	5
Central Services	6,364	7
Trading Services	2,154	2
	93,126	

FINANCIAL REVIEW AND FOREWORD

GENERAL FUND REVENUE BUDGET

	£'000
Original budget agreed in March 2008	17,767
<u>Less</u> contribution from reserves	<u>(1,294)</u>
Met by grant & Collection Fund	<u><u>16,473</u></u>
Revised budget agreed during year	18,416
<u>Less</u> contribution from reserves	<u>(1,943)</u>
Met by grant & Collection Fund	<u><u>16,473</u></u>
Actual spending for year	17,508
<u>Less</u> contribution from reserves	<u>(1,035)</u>
Met by grant & Collection Fund	<u><u>16,473</u></u>
The net saving compared to the revised budget was	<u><u>(908)</u></u>

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

	£'000
Concessionary Travel - saving	(205)
Reserve funded expend.unspent	(136)
Increased provision for Bad Debts	72
LABGI additional grant received	(38)
Area Based Grant expend. unspent	(275)
Retention, recruitment & relocation and training expenses savings	(89)
Legal Division savings	(46)
Twin Bin scheme - Communal Bins	(41)
General decrease in expenditure	(150)
Net under-spending	<u><u>(908)</u></u>

CAPITAL SPENDING

In 2008-2009 the Council spent £6.82m on capital projects compared with the revised budget of £7.58m.

The reasons for the decreased expenditure were :-

	£'000
Expenditure rephased into 2009-2010	(857)
Delays in schemes	(428)
Overspending	12
Advanced Expenditure	515
Underspending	(2)
Net variation	<u><u>(760)</u></u>

This capital expenditure was financed as shown below:-

	£'000
Loan	2,264
Proceeds from the sale of assets	494
Grants	3,875
Reserves	187
Revenue	0
Total financing	<u><u>6,820</u></u>

Total loans outstanding owed to external sources for capital spending amount to £12m. 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 2009 showed a deficit of £25m 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

Independent auditor's report to the Members of Hastings Borough Council

Opinion on the financial statements

We have audited the accounting statements and related notes of Hastings Borough Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the 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 Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Hastings Borough Council in accordance with Part II of the Audit Commission Act 1998 and for 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 the Responsible Financial Officer and auditor

The Chief Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

We report to you our opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the Statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the corporate governance procedures or its risk and control procedures

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our 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

AUDIT REPORT

disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by Hastings Borough Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- The financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Signature:

Date:

Name: PKF(UK)LLP Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

AUDIT REPORT

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Hastings Borough Councils' Responsibilities

Hastings Borough Council 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

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

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are 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 2009.

Best Value Performance Plan

We issued our statutory report on the audit of the best value performance plan for the financial year 2008/09 on xx December 2008. We 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

We certify that we 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.

Signature:

Name: PKF(UK)LLP Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

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 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 Corporate Resources (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 2009.

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.

CONFIRMATION OF APPROVAL BY MEMBERS

I confirm that these accounts were approved by the Audit Committee at the meeting held on 29th June 2009.

Signed on behalf of Hastings Borough Council:

N Dart CPFA,

Deputy Chief Executive and Director of Corporate Resources

S Springthorpe

Chair of Audit Committee

Date 29th June 2009

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 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 . 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 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 risks to the achievement of 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 not 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 2009 and up to that 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 include arrangements for the following:

ANNUAL GOVERNANCE STATEMENT

Hastings Borough Council continues to have an established Corporate Plan setting out its objectives and there is an accompanying Performance Plan through 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 so that embedding of risk management is in accordance with best practice guidance. In particular, a major review of the Risk Management Strategy was carried out during 2008/09 and will be presented at the June 2009 Audit Committee for approval. The Risk Management Strategy contains an action plan for the Council to improve its risk management processes. Implementation of progress will be monitored and reported through subsequent Annual Governance Statements.

Hastings Borough Council 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 Council performs well in its use of resources, maintaining the overall judgement secured in 2007. No areas covered by the appointed auditor's judgements deteriorated and arrangements for preparing and publishing the annual accounts improved.

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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 focuses 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 via the Performance Plus computer 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 Managements annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The Council contributes to the delivery 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 by the Performance Review Panels and Overview and Scrutiny Committees.

Service Delivery 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 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

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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 and performance Information
- Scrutiny reports
- Work undertaken by Hastings BC audit during the year
- 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 2008/09 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 misappropriation occurring without detection, and that nothing was found that would materially affect the councils standing or Annual Accounts.

The Council's management arrangements for securing data quality are effective and PKF again judged the Council to be performing well and above the minimum standards specified by the Audit Commission.

The Council continually seeks to improve its services for stakeholders and made the following significant achievements.

- a. Investors in People (IiP) re-accreditation: As part of the licence condition, IiP organisations are re-assessed periodically. The standard to achieve for IiP status has been increased but Hastings Borough Council has retained

ANNUAL GOVERNANCE STATEMENT

accreditation.

- b. Hastings Borough Council by nature of its services, holds data on the public and takes its responsibility for keeping that information securely, very seriously. The Government set out a new demanding standard known as the Government Code on Connection (GovConnect) that is far reaching into all aspects of data security. Hastings Borough Council was one of the first Councils to successfully be accredited. Many Councils have yet to do so.
- c. The Council has a successful track record securing external funding the most significant of which this year was £2m Sea Change funding from CABE and £650k from SEEDA for Stade improvements.
- d. In 2008/9 we successfully responded to resident requests to improve street cleansing & tackle low level enviro-crime like littering & dog fouling across the borough. 96 penalties were issued for littering, and 85 for dog fouling. We also prosecuted several offenders for these offences, where they failed to pay the fixed penalty. This work contributed to a very good NI 195 score, which is a measure of street cleanliness assessed by an independent contractor.

Significant governance issues

Following last year's external review carried out by PKF (UK) LLP into income lost by the Council to an organisation providing cash collection services, we have been rigorously implementing the recommendations made. It has been accepted that the Council needs to:

Continue to report to the Audit Committee the progress made in implementing improvement plans to:

- Embed risk management arrangements across all aspects of the Council's operations; and
- Evidence standing guidance for the management of contracts is complied with.

The findings arising from the review of the Museum extension overspend were reported to the September 2008 Audit Committee. 5 recommendations were made and 4 have been discharged. The outstanding action to embed a formal project methodology in the council is in progress. The Head of Projects has received training and has put a plan in place to roll out training for completion later in 2009. Progress will be reported in subsequent Annual Governance Statements.

Signed:.....

Signed:.....

Leader of the Council

Chief Executive

STATEMENT OF ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the council's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice [the SORP]. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Provisions

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

STATEMENT OF ACCOUNTING POLICIES

Where some or all of the payment required to settle a provision is expected to be met by another party (eg from an insurance claim), this is only recognised as income in service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the council – there reserves are explained in the relevant policies below.

Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions or entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

Retirement Benefits

Employees of the council are members of the East Sussex County Council Pension Fund.

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

The Local Government Pension Scheme

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

- The liabilities of the East Sussex County Council pension scheme attributable to the council are included in the Balance Sheet on an actuarial basis using

STATEMENT OF ACCOUNTING POLICIES

- the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.9% (based on the indicative rate of return on high quality corporate bonds). The assets of the East Sussex County Council pension fund attributable to the council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
 - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
 - expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
 - gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
 - contributions paid to the East Sussex County Council pension fund – cash paid as employer’s contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

STATEMENT OF ACCOUNTING POLICIES

Discretionary Benefits

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

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2008 [BVACOP]. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (eg software licences) is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (eg repairs and maintenance) is charged to revenue as it is incurred.

STATEMENT OF ACCOUNTING POLICIES

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Investment properties and assets surplus to requirements – lower of net current replacement cost or net realisable value
- Dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- Infrastructure assets and community assets – depreciated historical cost.

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value
- Specialised operational properties – depreciated replacement cost
- Investment properties and surplus assets – market value

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account.
- Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

STATEMENT OF ACCOUNTING POLICIES

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following basis:

- Dwelling and other buildings – straight-line allocation over the life of the property as estimated by the valuer
- Vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – straight-line allocation over 25 years

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to balance depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, or loans fund principal charges). Depreciation, impairment losses and amortisations are therefore replaced by revenue provisions in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

STATEMENT OF ACCOUNTING POLICIES

Revenue Expenditure Funded from Capital under Statute

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

Leases

Finance Leases

The council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the council. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- A finance charge (debited to Net Operating Expenditure in the Income and Expenditure Account as the rent becomes payable)

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

STATEMENT OF ACCOUNTING POLICIES

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instrument with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

STATEMENT OF ACCOUNTING POLICIES

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses [STRGL]. The exception is where impairment losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Stocks and Work in Progress

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

INCOME & EXPENDITURE ACCOUNT

2007-2008 Adjusted Net Expend.		2008-2009 GROSS EXPEND.	2008-2009 INCOME	2008-2009 NET EXPEND.	2008-2009 Pension adjustment under FRS 17 ¹	2008-2009 Adjusted Net Expend.
£'000	SERVICES	£'000	£'000	£'000	£'000	£'000
	Cultural, Environmental, Regulatory & Planning Services:					
620	Cultural Services	595	(71)	524	(7)	517
5,632	Environmental Services	7,845	(2,183)	5,662	(54)	5,608
1,824	Planning and Development Services	5,408	(1,461)	3,947	(63)	3,884
3,574	Recreation, Sport & Open Spaces	4,636	(901)	3,735	(39)	3,696
918	Tourism	1,490	(602)	888	(11)	877
1,041	Community Development	1,562	(435)	1,127	(10)	1,117
798	Other	781	(252)	529	(4)	525
	Highways, Roads & Transport Services:					
(1,556)	Highways - Parking	2,387	(3,707)	(1,320)	(6)	(1,326)
1,051	Transportation - Concessionary Travel	1,632	(466)	1,166	0	1,166
300	Other	843	(487)	356	(11)	345
	Housing Services:					
4	Housing Benefits	52,973	(52,860)	113	(28)	85
1,733	Housing - other than Council Housing	4,456	(3,905)	551	(30)	521
1,413	Central Services to the Public	2,498	(814)	1,684	(25)	1,659
2,548	Corporate & Democratic Core Expenses	2,787	(146)	2,641	(40)	2,601
744	Non Distributed Costs	1,079	(806)	273	(3)	270
72	Other Funds (see Note 36)	0	(55)	(55)	0	(55)
20,716	Net Cost of Services	90,972	(69,151)	21,821	(331)	21,490
(1,161)	(Surplus) / Deficit on Trading Undertakings not included in Net Cost of Services - Note 2	2,154	(3,528)	(1,374)	(9)	(1,383)
(152)	(Gains) & Losses on Disposal of Fixed Assets	(132)	0	(132)	0	(132)
(1,253)	Interest and Investment Income	0	(1,028)	(1,028)	0	(1,028)
483	Interest Payable and similar charges	581	0	581	0	581
(204)	Pensions Interest Cost and expected Return on Pensions Assets	0	0	0	946	946
18,429	Net Operating Expenditure	93,575	(73,707)	19,868	606	20,474
	SOURCES OF FINANCE					
(1,557)	General Government Grants - Notes 3 & 7			(6,283)	0	(6,283)
(8,485)	Non Domestic Rates Redistribution			(8,906)	0	(8,906)
45	Transfers to / from Collection Fund re previous years (surpluses) / deficits			182	0	182
(6,289)	Amount met from Collection Fund			(6,510)	0	(6,510)
2,143	(Surplus) / Deficit for the year			(1,649)	606	(1,043)

¹ 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 are 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.

2007-2008 £'000		2008-2009 £'000	2008-2009 £'000
	Change in the General Fund Balance for the year analysed between:		
(2,143)	Surplus / (deficit) for the year on the Income & Expenditure Account	1,043	
2,071	Net additional amount required by statute and non-statutory proper practices to be credited to the General Fund Balance for the year - <i>Note 17</i> .	(988)	55
(72)			55
631	General Fund Balance brought forward (<i>see Note. 36</i>)		559
559	General Fund Balance carried forward		614

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 of retirement benefits (see Note 18).

2007-2008		2008-2009
£'000		£'000
2,143	(Surplus) / Deficit on the Income & Expenditure Account for the year	(1,043)
(1,676)	(Surplus) / Deficit arising on revaluation of Fixed Assets	(1,896)
(3,175)	Actuarial (Gains) & Losses on Pension Fund Assets & Liabilities	10,552
(44)	(Surplus) / Deficit attributable to the Council on the Collection Fund	(171)
(647)	Other (Gains) & Losses	336
(3,399)	Total Recognised (Gains) & Losses for the year	7,778

BALANCE SHEET

2007-2008 £'000 Restated	FIXED ASSETS - <i>Note 19</i>	2008-2009 £'000 £'000	
	Tangible Assets:		
	Operational Assets- <i>Note 20</i>		
11,158	Land & Buildings	11,664	
12,543	Infrastructure Assets	12,964	
1,837	Vehicles, Plant, Furniture & Equipment	1,710	
13,767	Community Assets	14,568	40,906
	Non-operational Assets- <i>Note 21</i>		
27,822	Investment Properties	30,230	
338	Assets under Construction	1,333	
1,586	Surplus Assets, held for Disposal	1,268	32,831
69,051			73,737
565	Intangible Assets: <i>Note 22</i>		286
69,616	Total of Fixed Assets		74,023
	LONG TERM INVESTMENTS		
0	Investments		0
	LONG TERM DEBTORS <i>Note 24</i>		
62	Mortgages		43
237	Other		208
69,915	Total Long -Term Assets		74,274
	CURRENT ASSETS		
74	Stocks - <i>Note 25</i>		85
9,044	Debtors - <i>Note 26</i>		9,051
18,801	Short Term Deposits - <i>Note 41</i>		16,484
5	Cash in Hand and at Bank		333
27,924			25,953
	CURRENT LIABILITIES		
(5,643)	Creditors - <i>Note 27</i>		(6,898)
(3,508)	Borrowing repayable on demand or within one year - <i>Note 28</i>		(7,771)
(2,746)	Bank Overdraft		0
(11,897)			(14,669)
16,027	Net Current Assets / (Liabilities)		11,284
85,942	Total Assets less current liabilities		85,558

BALANCE SHEET

2007-2008 £'000		2008-2009 £'000	£'000
85,942	Total Assets less Current Liabilities b/f		85,558
LONG TERM LIABILITIES			
(15,317)	Long Term Borrowing repayable in excess of 1 year - <i>Note 28</i>		(12,000)
0	Deferred Liabilities - <i>Note 29</i>		0
(10,977) #	Government Grants Deferred - <i>Note 35</i>		(11,531)
(1,830)	Provisions - <i>Note 30</i>		(829)
(13,875)	Liability related to a Defined Benefit Pension scheme - <i>Note 4</i>		(25,033)
(41,999)			(49,393)
43,943	Total Assets less Liabilities		36,165
FINANCED BY:			
(35)	Deferred Credits - <i>Note 31</i>		(31)
(487)	Trust Funds - <i>Note 32</i>		(261)
(559)	Revenue Balances - <i>Note 36</i>		(614)
(8,774)	Reserves - <i>Note 33</i>		(10,257)
(289)	Financial Instruments Adjustment Account - <i>Note 34</i>		(386)
(1,632) #	Revaluation Reserve - <i>Note 37</i>		(4,669)
(45,916) #	Capital Adjustment Account - <i>Note 38</i>		(44,658)
(307)	Usable Capital Receipts Reserve - <i>Note 39</i>		(332)
13,875	Pensions Reserve - <i>Note 40</i>		25,033
	Collection Fund Balance * - <i>Note 42</i>		
181	Hastings Borough Council		10
(43,943)	Total Net Worth		(36,165)

* see Collection Fund Income & Expenditure Account on pages 60 to 62 for detail.

restated figures

CASH FLOW STATEMENT

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

2007-2008 £'000	REVENUE ACTIVITIES	2008-2009 £'000
	CASH OUTFLOWS	
18,389	Cash paid to and on behalf of employees	17,731
25,686	Other operating cash payments	21,443
37,594	Housing benefit payments	40,555
16,045	National non-domestic rate payments to national pool & other adjustments	16,963
35,980	Net Precepts paid	36,433
133,694		133,125
	CASH INFLOWS	
(34,483)	Council Tax income	(35,085)
(16,688)	National non-domestic rate receipts from ratepayers	(17,283)
(8,485)	National non-domestic rate receipts from national pool	(8,906)
(1,424)	Revenue Support Grant / Area Based Grant	(6,429)
(47,809)	DWP grants for benefit payments	(48,222)
(6,513)	Other government / agencies grants	(2,836) <i>Note 47.</i>
(16,287)	Cash received for goods & services & rents	(15,333)
(131,689)		(134,094)
2,005	Net expenditure / (income)	(969)
	SERVICING OF FINANCE	
	CASH OUTFLOWS	
467	Interest paid	846
	CASH INFLOWS	
(518)	Interest received	(119)
1,954	Net Revenue Activities	(242) <i>Note 46.</i>
	CAPITAL ACTIVITIES	
	CASH OUTFLOWS	
6,065	Purchase of fixed and intangible assets	5,542
0	Other capital cash payments	0
6,065		5,542
	CASH INFLOWS	
(542)	Sale of other fixed assets	(1,083)
(4,960)	Capital grants received	(3,219)
0	Other capital cash receipts	0
563	Net Capital Activities	1,240
2,517	Net cash (inflow) / outflow before financing	998 <i>Note 48.</i>

CASH FLOW STATEMENT

2007-2008 £'000		2008-2009 £'000
	FINANCING	
	CASH OUTFLOWS	
2,500	Repayment of amounts borrowed	3,128
	CASH INFLOWS	
0	New loans raised	0
0	New short -term loans	(4,201)
2,500		(1,073)
	 MANAGEMENT OF LIQUID RESOURCES	
(3,000)	Net (decrease) / increase in short-term lending & bank deposits <i>Note 49.</i>	(2,999)
(3,000)		(2,999)
2,017	Net (Increase) / decrease in cash	(3,074)

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1. PRIOR PERIOD ADJUSTMENTS

Government Grants Deferred Account (GGD) - during 2004-05 and 2005-06 Revenue Expenditure funded from Capital Under Statute (previously known as Deferred Charges) and funded by Government grant was not written out of the GGD to match capital expenditure as it was written down. To reconcile the GGD with assets reflected in the Balance Sheet a sum of £1.4m has been written out during 2008-09 and reversed to the Capital Adjustment Account. The 2007-08 Balance Sheet figures have been restated accordingly.

Revaluation Reserve Account - an adjustment of £72,563 has been made between this account and the Capital Adjustment Account to reconcile the 2007-08 revaluation gains with the Asset Register.

NOTE 2. TRADING UNDERTAKINGS

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

2007-2008 NET £'000		EXPEND. £'000	2008-2009 INCOME £'000	NET £'000
(1,722)	Employment Areas, Factories, Land & Property Entertainments & Amenities	1,165	(3,182)	(2,017)
560	- White Rock Theatre	582	0	582
10	- Caves & Castle	125	(59)	66
(5)	- Chalets, Hut Sites and Cliff Railways	282	(287)	(5)
(1,157)		2,154	(3,528)	(1,374)
(4)	Adjustment for pension contributions under FRS17			(9)
(1,161)	Net deficit / (surplus)			(1,383)

NOTE 3. GENERAL GOVERNMENT GRANTS

The constituent elements of this figure are as follows:-

2007-2008 £'000		2008-2009 £'000
1,424	Revenue Support Grant	1,239
0	Area Based Grant	5,006
133	Local Authority Business Growth Incentive Scheme (LABGI)	38
0	Other grants	0
1,557		6,283

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 4. PENSION COSTS

The Council provides for the pensions of its past and present employees by way of annual contributions to the East Sussex County Pension Fund. It is a defined benefit scheme providing benefits based on final pensionable pay. The cost of the contributions shown in the Council's account was as follows:-

2007-2008			2008-2009	
£'000	%		£'000	% of pensionable pay
2,397	20.80	Primary contribution	2,414	21.80
161	1.40	Discretionary years, added years and lump sums awarded	166	1.50
<u>2,558</u>	<u>22.20</u>	Total payments to the Pension Fund	<u>2,580</u>	<u>23.30</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 £25.033m impacts on the Council by way of increased employer contributions. Over the next two years the primary contribution will be 21.8%.

Hastings Nos. at 31 Jan.2008		Hastings Nos. at 31 Jan.2009
494	Active Members	473
519	Deferred Pensioners	552
630	Pensioners	639
<u>1,643</u>		<u>1,664</u>

2007-2008		% of payroll	2008-2009
£'000			£'000
2,196	Current Service Cost	14.00%	1,537
52	Past Service Cost	6.10%	671
167	Impact of Settlements & Curtailments	0.20%	21
2,415	Total Operating Charge (A)	20.30%	2,229
5,283	Expected Return on Employer Assets	45.50%	4,982
(5,079)	Interest on Pension Scheme Liabilities	(54.10%)	(5,928)
204	Net Return (B)	-(8.60%)	(946)
<u>2,211</u>	Net Revenue Account Cost (A) - (B)	<u>28.90%</u>	<u>3,175</u>

2007-2008		2008-2009
£'000		£'000
(17,410)	Deficit at the beginning of the year	(13,875)
(2,196)	Current Service Cost	(1,537)
(52)	Past Service Cost	(671)
(167)	Impact of Settlements & Curtailments	(21)
161	Contributions in respect of Unfunded Benefits (as estimated by Actuary)	167
2,410	Employer contributions (as estimated by Actuary)	2,402
204	Net Return on Assets	(946)
3,175	Actuarial gains / (losses)	(10,552)
<u>(13,875)</u>	Deficit at end of year	<u>(25,033)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

The Actuary has made 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 40.

2007-2008		2008-2009
£'000		£'000
(9,467)	Experience gains / (losses) on assets	(17,793)
72,395	Value of Assets	59,186
(13.08%)		% of assets (30.06%)
(1,553)	Experience gains / (losses) on liabilities	43
86,270	Value of Liabilities	84,219
(1.80%)		% of assets 0.05%
3,175	Actuarial gains / (losses)	(10,552)
86,270	Value of Liabilities	84,219
3.68%		% of assets (12.53%)

NOTE 5. 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.

2007-2008	Council as Lessee:	2008-2009
£'000		£'000
302	Operating Leases (vehicles)	266
0	Finance Leases (unit factories, fixed plant and equipment)	0
302		266
459	Future cash payments required under Operating Leases	359

The Council has granted leases of a number of business and industrial premises / sites to individuals and companies for varying periods. Where applicable market rents are charged to lessees. For accounting purposes these agreements are treated as operating leases.

Council as Lessor:	2008-2009
	£'000
Rental income	3,370
Asset value - Gross Book Value	31,088
Accumulated depreciation charges	(1,253)

NOTE 6. MEMBERS ALLOWANCES

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

2007-2008		2008-2009
£'000		£'000
278	Members Allowances	288
18	Conferences, Training and Travelling Expenses	26
296		314
32	Number of Councillors	32
£9,250	Average sum per Councillor	£9,813

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 7. AREA BASED GRANT

From 1st April 2008 for a three year period the Council has been notified of Area Based Grant (ABG) totalling £12.247m. This Government grant has been given to assist the town combat 'worklessness'. The sum awarded in 2008-09 was £5.006m. The unspent balance of £2.539m has been transferred into a reserve to be used in later years.

Expenditure:	2008-2009 £'000
Working Neighbourhood initiatives	879
Local Enterprise initiatives	1,018
Neighbourhood initiatives	527
Community Cohesion	21
Youth Task Force	22
	<u>£2,467</u>

Note: In addition the Council has been notified of a capital grant of £593,000 over the three year period.

NOTE 8. EMPLOYEE REMUNERATION (excluding employers pension contributions)

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

2007-2008		2008-2009
12	£50,000 - 59,999	8
1	£60,000 - 69,999	5
5	£70,000 - 79,999	3
1	£80,000 - 89,999	2
1	£90,000 - £99,999	0
0	£100,000 and over	1
<u>20</u>		<u>19</u>

NOTE 9. AMOUNT SET ASIDE FOR THE REPAYMENT OF EXTERNAL LOANS - MINIMUM REVENUE PROVISION (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 sum assessed in 2008-09 is based on the pre 2007 position that remains a constant sum into the future, plus the effect of new borrowing to finance capital expenditure since the changes were introduced. Prior to 2008-09 the effect of commutation meant that the actual calculation was a 'nil' provision. From then the effect has tapered off to give a positive provision that will increase moving forward.

2007-2008 £'000		2008-2009 £'000
0	General Fund schemes	192
<u>0</u>		<u>192</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 10. 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.

2007-2008 £'000		2008-2009 £'000
130	Grants to Voluntary Organisations	111
<u>130</u>		<u>111</u>

NOTE 11. 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 the past year this expenditure was as follows :-

2007-2008 £'000		2008-2009 £'000
134	Tourism Resort & Community Awareness publicity	127
<u>134</u>		<u>127</u>

NOTE 12. RELATED PARTY TRANSACTIONS

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

	Receipts £'000	Payments £'000
Central Government		
Specific Revenue Grants	(51,058)	-
Revenue Support Grant (incl. LABGI)	1,277	-
Area Based Grant	5,006	-
Contributions to / from Business Rate Pool	(8,906)	16,963
Capital Grants	(3,219)	-
East Sussex County Council - precept	-	31,701
East Sussex Fire Authority - precept	-	2,243
Sussex Police Authority - precept	-	3,746
East Sussex County Council Pension Fund - payment of employer's pension contributions in respect of employees	-	2,580
Hastings Borough Council Staff - loans made to individual members of staff to assist with the purchase of vehicles and repayments	(32)	52
Hastings Borough Council Staff - grants to individual members of staff to assist with their costs of relocation when taking employment with the Council	-	4

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 13. 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 :-

2007-2008		Chargeable	Non-chargeable	2008-2009
£'000		£'000	£'000	£'000
352	Expenditure	192	188	380
(287)	Income	(156)	(126)	(282)
<u>65</u>	Net (Surplus) / Deficit	<u>36</u>	<u>62</u>	<u>98</u>

NOTE 14. AUDIT FEES

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

2007-2008		2008-2009
£'000		£'000
117	External audit services	109
28	Certification of Grant Claims and Returns	60
0	Other Services	2
<u>145</u>		<u>171</u>

NOTE 15. TRANSPORT ACT 2000

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

2007-2008		2008-2009
£'000		£'000
0	Expenditure on an Evening Transport Service	0
0	Grant towards 'Dial-a-Ride' community transport service	0
<u>0</u>		<u>0</u>

NOTE 16. LOCAL AREA AGREEMENT (LAA) GRANT

The Council is a participant in the East Sussex Local Area Agreement. The LAA is a three year agreement between East Sussex County Council on behalf of service providers and central government and runs from 1 April 2006 to 31 March 2009. The LAA identifies priorities for improvement in East Sussex and how these priorities will be tackled in partnership with other organisations in the county. The LAA was produced in close co-operation with many partners and especially with members of the East Sussex Strategic Partnership.

Those partners playing a role in leading on delivery are as follows:-

- * Local Authorities in East Sussex
- * Community Protection Authorities: Sussex Police and the East Sussex Fire & Rescue Service
- * Health Bodies in East Sussex
- * Learning Bodies: Sussex Learning and Skills Council
- * Voluntary Organisations: Action in Rural Sussex

East Sussex County Council acts as the accountable body for the LAA. It is responsible for managing the distribution of the grant paid by the Government Office to the partners. The LAA grant that was distributed during 2008-09 related to the residual sums that were unspent during the three year core period.

2007-2008		2008-2009
£'000	Purpose of grant:-	£'000
440	Neighbourhood Management Pathfinder project	0
177	Building Safer Communities & Anti-Social Behaviour Co-ordinator	6
1,426	Local Enterprise Grant Initiative (LEGI) - revenue & capital schemes	47
547	Neighbourhood Element	22
1,836	Neighbourhood Renewal Fund	0
73	Waste & Efficiency Grant	0
<u>4,499</u>		<u>75</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 17. RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007-2008 £'000		2008-2009 £'000
	Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(283)	Amortisation of intangible fixed assets	(283)
(2,223)	Depreciation and impairment of fixed assets	(1,919)
2,944	Government Grants Deferred amortisation	4,733
(2,810)	Revenue expenditure funded from capital under statute	(2,862)
289	Unamortised discount on the premature repayment of PWLB long term loans	97
152	Net Gain / (Loss) on disposal of Fixed Assets	132
(2,198)	Net charges made for retirement benefits in accordance with FRS17	(3,186)
(4,129)		(3,288)
	Amounts not included in the Income & Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year	
0	Minimum revenue provision for capital financing	192
0	Capital expenditure charged in-year to the General Fund Balance	0
2,558	Employers contributions payable to the ESCC Pension Fund and retirement benefits payable directly to pensioners	2,580
2,558		2,772
	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	
(690)	Movement on Earmarked Reserves	1,861
190	Movement on General Reserves	(357)
(500)		1,504
(2,071)	Net additional amount required to be credited to the General Fund Balance for the year	988

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 18. STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (STRGL):

(SURPLUS) / DEFICIT ON REVALUATION OF FIXED ASSETS

2007-2008 £'000		2008-2009 £'000
0	Writing down of Fixed Asset values	1,141
(1,704)	Unrealised Gains	(3,037)
28	De-Minimus adjustments	0
<u>(1,676)</u>	Net (gain) / loss	<u>(1,896)</u>

ACTUARIAL GAINS & LOSSES ON PENSION FUND ASSETS & LIABILITIES

£'000		£'000
(8,065)	Difference between the expected and actual return on assets	(17,793)
(2,955)	Differences between actuarial assumptions about liabilities and actual experience	43
14,195	Changes in demographic and financial assumptions used to estimate liabilities	7,198
<u>3,175</u>	Net gain / (loss)	<u>(10,552)</u>

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 19. FIXED ASSETS

An analysis of fixed assets includes the following :-

2007-2008 no's		2008-2009 no's
	Operational Land and Buildings :	
1	Town Hall	1
8	Offices	10
17	Off Street Car Parks	16
1	Leisure Centres and Pools	1
2	Museums and Art Galleries	2
1	Theatre	1
1	Cemetery & Crematorium	1
2	Cliff Railways	2
1	Hastings Castle	1
1	St.Clements Caves	1
10	Allotments	10
12	Public Toilets	12
	Community Assets :	
23	Recreational Areas	23
4	Reservoirs	4
43	Parks & Open Spaces	43
108	Other Land Holdings & Community Facilities	110
	Non-operational Assets :	
42	Factory Sites	42
70	Factory Units	70
55	Commercial Properties	55
1	Shopping Centre	1
52	Land Holdings	52
10	Other	10
	Infrastructure Assets :	
1	Harbour Arm	1
4km	Promenade	4km
4km	Coast Defence Walls & Groynes	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.

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

- * Land at Frederick Road (former Mt Pleasant Hospital site) was sold for redevelopment. It had previously been 100% funded by Government grant and as a result all of the sale proceeds were paid back to SEEDA.
- * Land at Queensway was sold for redevelopment purposes.
- * Redundant recycling plant and machinery was sold.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 20. OPERATIONAL ASSETS

Movements in operational assets during the year :-

	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra- structure Assets £'000	Community Assets £'000	Total £'000
Gross Book Value at 1st April	11,746	2,712	19,043	14,439	47,940
Additions	745	179	1,131	855	2,910
Disposals		(369)			(369)
Impairments					0
Revaluations	(53)				(53)
Adjustments	(9)	(130)			(139)
Re-categorisation	(50)			(3)	(53)
Gross Book Value at 31st March	12,379	2,392	20,174	15,291	50,236
Accumulated Depreciation at 1st April	(588)	(875)	(6,500)	(672)	(8,635)
Depreciation this year	(225)	(306)	(710)	(51)	(1,292)
Depreciation Written Out on Asset Movement	85	369			454
Adjustments	9	130			139
Re-categorisation	4				4
Accumulated Depreciation at 31st March	(715)	(682)	(7,210)	(723)	(9,330)
Net Book Value at 31st March	11,664	1,710	12,964	14,568	40,906

NOTE 21. NON-OPERATIONAL ASSETS

Movements in non-operational assets during the year :-

	Investment Properties £'000	Assets Under Cons- truction £'000	Surplus Assets held for Disposal £'000	Total £'000
Gross Book Value at 1st April	29,132	338	1,586	31,056
Additions	51	995		1,046
Disposals			(386)	(386)
Impairments				0
Revaluations	2,259			2,259
Re-categorisation	(25)	0	75	50
Gross Book Value at 31st March	31,417	1,333	1,275	34,025
Accumulated Depreciation at 1st April	(1,310)	0	0	(1,310)
Depreciation this year	(41)	0	(1)	(42)
Depreciation Written Out on Asset	162	0	0	162
Re-categorisation	2		(6)	(4)
Accumulated Depreciation at 31st March	(1,187)	0	(7)	(1,194)
Net Book Value at 31st March	30,230	1,333	1,268	32,831

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 22. INTANGIBLE ASSETS

Movements in intangible assets during the year :-

	Software Licences £'000	Other £'000	Total £'000
Gross Book Value at 1st April	1,431	0	1,431
Additions	4	0	4
Disposals	0	0	0
Revaluations	0	0	0
Re-categorisation	0	0	0
Gross Book Value at 31st March	1,435	0	1,435
Accumulated Amortisation at 1st April	(866)	0	(866)
Amortisation this year	(283)	0	(283)
Accumulated Amortisation at 31st March	(1,149)	0	(1,149)
Net Book Value at 31st March	286	0	286

NOTE 23. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

These 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	1,702	1,702	0
Other Grants	0	1,161	1,161	0
	0	2,863	2,863	0

NOTE 24. LONG TERM DEBTORS

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

2007-2008 £'000		2008-2009 £'000
62	Mortgages	43
144	Loans to Businesses	94
98	Car Loans to Staff	119
304		256
(5)	<u>Less</u> : Provision for bad debts	(5)
299		251

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:-

62	Mortgages	43
139	Loans to Businesses	78
94	Car Loans to Staff	116
295		237

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 25. STOCKS

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

2007-2008 £'000		2008-2009 £'000
74	Stocks of materials, souvenirs, provisions & office supplies	85
74		85

NOTE 26. DEBTORS

2007-2008 £'000	AMOUNTS FALLING DUE WITHIN ONE YEAR:	2008-2009 £'000
6,711	Local Taxpayers	5,803
2,647	Government Departments / Bodies	5,401
481	Other Local Authorities & Public Bodies	549
1,048	Collection Fund deficits attributable to precepting authorities	61
660	Housing Benefit Overpayments	616
1,358	Housing Benefit paid in advance	0
336	Other Payments in advance	206
2,160	Sundry Debtors	2,064
15,401		14,700
(6,357)	<u>Less</u> : Provision for bad debts	(5,649)
9,044	TOTAL	9,051

NOTE 27. CREDITORS

2007-2008 £'000	AMOUNTS FALLING DUE WITHIN ONE YEAR:	2008-2009 £'000
1,626	Government Departments / Bodies	328
804	Other Local Authorities & Public Bodies	976
0	Collection Fund surpluses attributable to precepting authorities	0
659	Amounts received in advance including grants & contributions unapplied	2,917
2,554	Sundry Creditors	2,677
5,643	TOTAL	6,898

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 28. BORROWING

2007-2008 £'000	SOURCE OF LOAN		2008-2009 £'000
3,508	Money Market - Short Term	#	7,701
15,317	Public Works Loan Board	*	12,070
<u>18,825</u>			<u>19,771</u>

Includes accrued interest of £1,267

* Includes accrued interest of £70,250 which is treated as being repayable within one year

AN ANALYSIS OF LOANS BY MATURITY (Excluding accrued interest)

£'000		Interest rate %	£'000
3,500	Maturing within one year	0.50	7,700
<u>3,500</u>	Total borrowing repayable within one year		<u>7,700</u>
0	Maturing in 1 - 15 years	1.37	4,500
15,198	Maturing in more than 15 years	4.80	7,500
<u>15,198</u>	Total borrowing repayable in excess of one year (Long Term Borrowing)		<u>12,000</u>
<u>18,698</u>	Total Borrowing	average 2.34	<u>19,700</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:-

3,508	Money Market - Short Term	7,718
15,366	* Public Works Loan Board	12,326
<u>18,874</u>		<u>20,044</u>

* PWLB debt has been evaluated using the comparable new borrowing rate as the discount factor in determining the net present value of future cashflows.

NOTE 29. DEFERRED LIABILITIES

Deferred liabilities arise from outstanding finance lease agreements for such items as unit factories and fixed & moveable plant. Currently there are no such agreements.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 30. 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	113	0
The Foreshore Trust	1,350	374	1,350	374
Other miscellaneous provisions	367	88	0	455
	<u>1,830</u>	<u>462</u>	<u>1,463</u>	<u>829</u>

(i) a provision has been put aside to fund the costs arising out of restructuring Council Directorates. It was used during 2008-09.

(ii) 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. With the sanction of the Charity Commission this sum was paid to the Trust during the year, together with the surpluses that had accrued in 2006-07 and 2008-09.

(iii) other miscellaneous provisions are likely to be used during 2009-10, or soon thereafter.

NOTE 31. 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.

2007-2008 £'000		2008-2009 £'000
27	Mortgagors	23
8	Loans to Business & Other Organisations	8
<u>35</u>		<u>31</u>

NOTE 32. TRUST FUNDS

The Foreshore Trust has 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. The Trust has now been formally constituted. During the past year the net income from Trust activities (mostly car parking and seafront entertainments) was assessed at £208,436.

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	468	208	458	218
Brassey Fund (purchase of Museum exhibits etc.)	17	34	10	41
Vicat Cole Bequest	2	0	0	2
	<u>487</u>	<u>242</u>	<u>468</u>	<u>261</u>

As mentioned in Note 28(ii) the surpluses that had accrued in 2006-07 and 2007-08 have been paid to the Foreshore Trust during the year. The 2008-09 surplus will be paid during 2009-10.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 33. RESERVES

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Capital Reserve	4,084	0	555	3,529
General Reserve	2,021	11	722	1,310
Area Based Grant Unapplied Reserve	0	2,539	0	2,539
Renewal and Repairs Reserve	1,648	568	423	1,793
Risk Management Reserve	302	1	27	276
Industrial Development Reserve	59	200	259	0
Information Technology Reserve	361	110	209	262
On-Street Car Parking Surplus Reserve	101	163	109	155
Interest Equalisation Reserve	188	0	0	188
Concessionary Travel Reserve	0	205	0	205
Other Reserves	10	0	10	0
	8,774	3,797	2,314	10,257

- (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 Concessionary Travel reserve has been set up to cover possible liabilities arising from judicial reviews of the scheme of reimbursing bus operators, and for late claims relating to previous years.
- (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.
- (vix) the Area Based Grant reserve is that proportion of the grant received not applied during the year of receipt.

NOTE 34. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This is a statutory account that is carrying the unamortised part of discounts and premia arising from the premature repayment of loans from the PWLB. The sums are written down to the Income & Expenditure Account over relevant periods.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Financial Instruments Adjustment Account	289	171	74	386

NOTE 35. GOVERNMENT GRANTS DEFERRED ACCOUNT

This account carries the value of capital grants and contributions less that released over the life of the assets.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Government Grants Deferred A/C (see Note 1 - restated b/f figure)	10,977	3,875	3,321	11,531

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 36. 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	59	55	0	114
	<u>559</u>	<u>55</u>	<u>0</u>	<u>614</u>

NOTE 37. REVALUATION RESERVE

This account records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets. The closing balance will therefore show revaluation gains accumulated since that date.

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Revaluation Reserve (see Note 1 - restated b/f figure)	(1,632)	3,037	0	(4,669)
	<u>(1,632)</u>	<u>3,037</u>	<u>0</u>	<u>(4,669)</u>

NOTE 38. CAPITAL ADJUSTMENT ACCOUNT

This account contains:-

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

	Balance at 1 April £'000	Income £'000	Expenditure £'000	Balance at 31 March £'000
Capital Adjustment A/C - (a,c&d), (see Note 1 - restated b/f figure)	(45,916)	(4,003)	5,453	(44,466)
Minimum Revenue Provision (b.)	0	(192)	0	(192)
	<u>(45,916)</u>	<u>(4,195)</u>	<u>5,453</u>	<u>(44,658)</u>

NOTE 39. 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	Balance at 31 March £'000
Usable Capital Receipts Reserve	(307)	(519)	494	(332)
	<u>(307)</u>	<u>(519)</u>	<u>494</u>	<u>(332)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 40. 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 2009 for the purposes of FRS17 reveals :-

Assumptions as at 31 March:	2007-2008	2007-2008	2008-2009	2008-2009
Price increases		3.60%		3.10%
Salary increases		5.10%		4.60%
Pensions increases		3.60%		6.50%
Discount rate		6.90%		6.90%
Expected Return:		Fund Value		Fund Value
		£'000		£'000
Equities	7.70%	47,580	7.00%	44,981
Bonds	5.70%	9,867	5.40%	5,919
Property	5.70%	6,948	4.90%	4,735
Cash	4.80%	8,000	4.00%	3,551
	<u>6.90%</u>	<u>72,395</u>	<u>6.49%</u>	<u>59,186</u>

The service cost for the year to 31 March 2009 uses the FRS17 assumptions as at 31 March 2007, which includes an allowance for 25% of future retirements to elect additional tax-free cash up to HMRC limits. The balance sheet as at 31 March 2009 and the projected service cost up to 31 March 2010 uses the FRS17 assumptions as at 31 March 2009, which includes an allowance for 50% of future retirements to elect additional tax-free cash up to HMRC limits. Changes to the LGPS as from 1 April 2008 have been allowed for in the Actuary's interim assessment of the fund.

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

Assets of the Whole Fund:	2007-2008	2008-2009
	Fund Value	Fund Value
	£'000	£'000
Equities	1,099,814	1,035,880
Bonds	214,316	136,300
Property	177,149	109,040
Cash	216,791	81,780
Total	<u>1,708,070</u>	<u>1,363,000</u>
Net Pension Asset (this Council) as at 31 March:	2007-2008	2008-2009
	£'000	£'000
Estimated Employer Assets (A)	72,395	59,186
Present Value of Scheme Liabilities	83,786	81,814
Present Value of Unfunded Liabilities	2,484	2,405
Total Value of Liabilities (B)	86,270	84,219
Net Pension Asset (A) - (B)	<u>(13,875)</u>	<u>(25,033)</u>
	Deficit	

The three years deficits previous to 2007-08 are:- 2006/7 £17.41m; 2005/6 £22.640m; 2004/5 £23.183m

The overall position on the Balance Sheet if the Council's other reserves are taken into account is a net reserves deficit of £14.78 m.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 41. 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:-

2007-2008 £'000		2008-2009 £'000
3,124	Bank Deposits	4,608
14,901	Certificates of Deposit	9,169
776	British Government Securities (Gilts)	2,707
<hr/> 18,801		<hr/> 16,484

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:-

3,124	Bank Deposits	4,608
14,901	Certificates of Deposit	9,169
776	British Government Securities (Gilts)	2,707
<hr/> 18,801		<hr/> 16,484

NOTE 42. 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 43. CONTINGENT LIABILITIES

There are no material contingent liabilities

NOTE 44. EVENTS AFTER THE BALANCE SHEET DATE

Following the case of Fleming v HMRC it has been possible for VAT registered bodies to reclaim tax paid in relation to such activities as cultural, sporting, car parking excess charges and crematorium memorial fees, going back over a number of years. As a result the Council has employed a national firm of accountants to pursue the recovery of a significant sum of overpaid VAT (and subsequent interest) and a claim was lodged during March 2009. The Council is expects to receive a significant sum from HMRC.

NOTE 45. AUTHORISATION OF ACCOUNTS FOR ISSUE

The date the Statement of Accounts was authorised for issue is 29th June 2009. Authorisation was provided by the Chair of the Audit Committee and the Deputy Chief Executive & Director of Corporate Resources. Events after the Balance Sheet date until that date are reflected in the accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 46. REVENUE ACTIVITIES NET CASH FLOW

2007-2008		2008-2009
£'000		£'000
2,143	Deficit / (Surplus) on year as shown in Income & Expenditure Account	(1,043)
(300)	Deficit / (Surplus) on year as shown in Collection Fund	(1,158)
<u>1,843</u>		<u>(2,201)</u>
2,071	Add / (Less) non-cash transactions	(988)
(1,960)	Add / (Less) revenue items accrued in the accounts	2,947
<u>1,954</u>	Deficit / (Surplus) on year	<u>(242)</u>

NOTE 47. ANALYSIS OF OTHER GOVERNMENT / AGENCIES GRANTS

2007-2008		2008-2009
£'000		£'000
(1,835)	Neighbourhood Renewal	0
(290)	Planning Development Grant	0
(1,494)	Regeneration Grants	(726)
0	Concessionary Travel	(424)
(1,237)	Community Grants	(695)
(1,657)	Other	(991)
<u>(6,513)</u>		<u>(2,836)</u>

NOTE 48. RECONCILIATION OF CASH FLOWS TO NET DEBT

2007-2008		2008-2009
£'000		£'000
2,017	(Increase) / Decrease in cash at bank and in hand	(3,074)
3,000	(Increase) / Decrease in liquid resources	2,999
(2,500)	Increase / (Decrease) in short-term borrowing	4,201
0	(Repayment) / New Loans Raised re longer-term borrowing	(3,128)
<u>2,517</u>		<u>998</u>

NOTE 49. LIQUID RESOURCES

2007-2008		2008-2009
£'000		£'000
0	(Increase) / Decrease in short-term lending	0
(3,000)	(Increase) / Decrease in bank deposits	(2,999)
<u>(3,000)</u>		<u>(2,999)</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.

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 50. FINANCIAL INSTRUMENTS - DISCLOSURE OF THE NATURE OF RISK

Key Risks

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

- * Credit Risk - the possibility that other parties might fail to pay amounts due to the Council
- * Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- * Re-financing risk - the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- * Market risk - the possibility that financial loss might arise for the Council as a result of changes such as interest rate movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing strategies and policies to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- * by formally adopting the requirements of the Code of Practice;
- * by approving annually in advance Prudential Indicators for the following three years limiting:
 - * The Council's overall borrowing requirement
 - * Its maximum and minimum exposures to fixed and variable rates
 - * Exposures in the maturity structure of its debt
 - * Its maximum annual exposures to investments maturing beyond a year
- * by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance

The Prudential Indicators are determined before the Council Tax is set. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members. These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above, and set out in detail in the Treasury Management Strategy.

The Council takes advice from a company of financial advisors (Sector) and also uses credit ratings from one of the leading credit rating organisations (Fitch).

The Council takes a very prudent approach to investments, in that it limits the amounts that can be invested with organisations and limits the periods of those investments in line with credit rating advice provided by its advisors.

The table below shows the criteria used when making investments:-

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 50. FINANCIAL INSTRUMENTS - DISCLOSURE OF THE NATURE AND EXTENT OF RISK (con't)

<u>Organisation</u>	<u>Criteria</u>	<u>Limit of sum invested</u>	<u>Maximum duration</u>
Deposits with Banks and Building Societies	Minimum F1+ short term backed up by AA long term credit rating, individual rating of A to A/B and support rating of 1.	£2m	up to 364 days
Deposits with Banks and Building Societies	Minimum F1+ short term backed up by A+ long term credit rating, individual rating of A and support ratings of 1, 2 or 3.	£2m	up to 3 months
UK Local Authorities		£2m	up to 364 days

The breakdown of investments held at 31 March 2009 being:-

Deposits with Banks & Institutions that accord with the Council's Treasury Management Policy

	Amount at 31 March
	2009
	£'000
Fund manager (Aviva):	9,169
Certificates of Deposit	2,707
British Government Securities (Gilts)	4,607
Cash Deposits	16,483
	<hr/>
Other:	
Cash Deposits	1
	<hr/>
	16,484

The Council has never had any default on any of its Treasury Management activities and for clarity had no exposure to Icelandic Banks.

The Council does not formally allow credit for its trade debtors. The total amount of trade debtors can be analysed by age as follows:-

	Amount at 31 March
	2009
	£'000
Trade Debtors:	
0-30 days	178
31-60 days	121
61-90 days	68
91-120 days	8
greater than 120 days	371
	<hr/>
	746

The provision for bad debts was increased in 2008-09 by £87,500 compared to £171,867 in 2007-08.

Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the Public Works Loan Board (PWL) provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no real risk that it will be unable to raise finance to meet its commitments under financial instruments. The Council maintains sufficient Reserves which form a key part of risk management and help ensure continued liquidity.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 50. FINANCIAL INSTRUMENTS - DISCLOSURE OF THE NATURE AND EXTENT OF RISK (con't)

Refinancing and Maturity Risk

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

The Council's Treasury Management and Investment Strategy addresses the main risks. Given that PWLB loans taken by the Council were at fixed rates at the start of the year and interest rates were falling, the option of re-scheduling a proportion of the portfolio was taken in order to mitigate the interest rate cuts.

A £2m fixed rate loan at 4.25% was redeemed and relaced with a variable rate loan for 10 yrs with a 3 month interval at a interest rate of 1.15% pa. in addition £2.5m of a £10m fixed rate loan at 4.8% was redeemed and replaced with a £2.5m loan fixed for 2 yrs at 1.54%.

The Council's remaining PWLB loan of £7.5m has 20 years to maturity whilst the investments are on a maturity profile of no more than 364 days. The maturity structure is such that the Council does not consider that it is not exposed to any undue refinancing or maturity risks.

Market risk

In terms of exposure to interest rate changes on amounts borrowed, the Council has a £2m variable rate PWLB loan. It has also reduced the impact on the difference between interest payable on borrowing and receivable on investments by re-scheduling debt as above. The active management of the interest rate risk has saved the Council significant interest costs in 2008-09 and will do so for future years based on current interest rate forecasts. Using the investments and loan liabilities shown in the balance sheet at 31 March 2009, the impact of a 1% rise in interest rates would be:-.

	£'000
Increase in interest payable on variable rate borrowing (£2m held)	20
Increase in interest on short-term loans (£7.7m)	77
Increase in interest receivable on variable rate investments (£16.5m)	<u>(165)</u>
Net increase in interest receivable (I & E Account)	<u>(68)</u>

The Council has taken a prudent step in previous years by setting up an Interest Equalisation reserve. The balance on this reserve at 31 March 2009 was £188,000 and whilst not used in 2008-09 is available to avoid the consequences of sudden unforeseen reductions in investment income on the General Fund.

Increases in interest rates would reduce the fair value of the borrowing but as borrowings are not carried at fair value in the balance sheet any such nominal gains and losses would not impact on the Income and Expenditure account.

Exposure to interest rate changes is greater for investments because the Council's investments have a much shorter maturity profile (with overnight lending reflecting daily interest rate changes) and because some of the investments are at variable or semi-variable interest rates. Movements in the fair value of fixed rate investments will be reflected in the Statement of Total Recognised Gain and Losses and changes in the interest received on variable rate borrowing will be posted to the Income and Expenditure account and affect General Fund balances. The Council uses an experienced Fund Manager (Aviva) to manage the majority of its investments.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential indicators and its investment strategy, including an expectation of interest rate movements. A prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

Price risk - The Council, excluding the pension fund, does not invest in equity shares.

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

COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

2007-2008 £'000	INCOME	2008-2009 £'000
34,474	Income from Council Taxpayers	35,913
	Transfers from General Fund re Council Tax	
8,841	- Council Tax Benefit awarded	9,494
	Sums recovered from Preceptors re previous year's Collection Fund deficit	
215	- East Sussex County Council	885
15	- East Sussex Fire & Rescue Authority	62
25	- Sussex Police Authority	104
45	- Hastings Borough Council	182
<hr/> 43,615	Total from Council Tax	<hr/> 46,640
15,702	Income collectable from Business Ratepayers - <i>Note 2</i>	16,403
<hr/> 59,317		<hr/> 63,043
	EXPENDITURE	
	Business Rate - <i>Note 2</i>	
15,576	- Payment to National Pool	16,278
126	- Cost of Collection	125
30,495	East Sussex County Council Precept on Collection Fund - <i>Note 3</i>	31,701
3,571	Sussex Police Authority Precept on Collection Fund - <i>Note 3</i>	3,746
2,145	East Sussex Fire & Rescue Authority Precept on Collection Fund - <i>Note 3</i>	2,243
6,289	Hastings Borough Council Demand on Collection Fund - <i>Note 3</i>	6,510
	Bad & Doubtful Debts	
1,898	- Write offs of uncollectable Council Tax	1,293
(1,083)	- Provision for uncollectable Council Tax-addition / (reduction) to the sum required	(11)
<hr/> 59,017		<hr/> 61,885
<hr/> (300)	Movement on Fund Balance - (surplus) / deficit	<hr/> (1,158)
	FUND BALANCE - <i>Note 4</i>	
1,529	Balance brought forward	1,229
(300)	(Surplus) / deficit for year	(1,158)
<hr/> 1,229	Balance - (surplus) / deficit carried forward	<hr/> 71

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 :-

2007-2008 £'000		2008-2009 £'000
(19,275)	Non-Domestic rates billed at uniform business rate of 45.8p (2007-2008 : 44.1p)	(18,864)
3,573	Less adjustments to charges, voids, reliefs and other non-collectable sums	2,315
<hr/> (15,702)	Amount Collectable	<hr/> (16,549)
126	Less allowance for the Cost of Collection	125
<hr/> (15,576)	Net contribution to National Pool	<hr/> (16,424)
£8,484,864	Redistribution from National Pool - credited to General Fund	£8,905,597
£43,737,716	Rateable Value of Business Premises at 31 March	£44,711,538

NOTE 3. COUNCIL TAX BASE

Band & Value	Number of Properties	Relationship to Band D	Annual Amount
Band A - up to £40,000	14,045	6/9	£1,012.25
Band B - over £40,000 up to £52,000	11,713	7/9	£1,180.97
Band C - over £52,000 up to £68,000	7,123	8/9	£1,349.67
Band D - over £68,000 up to £88,000	5,494	-	£1,518.38
Band E - over £88,000 up to £120,000	2,163	11/9	£1,855.79
Band F - over £120,000 up to £160,000	778	13/9	£2,193.22
Band G - over £160,000 up to £320,000	188	15/9	£2,530.63
Band H - over £320,000	49	18/9	£3,036.76
	<hr/> 41,553 <hr/>		

Council Tax Base and amount originally expected for 2008-2009 = **29,110**

East Sussex County Council share	£31,700,790
Sussex Police Authority share	£3,746,457
East Sussex Fire & Rescue Authority share	£2,243,216
Hastings Borough Council share	£6,509,639
	<hr/> £44,200,102 <hr/>

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 Tax are to be apportioned between respective authorities on the basis of their precepts or demands on the Collection Fund.

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

	2007-2008		2008-2009	
	Community Charge £'000	Council Tax £'000	Community Charge £'000	Council Tax £'000
Balance brought 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	(182)
Surplus / (Deficit)	<u>2</u>	<u>(1,531)</u>	<u>2</u>	<u>(1,231)</u>
Movement on Fund Balance :-				
East Sussex County Council	0	215	0	833
Sussex Police Authority	0	25	0	95
East Sussex Fire Authority	0	15	0	60
Hastings Borough Council	0	45	0	170
Surplus / (Deficit)	<u>0</u>	<u>300</u>	<u>0</u>	<u>1,158</u>
Balance carried forward :-				
East Sussex County Council	0	(886)	0	(53)
Sussex Police Authority	0	(100)	0	(5)
East Sussex Fire Authority	0	(63)	0	(3)
Hastings Borough Council	2	(182)	2	(12)
Surplus / (Deficit)	<u>2</u>	<u>(1,231)</u>	<u>2</u>	<u>(73)</u>
Total of Community Charge and Council Tax		<u>(1,229)</u>		<u>(71)</u>

CAPITAL EXPENDITURE SUMMARY

2007-2008 £'000	(See also Notes to the Core Financial Statements 20 to 23) Detail	2008-2009	
		£'000	£'000
	Operational Assets:		
	Other Land & Buildings -		
197	Office Accomodation	459	
162	Museum Extension	158	
7	Cliff Railways	56	
65	Bank Buildings Refurbishments	0	
0	Public Realm Works	19	
142	Other	87	779
	Infrastructure Assets -		
32	Long Term Beach Management & Groyne Refurbishment	41	
629	Sea Front Strategy	654	
2	SRB Regeneration Initiatives	411	
1	Other	0	1,106
993	Vehicles, Plant & Equipment		185
55	Intangible Assets - Software & Systems / Project Evaluation		4
	Community Assets -		
0	Jackson Hall Community Asset	38	
742	St.Leonards Gardens / West Lodge	87	
26	Country Park	236	
41	Other Parks, Gardens, Recreation Grounds & Public Open Spaces	177	
17	Playground Enhancements & Games Areas	147	
18	Decorative Lighting	0	
0	Buckshole Reservoir Safety Works	202	
20	Other	1	888
3,149			2,962
	Non-operational Assets:		
338	Creation of new Business Units	995	
162	Factory Unit Refurbishments	0	995
3,649	Total of Fixed Assets		3,957
	Revenue Expenditure Funded from Capital under Statute		
65	Conservation Grants	327	
768	Renovation & Disabled Facilities Grants	1,702	
160	Affordable Housing Grants	0	
1,551	Renewal Areas	808	
231	Empty Properties Strategy	0	
36	Other	26	2,863
6,460	Total Capital Expenditure for year		6,820
	Financed by :-		
89	Loan		2,264
796	Capital Receipts (proceeds of the sale of fixed assets)		494
4,135	Grant receipts		3,875
1,290	Use of Reserves		187
150	From Revenue		0
6,460	Total Financing		6,820

GLOSSARY

ACCRUALS

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

ACTUARIAL GAINS & LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

BALANCE SHEET

This is a statement that shows the Council's overall financial position for the year ended 31 March. It identifies what is owned by the Council, what it owes and what it is owed.

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.

CONTINGENCY

A condition which exists at the balance sheet date and where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose

authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.

CURRENT SERVICE COSTS (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

CURTAILMENT

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous year.

DEBTORS

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

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of contributions payable, and the benefits are not directly related to the scheme investments. The scheme may be funded or unfunded.

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.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. In simple terms it covers both financial assets and financial liabilities such as trade debtors and trade creditors, to the more complex derivatives eg. swaps and embedded derivatives.

GLOSSARY

FIXED ASSETS

Tangible assets that yield up benefit to the authority over more than one accounting period, eg. Land and Buildings.

GENERAL FUND

The main revenue account of the Council which contains the revenue income and expenditure of all services provided.

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.

PAST SERVICE COST

Discretionary pension benefits awarded on early retirement are treated as past service costs. This includes added years and unreduced pension benefits awarded before the rule of 85 age.

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.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earning. An accrued benefits valuation method is a valuation method in which the scheme liabilities

PROJECTED UNIT METHOD (con't)

at the valuation date relate to:-

- (a) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and
- (b) the accrued benefits for members in service on the valuation date.

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 EXPENDITURE

Day to day expenditure on the running of services. It includes staff costs, utility charges, rent and business rates, IT and communications and office expenses.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

REVENUE SUPPORT GRANT

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

SETTLEMENT (PENSION)

Settlements will take account of outgoing bulk transfers and will show the difference between FRS17 liability and the amount paid to settle the liability.

STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

A reconciliation showing how the balance of resources generated / consumed in the year links in with the statutory requirements for raising Council Tax.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

Demonstration of how the movement in net worth in the balance sheet is identified to the Income and Expenditure Account surplus / deficit and to other unrealised gains and losses.

STATEMENT OF RECOMMENDED PRACTICE (SORP)

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